



In Focus: Health & Protection

23rd November 2021



Disclaimer

Cautionary statements

This document should be read in conjunction with the documents distributed by Aviva plc (the 'Company' or 'Aviva') through The Regulatory News Service (RNS). This announcement contains, and we may make other verbal or written 'forward-looking statements' with respect to certain of Aviva's plans and current goals and expectations relating to future financial condition, performance, results, strategic initiatives and objectives. Statements containing the words 'believes', 'intends', 'expects', 'projects', 'plans', 'will', 'seeks', 'aims', 'may', 'could', 'outlook', 'likely', 'target', 'goal', 'guidance', 'trends', 'future', 'estimates', 'potential' and 'anticipates', and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. Aviva believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the announcement include, but are not limited to: the impact of ongoing uncertain conditions in the global financial markets and the local and international political and economic situation generally; market developments and government actions (including those arising from the evolving relationship between the UK and the EU); the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; changes in interest rates that may cause policyholders to surrender their contracts, reduce the value or yield of our investment portfolio and impact our asset and liability matching; the unpredictable consequences of reforms to reference rates, including LIBOR; the impact of changes in short or long-term inflation; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events (including the impact of Covid-19) on our business activities and results of operations; the transitional, litigation and physical risks associated with climate change; our reliance on information and technology and third-party service providers for our operations and systems; the impact of the Group's risk mitigation strategies proving less effective than anticipated, including the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; poor investment performance of the Group's asset management business; the withdrawal by customer's at short notice of assets under the Group's management; failure to manage risks in operating securities lending of Group and third-party client assets; increased competition in the UK and in other countries where we have significant operations; regulatory approval of changes to the Group's internal model for calculation of regulatory capital under the UK's version of Solvency II rules; the impact of actual experience differing from estimates used in valuing and amortising deferred acquisition costs (DAC) and acquired value of in-force business (AVIF); the impact of recognising an impairment of our goodwill or intangibles with indefinite lives; changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities; the effect of legal proceedings and regulatory investigations; the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events and malicious acts (including cyber attack and theft, loss or misuse of customer data); risks associated with arrangements with third parties, including joint ventures; our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of simplifying our operating structure and activities; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in tax laws and interpretation of existing tax laws in jurisdictions where we conduct business; changes to International Financial Reporting Standards relevant to insurance companies and their interpretation (for example, IFRS 17); the inability to protect our intellectual property; the effect of undisclosed liabilities, execution and separation issues and other risks associated with our business disposals; and the timing/regulatory approval impact and other uncertainties, such as diversion of management attention and other resources, relating to announced and future disposals and relating to future acquisitions, combinations or disposals within relevant industries; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US, Canada or elsewhere, including changes to and the implementation of key legislation and regulation. For a more detailed description of these risks, uncertainties and other factors, please see the 'Risk and risk management' section in Aviva's most recent Annual Report.

Aviva undertakes no obligation to update the forward looking statements in this announcement or any other forward-looking statements we may make. Forward-looking statements in this report are current only as of the date on which such statements are made.

This report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

As a reminder

Throughout this presentation we use a range of financial metrics to measure our performance and financial strength. These metrics include Alternative Performance Measures (APMs), which are non-GAAP measures that are not bound by the requirements of IFRS and Solvency II. A complete list and further guidance in respect of the APMs used by the Group can be found in the 'Other information' section of the 2021 Interim Results Announcement. All references to 'Operating profit' represent 'Group adjusted operating profit'.

Agenda

Welcome and introduction

Jason Windsor – Group CFO



Health and Protection

Doug Brown – CEO of UK & Ireland Life Insurance



Q&A

Today's session

- 1** Overview of Health & Protection
- 2** Deep-dive into Health
- 3** Deep-dive into Protection



Key messages



Key market and capital generative business for Aviva UK&I Life, generating c.£170m in value of new business (VNB) and c.£190m operating profit.



We are the only scale UK player with #2/3 market positions serving all Health & Protection customer needs. We serve 4.5m individual customers and also cover 3.3m lives through Group schemes



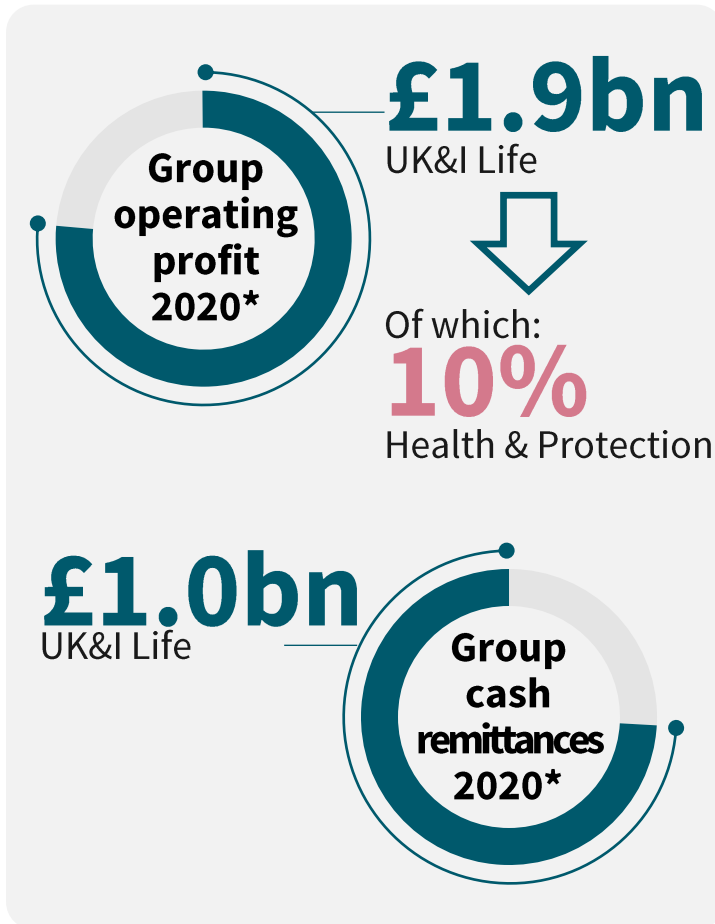
Attractive growth prospects, underpinned by heightened awareness of health and wellbeing, NHS constraints, and growing role of employers in private health and closing the 'protection gap'



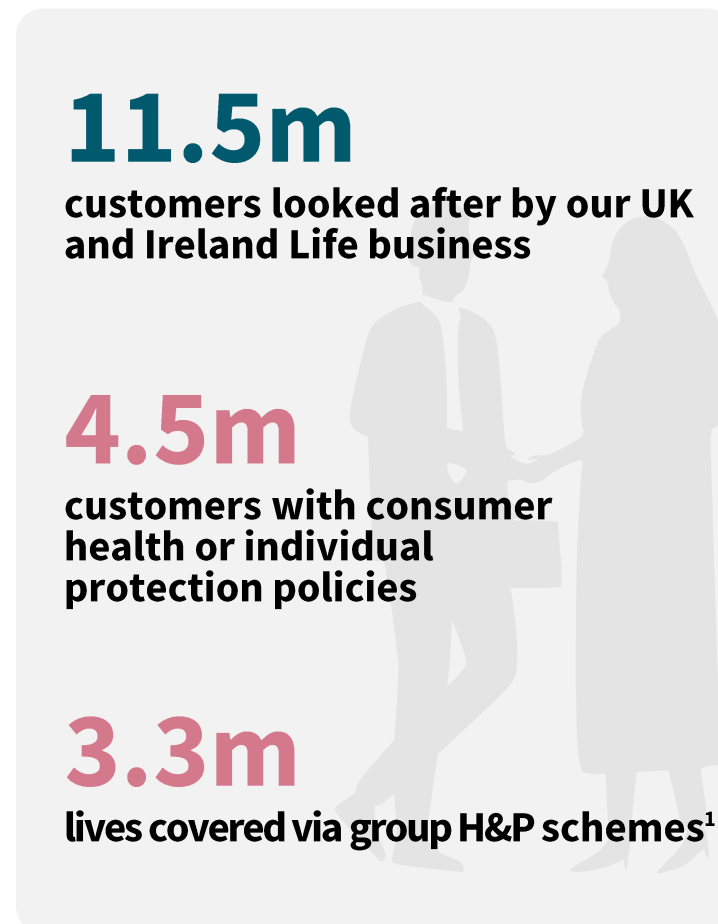
Well positioned for growth whilst maintaining attractive margins with leading customer proposition centered on wellbeing, and real strengths in distribution, claims and service, underwriting, data and digital, and innovation

UK&I Life and Health & Protection at a glance

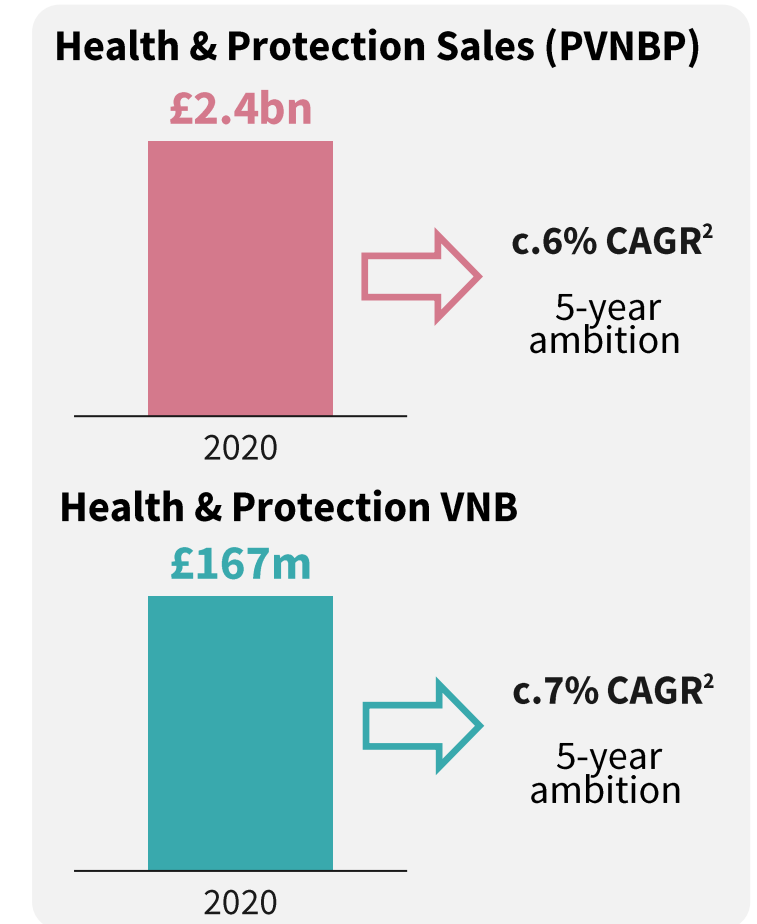
Critical part of Aviva Group



Go-to customer brand



Attractive and growing part of Aviva portfolio



*From continuing operations; All footnotes on page 29

Leading customer proposition centred on wellbeing

Life | Income Protection | Critical Illness | Wellbeing

4.3m

Customers

+77

Claims TNPS

money
marketing
AWARDS 2021

Best Protection
Provider

Private Medical Insurance
Private Medical Trusts | Wellbeing

1m

Lives covered

+49

Customer TNPS

**Health Insurance
& Protection
AWARDS**

Company of the Year
11th year running

Life | Income Protection | Critical Illness
Wellbeing

2.5m

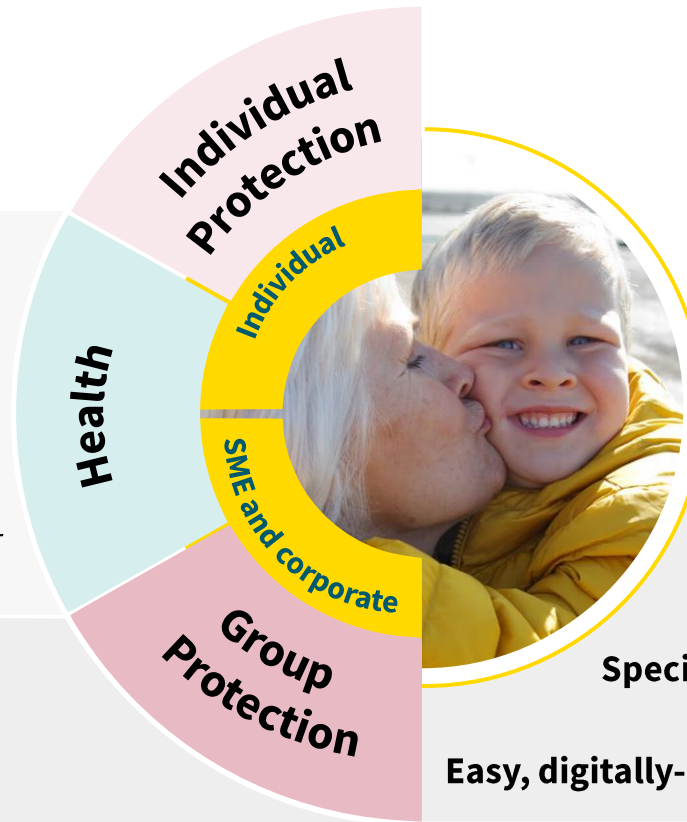
Lives covered

+74

Claims TNPS

COVER
EXCELLENCE
AWARDS 2020

Best Group Critical Illness



Wellbeing central to our customer proposition

Physical
wellbeing

Mental
wellbeing

Financial
wellbeing

Expert in protection

Focus on prevention

Specialist in treatment & recovery

Easy, digitally-led, engaging customer experience



#1

Value-added
services



#1

Innovative
provider

Bringing One Aviva to customers with tangible benefits

Building deep relationships with employers and intermediaries and supporting multi-scheme wins

Corporate & SME customers, EBCs* & brokers



Active Care Service: dedicated expert support and unified claims experience across Protection and Health

Joined-up approach to EBCs: differentiated and value-add offering to EBCs and Corporates across the full range of Aviva corporate offerings

*Employee benefit consultants

Benefiting from our broad offering

Investment company

Income protection scheme covering >3,000 lives

Implemented a hybrid GIP and PMI claims process, pulling together return to work services, rehabilitation & health support

 **£2.2m**
GIP API*

 **£3.8m**
PMI API*

Steel manufacturer

Pension scheme with >9,000 total membership

Insured a full suite of Aviva life corporate benefits with 67% of members purchasing additional Aviva products

 **£264m**
Pension AuM

 **£1.8m**
GIP & GLA API*

 **£1.2m**
PMI API*

Aerospace company

Pension scheme with >34,000 total membership

Offered benefits of life cover for members when they pay into the pension trust

 **£814m**
Pension AuM

 **£2.3m**
GIP & GLA API*

*Annual premium income

Providing support in times of need and through Covid-19

Outstanding claims support and service

Provided **rehabilitation to >1,600 people** via Group Income Protection, with **80% of people** either returned to, or remained at, work in 2020

Paid out **over £1bn of claims** made against Individual Protection policies, and helped **>50k customers and their families** in 2020

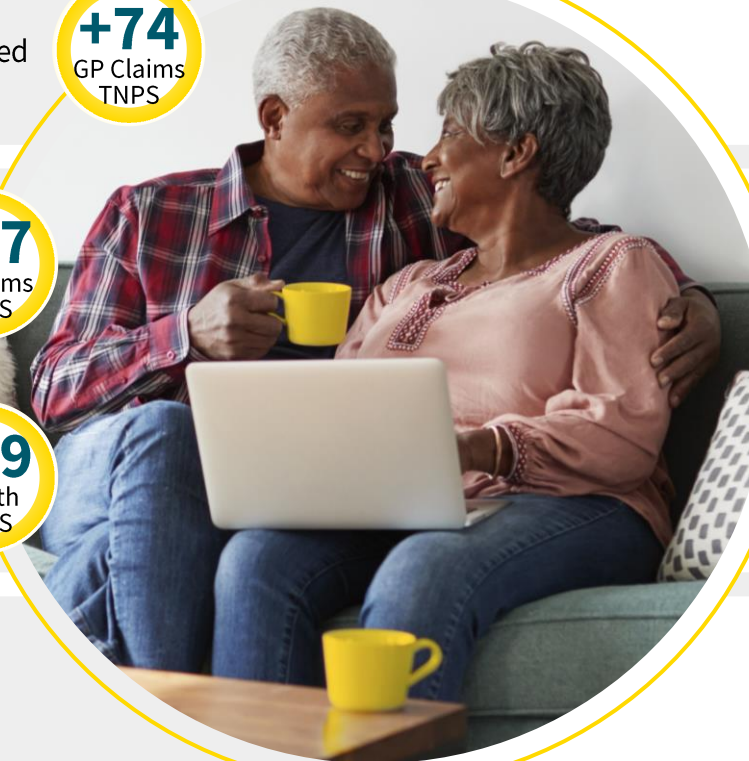
Launched **Back2Better and Mental Health** healthcare pathways, settling >50k claims in 2020

Implemented a **fast track children's cancer claim** process, including personalised gifts to children and their families – **Project Teddy**

+74
GP Claims
TNPS

+77
IP Claims
TNPS

+49
Health
TNPS



Providing support through Covid-19

Launched **Covid-19 Work Support Service** to help rebuild mental and physical fitness of employees recovering from long-Covid via Aviva's rehabilitation consultants

Gave **access to rehabilitation services** to Individual Income Protection customers, including support for mental health issues and any lasting effects of Covid-19

Pledged to **refund PMI policyholders** if claims costs are lower than expected, as a result of Covid-19¹

Full pay for Aviva employees who volunteered full time for the NHS and British Red Cross and no Aviva staff were furloughed

Health



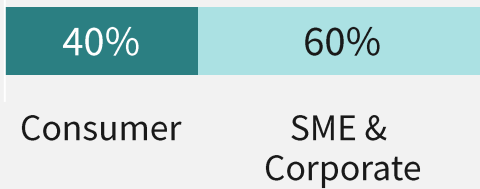
Expecting market growth to accelerate...

Market size¹ & growth

c.£5bn

UK private medical cover market

Customer mix



3% p.a.

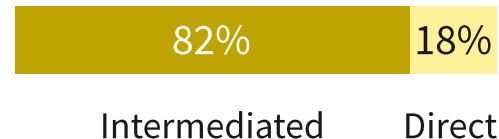
Market growth outlook

Distribution mix¹

Consumer



SME & Corporate



Rising medical costs

drive market growth

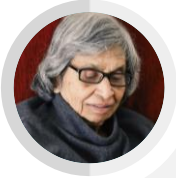
Company spending

showed modest growth with healthcare trusts seeing a strong upward rise since 2008

Uptick in broker consolidation

in a heavily intermediated market

... Driven by fundamental market trends

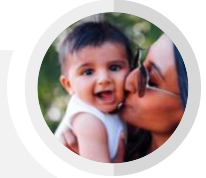


NHS constraints

Near-term capacity constraint – waiting list of 5.6m people¹

Ageing population increasing demands on health system

NHS provider sector in deficit since 2013-'14²



Lasting impact of Covid-19

Heightened awareness – 71% adults are more aware of their overall health and that of their loved ones⁴

Accelerated adoption of digital & tele-health services

Exacerbated **mental health issues**

Growing role of employers

Growing demand for whole of workforce offerings for affordable private health

87% of companies offer benefits to support employee health and wellbeing³



Increasing focus on wellbeing from individuals and employers

Increasing focus on prevention and early intervention

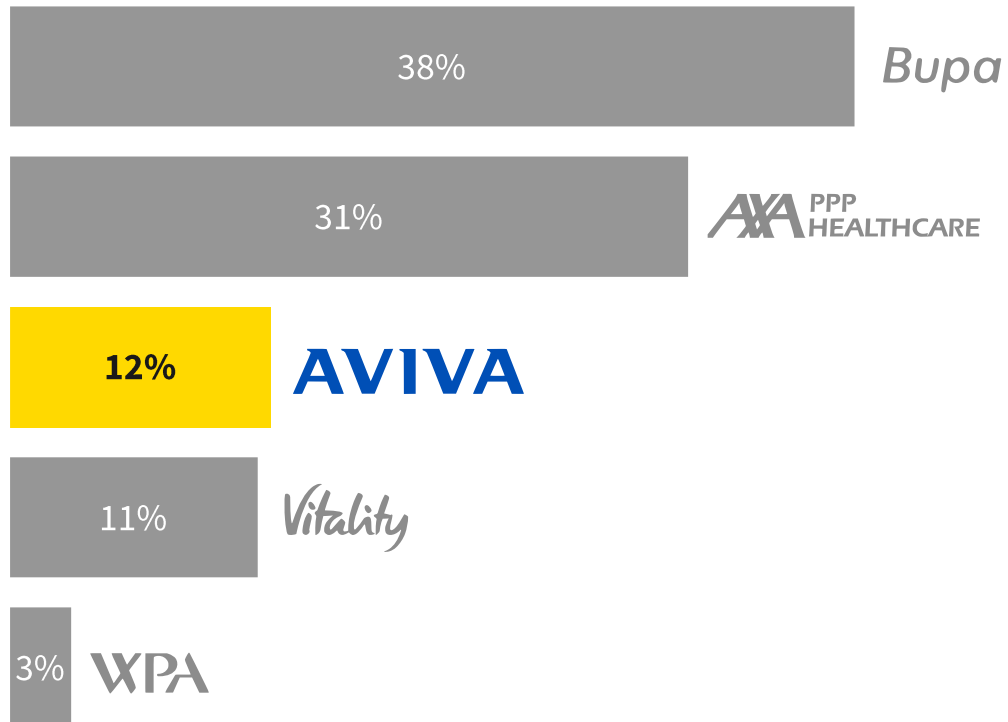
1 in 2 UK companies now have a standalone wellbeing strategy (up from 44% in 2020)⁵



Aviva's top 3 position supported by leading capabilities

Aviva is a top 3 player with capacity to grow market share

Market share (by PMI GWP)¹
Top 5 players account for 95% of market



All footnotes on page 29

With leading capabilities

- Service**
 - +49 customer TNPS
 - Health Insurance & Protection AWARDS**
 - Company of the year 11 yrs in a row
- Distribution**
 - #1 company broker NPS and penetration²
 - 100% up in consumer NB YTD
- Digital**
 - 72% customer journey digitised
 - 100% claims can be started on MyAviva
- Efficiency**
 - Market leading** expense and COR ratio
 - Effective procurement** through JV with Vitality

Three strategic priorities to accelerate profit growth

1

**Focus on growing in
Consumer and SME**

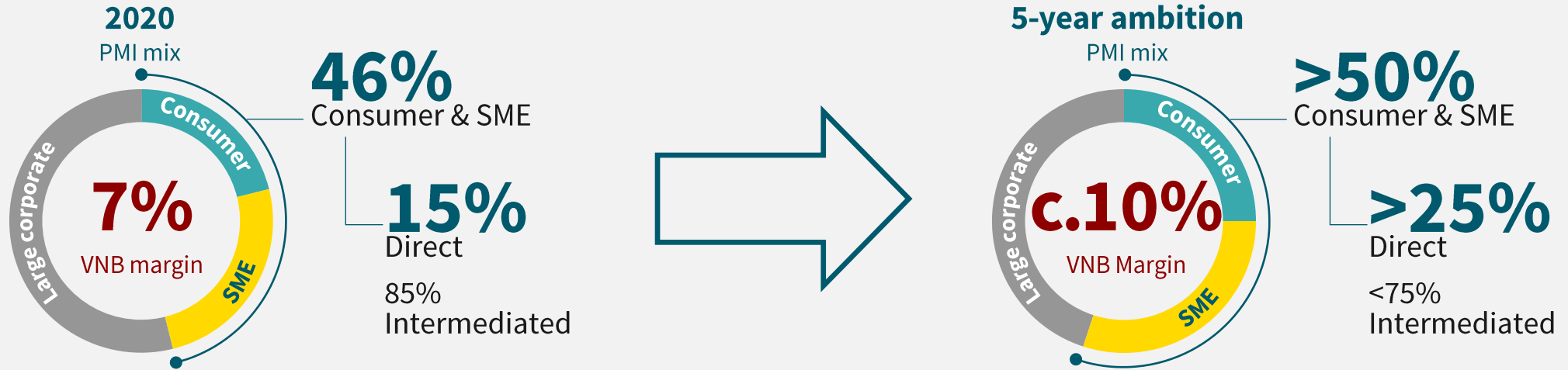
2

**Value-based
healthcare**

3

**Innovation and
digital**

Enhancing margin by growing in Consumer, SME & Direct



Key drivers for growth

Consumer


Personalised pricing within customer journeys 

Focused intermediary growth 

Direct channel 


SME

Enhanced pricing sophistication 

Digital and automated processes end-to-end 

Focused intermediary growth 

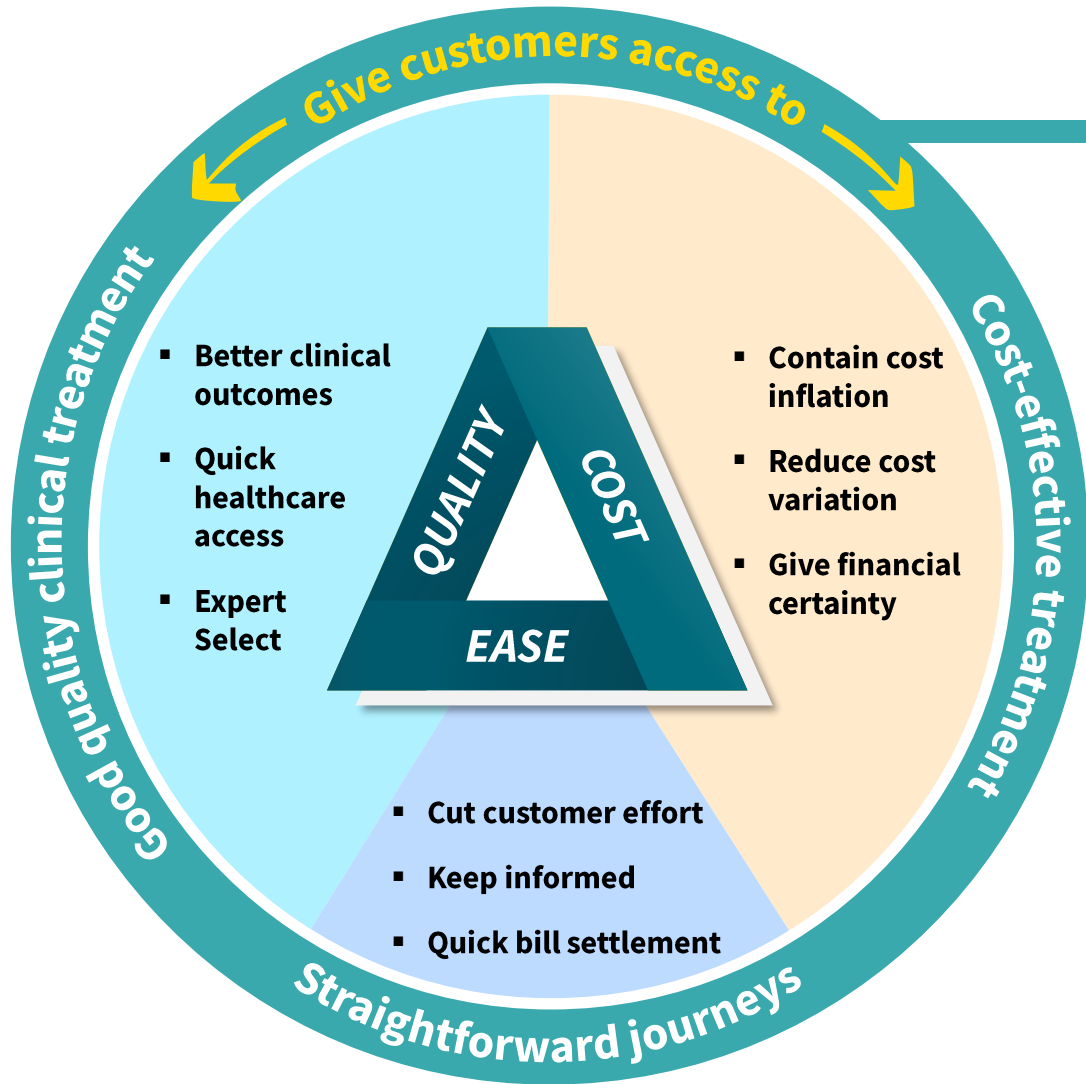
Large corporate

Supplier leverage and guiding capability 

Digital and automated processes end-to-end 

Focused intermediary growth 

Our value-based healthcare proposition



Better value for our customers & Aviva

c. 5%

Estimated reduction of claims costs driven by value-based healthcare strategy

+100%

YoY growth in Consumer NB APE YTD driven by the launch of Expert Select in Mar 2021

Quality guiding

Recommend hospitals & specialists (e.g. Expert Select)



Focus on high quality and cost-effective providers

Develop condition-based networks (e.g. Cataract)



Customer pathways

Form clinically guided journeys (e.g. Mental health)



Continuous improvement on outcomes

Leverage data & share best practice across networks



Engaging customers through innovation and digital

Aviva Digital GP

Free, around the clock access to video consultations with NHS registered GPs

Line manager toolkit

Video modules to increase awareness of employee mental wellbeing

MyHealthCounts

An online health risk assessment to help earn up to 15% discount off renewal premium

Get Active

Discounts on over 3,000 health and leisure clubs

Aviva wellbeing app

Lifestyle focused app to encourage small step changes

Digital GP in focus:

>120k

Registered users

c. 70%

Growth in monthly appointments vs pre-pandemic level

Video consultations

24/7 appointment in as little as 30 minutes

Choice of GP

selecting by gender or choosing the same GP

Repeat prescriptions

in-app order and free UK delivery

Child cover

adding children to account for paediatric consultations

Protection



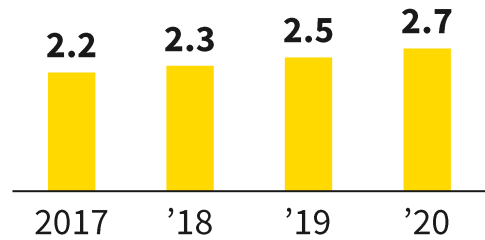
Growing and resilient Protection market

Market size & growth

Group Protection

UK in-force premiums, £bn¹

CAGR
17-20

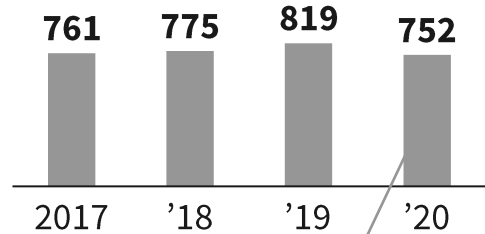


6%

Individual Protection

UK new business APE, £m²

CAGR
17-19

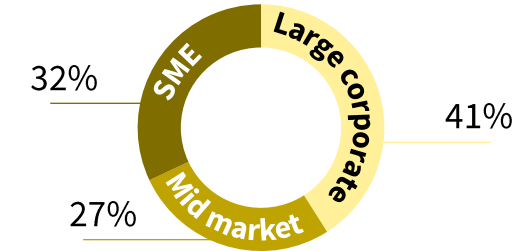


4%

+8% 2021
H1 YoY growth

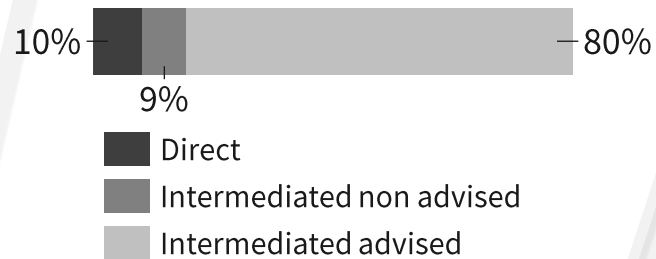
Market mix

Group Protection



c.95% through intermediaries

Individual Protection



Group

- Growth in lives covered and average premiums
- Growth sustained during the pandemic
- **5% p.a.** growth outlook

Individual

- Historically growing at 4% p.a.
- Declined through Covid-19 lockdown but rebounded in 2021
- **5% p.a.** growth outlook

Fundamental trends driving the Protection market



Protection gap and growing workplace duty of care

>£2tr UK protection gap¹

Only 47% adults taking up protection products²

Govt. and employees expecting employers to take a bigger role in workplace protection



Focus on wellbeing

Holistic focus – incl. physical, mental and financial

Heightened awareness – 1 in 4 people in England will experience a mental health problem each year⁴

Mental wellbeing support is a key priority for SMEs



Longer life and delayed life events

Life expectancy at birth expected to be 2-3 years longer in 25 years time³

Evolving home buying trends (e.g. more people renting)

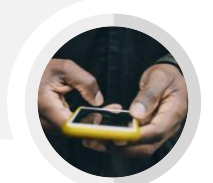
Life events (e.g. marrying/1st child) at older ages

Digital and data

Growing use of predictive analytics – machine learning, AI, big data and straight through processing

Simplification – automation, system integration

More direct, digital purchasing & engagement

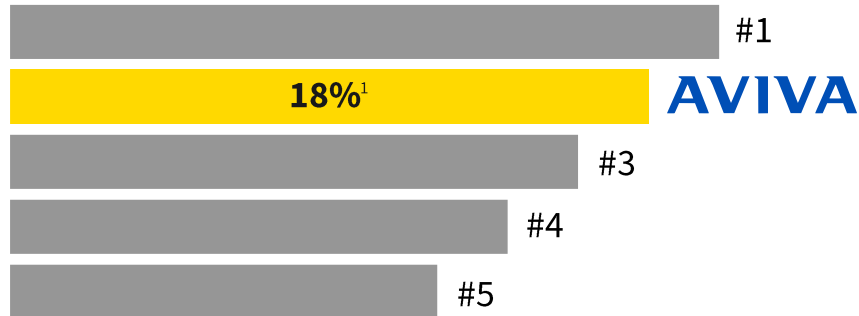


Well positioned across Individual and Group Protection

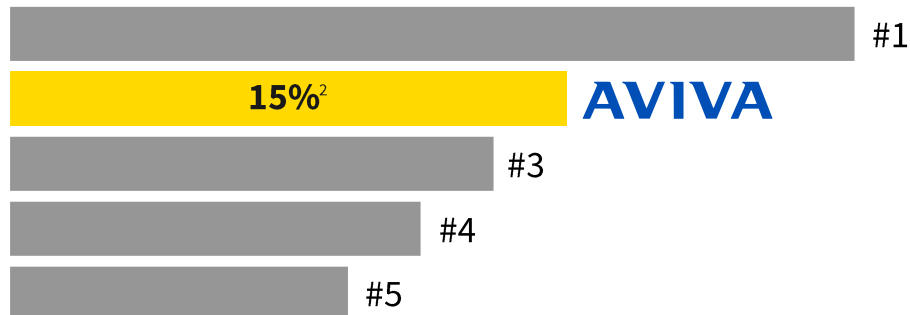
Top 2 position in both markets

2020 Market share

Group Protection (by in-force premiums)



Individual Protection (by new business APE)



Charts not to scale; All footnotes on page 29

Market leading capability on critical areas

Claims excellence

+74 GP* claims TNPS; **+77** IP* claims TNPS

COVER CUSTOMER CARE AWARDS 2020 Best Claims Management Team (IP)

Distribution

#1 intermediary penetration (IP)³

#1 recommended by Mercer and Aon (GP)

Technical capabilities

Top 2 underwriting and claims^{3,4}

Digital / Innovation

#1 value-added services and innovative provider^{3,4}

80% straight-through processing (IP)

*IP = Individual Protection; GP = Group Protection

Three strategic priorities to accelerate profitable growth

1

**Extending customer
and distribution
reach**

2

**Digitally-led and
easy to do business
with**

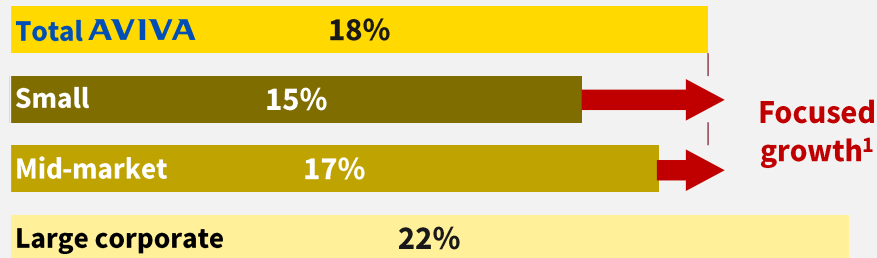
3

**Customer centric
innovation and
wellness**

Extending customer and distribution reach

Group Protection

2020 Market share (by in-force premiums)



Winning in the growth area of SME

Delivering propositions & marketing tailored for SMEs



Sustain competitive advantage in Large Corporate

Continue to drive growth & retention via relationship management

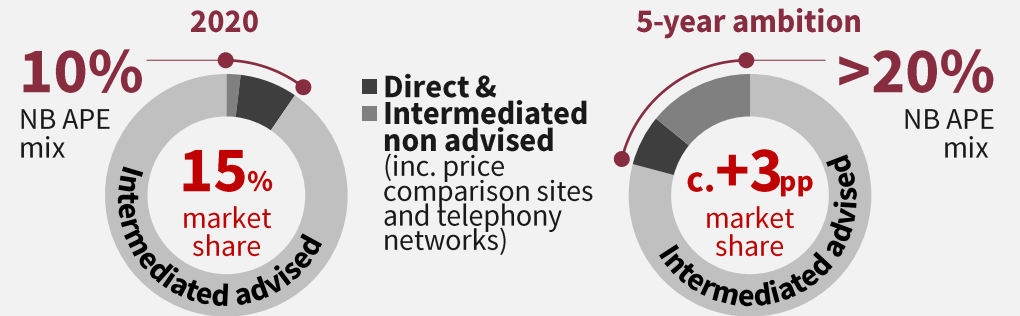


Leverage wellbeing services for retention & new business

Building out Digicare+ & Workplace Wellbeing to drive value



Individual Protection



Accelerate growth in direct

Targeted marketing, easy to buy propositions, Aviva customer base



Drive incremental growth in underweight Level Term sector

Expanding reach with Protection specialists to build scale in growing telephony channel



Become leading player on comparison sites

Use Aviva and Quote Me Happy brands to build presence



Digitally-led and easy to do business with

Working towards seamless customer experience...

... through digitisation & automation...

... and leveraging data & machine learning

Group Protection

70%

Automation¹

70%

Adoption rates

End-to-end digital journeys for SMEs



Digital medical underwriting, claims notifications journeys & easy information & document access



API*-enabled integration for distributors



Improved cost accuracy and price competitiveness via more sophisticated risk costing models



Individual Protection

85%

Straight-through processing for new applications from 80% today

>80%

of all customer and broker journeys can be started online

Streamlined customer journeys aided by predictive modelling



Robotics-assisted back-office processes



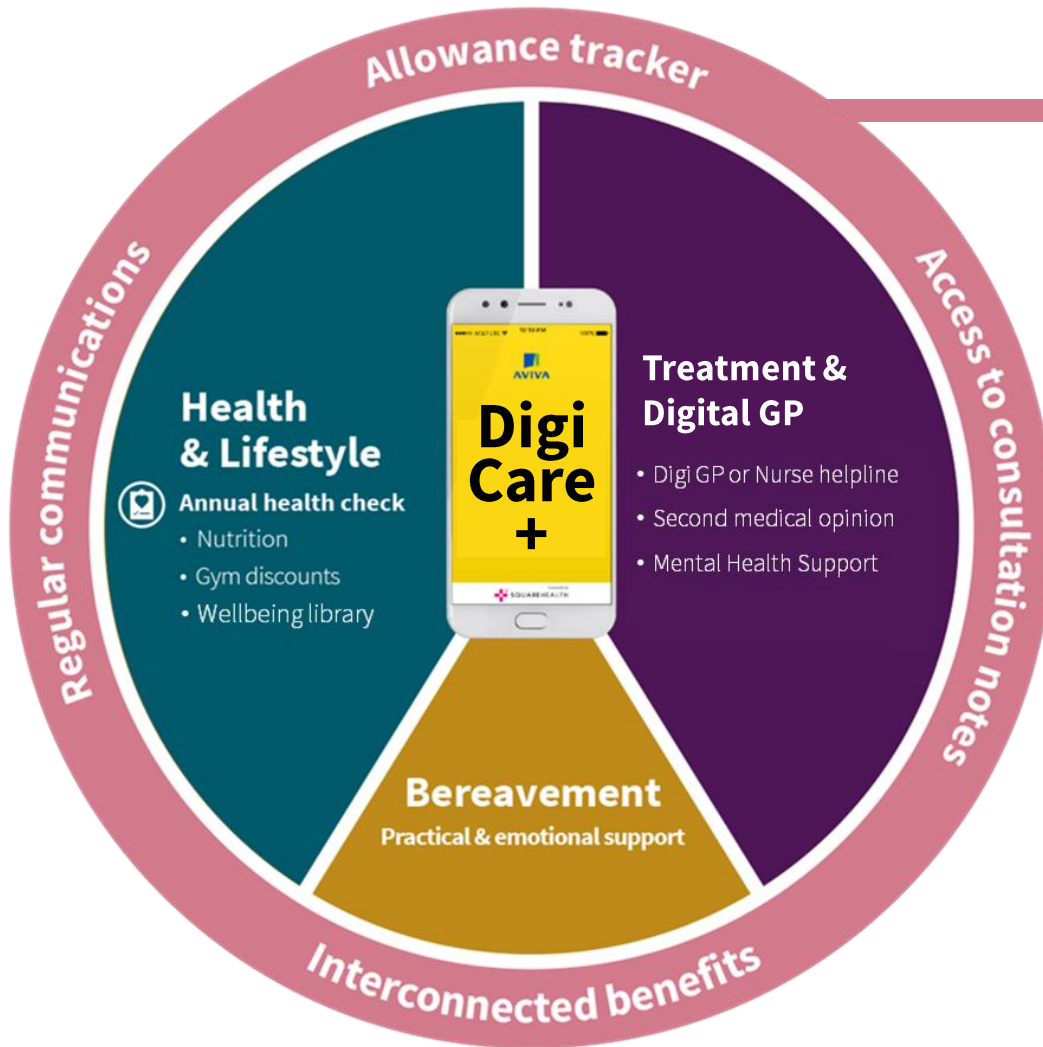
Fast tracked claims process enabled by machine learning risk models



Enhanced targeting and underwriting capability with non-linear machine learning techniques



Differentiating proposition through innovation



2.4m

Eligible users

#1

Value added services /
innovative provider

92%

Users likely
to recommend

100%

Mental health appointments
offered within 48 hours

Available to **new** and **existing** Protection customers





Founded in **clinical & digital healthcare expertise**

Creates meaningful **customer engagement**

Provides **insight** into the population health

Platform for **future innovation**

Key takeaways

-  **Key market and capital generative** business for Aviva UK&I Life, generating c.£170m in value of new business (VNB) and c.£190m operating profit.
-  **We are the only scale UK player with #2/3 market positions serving all** Health & Protection customer needs. We serve 4.5m individual customers and also cover 3.3m lives through Group schemes
-  **Attractive growth prospects**, underpinned by heightened awareness of health and wellbeing, NHS constraints, and growing role of employers in private health and closing the ‘protection gap’
-  **Well positioned for growth whilst maintaining attractive margins** with leading customer proposition centered on wellbeing, and real strengths in distribution, claims and service, underwriting, data and digital, and innovation

Q&A session



Doug Brown
CEO of UK & Ireland Life Insurance



Jason Windsor
Group CFO



Footnotes

Slide	Reference	Footnote
6	1.	Sum of lives covered by Group Health and Group Protection schemes which could include some duplicate lives
	2.	CAGR based on FY 2020
7	1.	Limited participation in Health market. Diagnostic only, 'whole of workforce' type offer
	2.	Includes multiple products on a single policy e.g., multiple vehicles/lives/pensions
	3.	Source: NMG UK Protection Programme 2020/2021, NMG Group Risk Programme 2020
10	1.	All consumer and SME UK PMI customers who paid for cover over the period 1 March 2020 to 31 March 2021 will be eligible for the pledge even if they no longer hold a policy with Aviva. We're committed to returning the difference in claims if portfolio claims overall are lower than planned
12	1.	Sources: LaingBuisson, Healthcover 16ed published 2020
13	1.	Source: The Guardian, September 2021
	2.	Source: National Audit Office, NHS financial management and sustainability, February 2020
	3.	Source: Benefits Research 2020, employeebenefits.co.uk
	4.	Source: Insurthough panel, July 2020
	5.	Source: Chartered Institute of Personnel and Development, Health and Wellbeing at work 2021 (Survey Report April 2021)
14	1.	Source: LaingBuisson, Healthcover 16ed published 2020. Market share data shown for 2018 (published in 2020) as 2019 & 2020 data not yet available. We don't expect material changes to the 2018 positions shown.
	2.	Source: NMG Healthcare Programme 2020
20	1.	Source: SwissRe Group Watch 2019, SwissRe Group Watch 2021
	2.	Source: ABI
21	1.	Source: EY, From benign to bold: the big opportunity for the UK individual protection insurance market
	2.	Source: FCA, Financial Lives 2020 survey: the impact of coronavirus, February 2021
	3.	Source: Office for National Statistics, Past and projected period and cohort life tables, 2018-based, UK:1981 to 2068
	4.	Source: www.mind.org.uk
22	1.	Source: SwissRe Group Watch 2021
	2.	Source: ABI
	3.	Source: NMG UK Protection Programme 2020/2021
	4.	Source: NMG Group Risk Programme 2020
24	1.	Arrows illustrate areas of focused growth only. Not to scale
25	1.	Includes SME demands for services such as new business, renewal, rate review, information enquiry, claim, but excludes large corporate demands and services that require individual case management such as rehabilitation and early intervention