

# Market Release

18 October 2023

## Morgans Conference Investor Presentation

Please find attached a presentation to be given by Ms Nadine Gooderick, Managing Director at ClearView Wealth Limited, to investors attending the Morgans Investor Conference on Wednesday 18 October 2023.

ENDS

For further information, please contact:

### Investor inquiries

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### Approval of Announcement

The Board of Directors of ClearView has authorised the release of this announcement to the market.

### About ClearView

ClearView is an ASX-listed diversified financial services company which partners with financial advisers to help Australians protect and build their wealth, achieve their goals and secure a comfortable financial future. The Group's two business segments: Life Insurance and Wealth Management are focused on delivering quality products and services.

For more information visit [clearview.com.au](https://clearview.com.au)

ClearView Wealth Limited  
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**ASX Code: CVW**

[clearview.com.au](https://clearview.com.au)

# **ClearView Morgans Conference Investor Presentation**

**18 October 2023**

**Nadine Gooderick**  
Managing Director



# ClearView overview and strategy

# Life insurance at a glance – overall market is an \$18B market



**24** life insurers (including 7 onshore reinsurers) and 10 friendly societies. Down from 29 insurers and 12 friendly societies in 2018

**15 million**

Australians were covered by life insurance in 2022, protecting themselves from financial hardships that arise from death, disability, major illness or injury

**\$11.2 billion**

in life insurance claims paid to **85,000** Australians or their loved ones

**11,000+** people employed

**77%** of non-dependent working age

Australians had at least one form of life insurance cover on 30 June 2020. This is down from 94% in 2017

**95%** of finalised claims paid

**\$123B** in assets held by life insurers

**3.4 million**

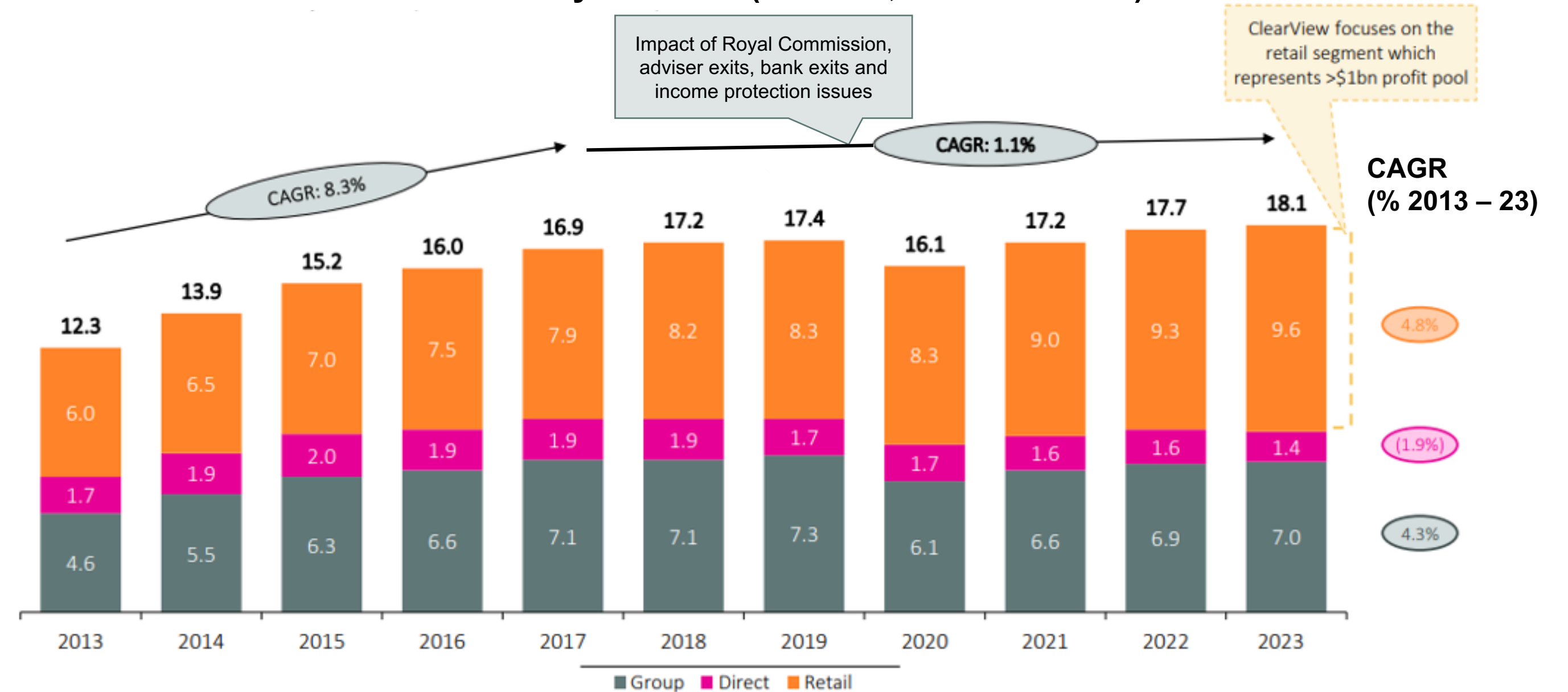
Australians are underinsured to meet basic needs for income protection

**15%** of employees across the industry are in claims and rehabilitation roles

# Retail Life Insurance market remains attractive

- ~18B life insurance market across retail, group and direct to consumer channels
- ClearView only participates in the ~10B retail life insurance advice channel
- Overall growth in industry is underpinned by longer term sustainable factors such as population growth, ageing population, inflation and household wealth, income and debt levels
- Repricing of in-force portfolios remains long term structural driver to appropriately price for risk and experience
- ClearView has strong track record of in-force premium growth in financial adviser channel since entry in 2012

**Life Insurance In-force Premiums by Channel (AUD bn, Jun 2013 – 23)**



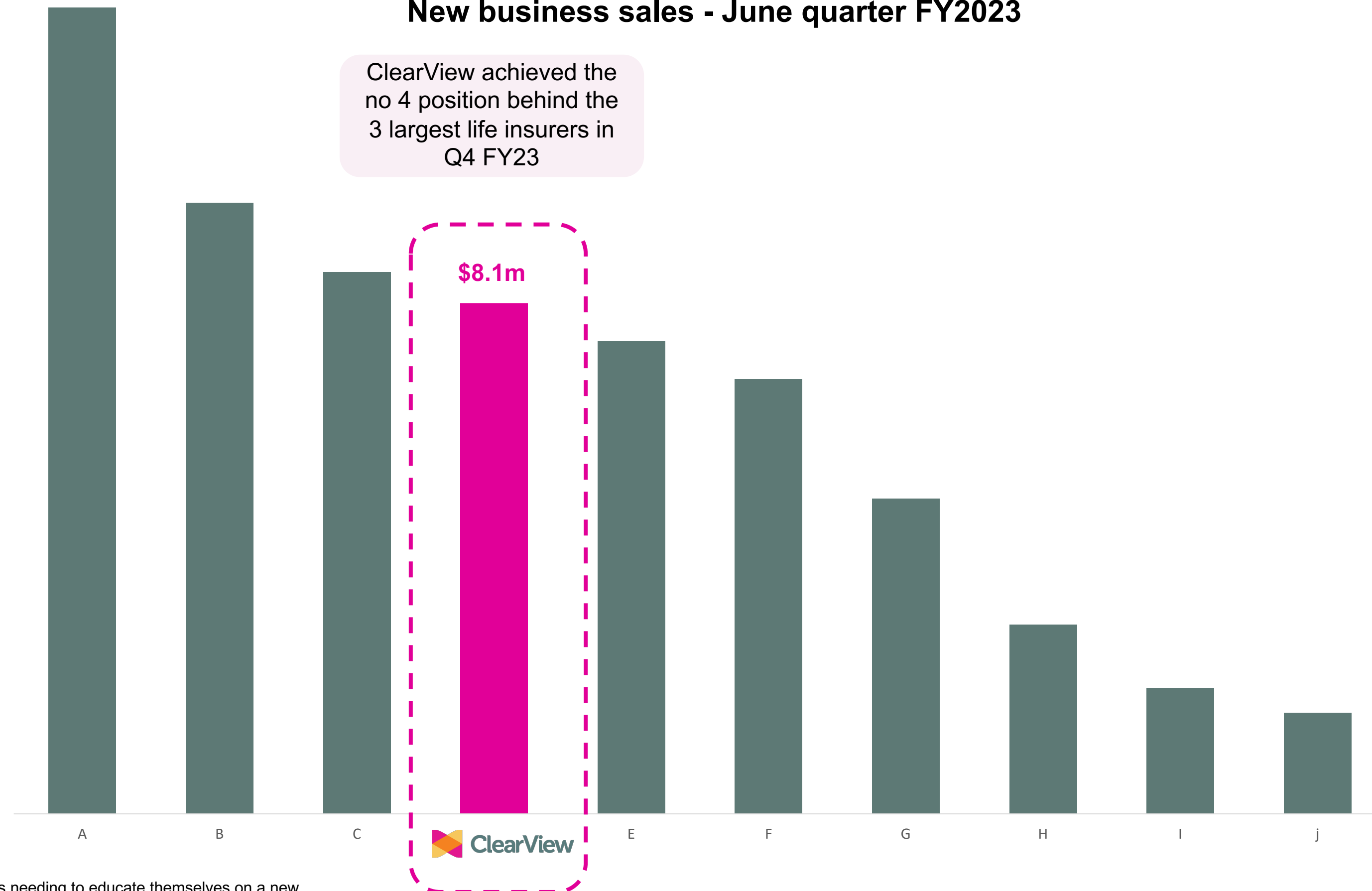
Source: NMG Consulting



# ClearView marketing positioning – top of ‘mid tier’

- The retail advice life industry is ‘settling’ after years of unprecedented change<sup>1</sup>
- June 2023 quarter reflected an increase in industry new business volumes in retail segment and appears to be an inflection point – consistent with stepped change in new business at ClearView in Q4
- Driven by improving industry dynamics, adviser productivity supported by underlying demand for life insurance products
- ClearView new business market share up to 11% in Q4 FY23 – top of mid tier and circa 3X in-force market share

## New business sales - June quarter FY2023

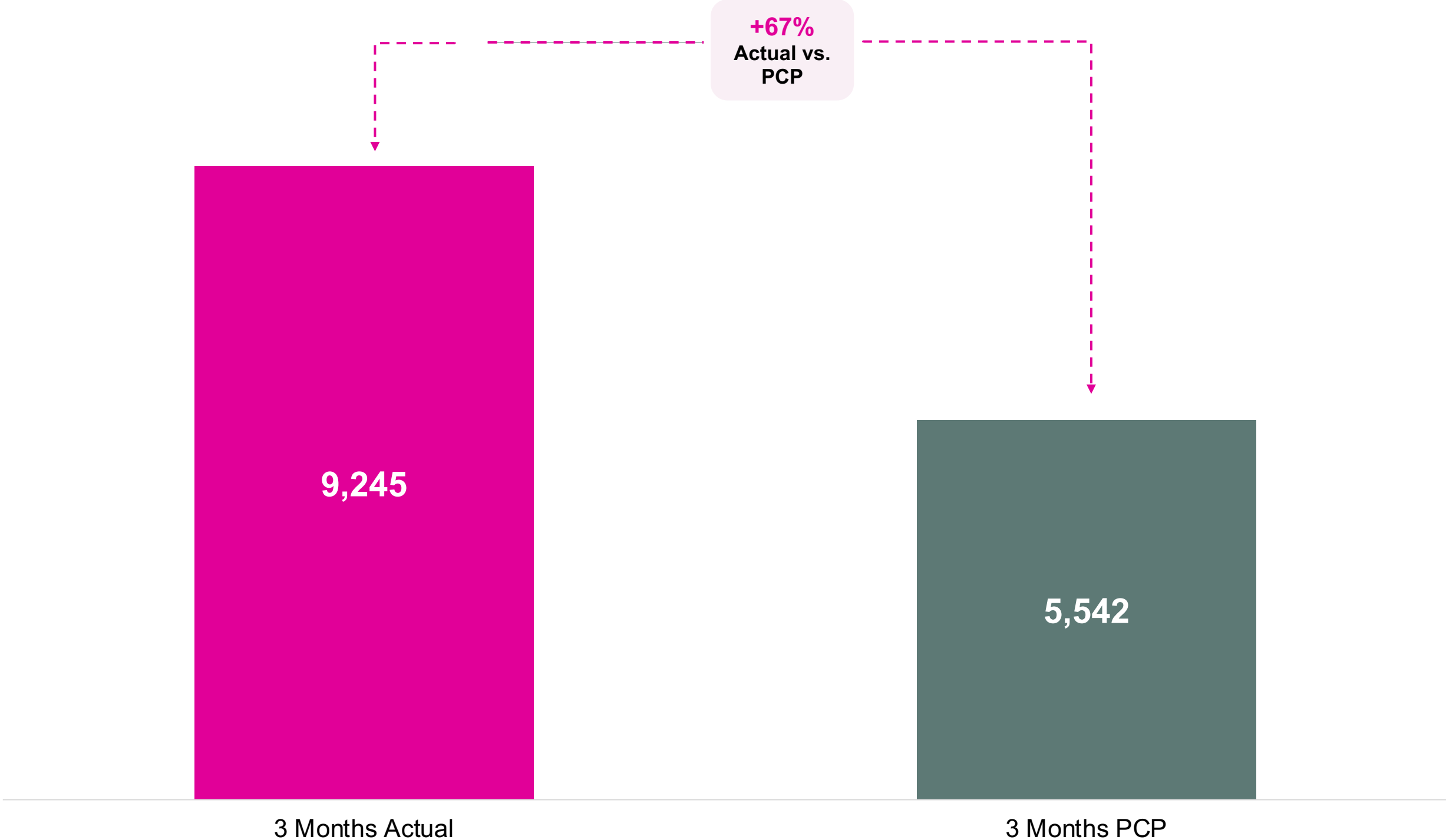


<sup>1</sup> Including:

- Royal Commission
- Increased education standards and barriers to entry (FASEA) + APRA IDII with advisers needing to educate themselves on a new suite of products across all retail life manufacturers.
- A range of premium increases industry wide directing energy towards business conservation
- The Life Insurance Framework (LIF) which was a shift and reduction in remuneration (commission) for the placement of insurance at the same time regulation and compliance was increasing

# Sales momentum continues into FY24

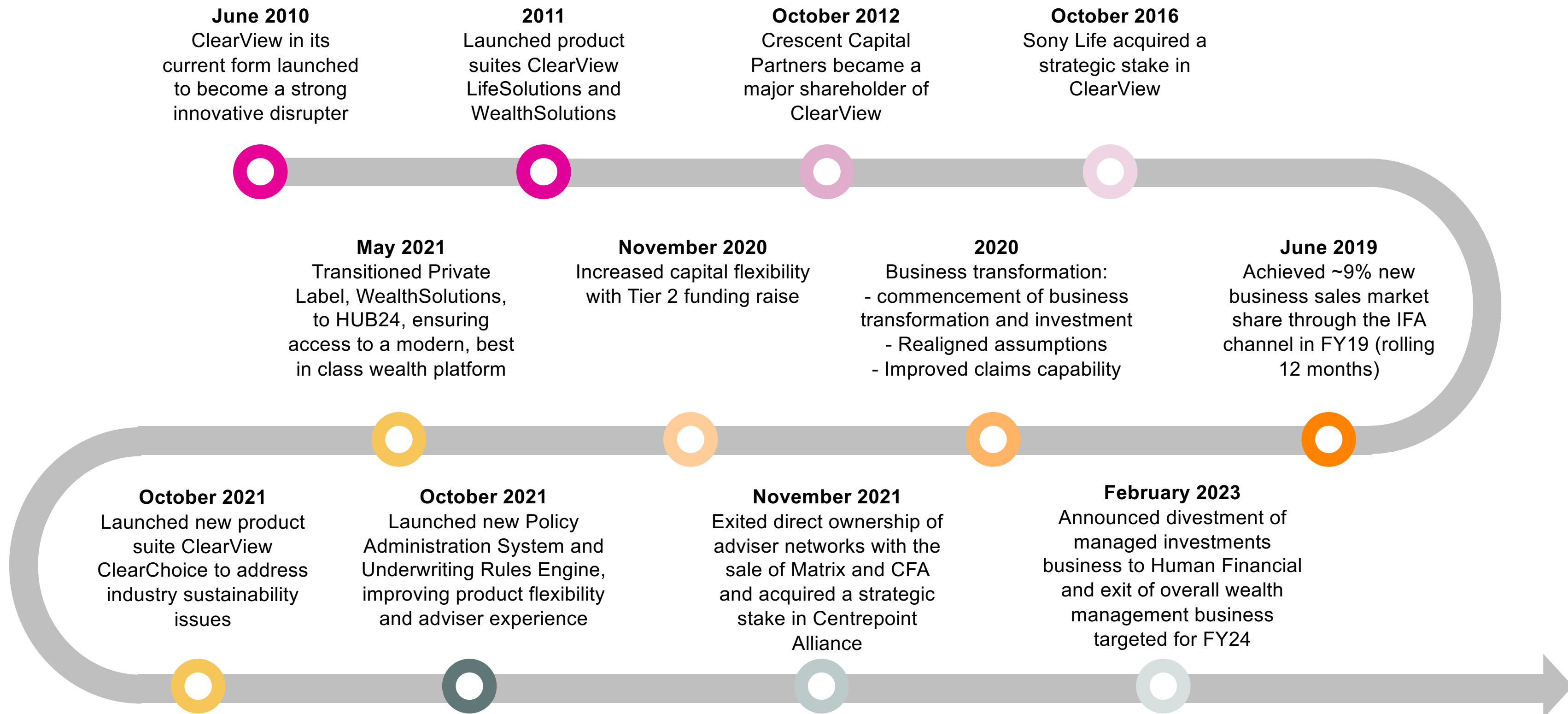
- Sales momentum and growth has continued into Q1 FY24, with new sales of A\$9.2m (reflecting “run-rate” sales volume of c.A\$3m per month)
- Q1 FY24 sales are up 67% on PCP, reflecting a “step-change” in the sales momentum since Q4 FY23
- Demonstrates continued market growth and ClearView's strong market share



# History of ClearView



ClearView was established in its current form in 2010 to focus on the life insurance advice market, underpinned by superior products and service, distributed through the Independent Financial Advisers (IFA) channel





# Transformation program and future targeted growth

## Simplification program driving operating results and growth

- New business **up 25% to \$25.2m** (2H up 41% to \$13.9m)
- FY23 new business market share of **9.0%**<sup>1,2</sup> (up from 5.1%<sup>1,2</sup> in FY21)
- Q4 FY23 new business market share of **11%**<sup>1,2</sup>
- In-force premiums **up 11% to \$305.9m**
- In-force market share of **3.2%**<sup>1</sup>
- Underlying NPAT **up 41% to \$36.5m**
- Life Underlying NPAT margin<sup>4</sup> of **12.4%**



## Leads to future targeted growth – FY26 targets<sup>5</sup>

- New Business **target market share 12-14%**<sup>1</sup> - current trajectory, product and channel focus (data driven outcomes-based approach) driving growth
- In-force **target market share ~4%**<sup>1</sup> - clean back book, product and streamlined channel engagement driving growth - expect in-force premium to be **~\$400m in FY26**
- Life insurance **Underlying NPAT target margin 11-13%**<sup>6</sup> – improving margin driven by lower reinsurance cost and operational efficiency savings from IT investment (FY25+)

## ClearView now solely focused on Life Insurance

- Dealer groups sold to Centrepoint Alliance for strategic 24.4% holding in scale advice operation
- Exit of wealth business underway given lack of scale and growth options – timing expected to be in FY24
- Following divestments; enhanced scale, reduced regulatory risk and removal of drag on earnings



## FY23 final cash dividend of 3cps (+50% on LY); Underlying NPAT targeted to grow at double digits ex implementation of AASB17<sup>5</sup>

- FY23 dividend **fully franked** and represents a **dividend yield of 6.2%**<sup>3</sup> per annum
- Annual dividend program reinstated from FY21 after period of rebuilding
- Considering option of **paying an interim** (and a final dividend) from FY24
- **FY23 payout ratio of 54%** - mid-point of dividend range (40% - 60%). Range to be reviewed post IT transformation investment and wealth management exit
- Business has shifted to an **underlying cash generation position**
- FY24 Underlying NPAT base year<sup>5</sup> will be impacted by implementation of AASB 17 given the material change to accounting standards
- AASB 17 implementation underway, **AASB 17 is not expected to impact economics** including cash flows, underlying growth rate and end point of earnings in FY26<sup>5</sup>

## IT and back-office investment will drive FY26 Targets

- **Scale and efficiency benefits** of technology investment expected to start to flow through from FY25 supporting profit margin accretion
- Plans are underway to **increase ClearView's exposure to underwriting risk** for new business, thereby reducing reinsurance costs and increasing sum insured retained and driving higher new business profit over time
- Reflects **confidence** due to increased size of in-force portfolios, improved industry profitability and product sustainability measures seen in Group's FY23 performance

1. ClearView calculations based on NMG Risk Distribution Monitor Reports for Retail Advice In-force and New Business Analysis for relevant periods – NMG Market analysis includes total of 'Retail' consistently applied (that is, IFA, Bank Advice and Aggregator channels).  
 2. FY23 new business market share based on NMG Risk Distribution Monitor Reports for Retail Advice New Business Analysis for the year ended 30 June 2023.  
 3. Based on a 90 day VWAP share price of \$0.483 at 30 June 2023.  
 4. Is calculated as Life Insurance Underlying NPAT divided by Gross Premium Income. FY23 based on accounting standards on issue – the margin on services approach under AASB 1038.  
 5. FY26 goals based on AASB 17 FY24-26 business plan forecasts – currently aligned to implementation program of work and subject to change. Underlying NPAT under AASB 17 basis and stated prior to any AIACF impairment charges on stepped premium business or loss recognition on level premium business.  
 6. Is calculated as Life Insurance Underlying NPAT divided by Gross Premium Income. Under AASB 17 basis and stated prior to any AIACF impairment charges on stepped premium business or loss recognition on level premium business.

# Change to future proof our business

## Life Insurance

- Significant capability uplift - new leaders across key business areas
- Succession planning
- Listen, Act, Deliver: Product, Operations and Distribution aligned
- Reinvigorated team focused on growing the business

## Simplification: enhanced customer experience

- Distribution: targeted and powered by data
- Product: ClearView ClearChoice innovation
- Underwriting: efficient decision making and automation
- Claims: tele-claims, rehabilitation capability and return to work outcomes
- Operations: efficiencies and reinsurance optimisation
- Customer engagement and retention activities
- Marketing: Strategy including digital presence evolving

## Technology transformation

- New technology system including re-platforming existing business
- Extraction of operational efficiencies
- Workflow and portal in development
- Claims innovations
- Uplift of security posture
- Data and analytics, BI tools, deeper insights

## Future Focus: Long-term sustainable growth

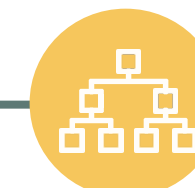
- Remain a dynamic challenger
- Focus on operational excellence and strategy execution
- Divestment of advice and wealth management businesses to focus on life insurance
- A reliable and trusted brand
- Digital tools and AI options
- Exploring further growth opportunities



Protect



Optimise



Diversify



Explore

# Strategically focused business on what ClearView does best: Life Insurance



## Core

### Ancillary

#### Financial Advice

- Exit of direct ownership of financial advice (Centrepont Alliance merger)
- Shifted from 100% ownership of dealer groups (circa 230 ARs<sup>1</sup>) to 24.4% holding in scale operation with over 500 ARs<sup>1</sup> and support services to a further 190 self-licenced adviser practices
- Strategic benefits, reduced regulatory risk and profitability achieved

#### Life Insurance

- Restarted sales focus – now winning > 9% market share
- Invested in technology, systems and processes – from FY25 operational efficiencies are expected to start to flow
- Capability continues to be uplifted with a data and analytics focus – providing deeper insights
- New product suite with sustainable pricing aligned to industry structural changes
- Confidence to increase underwriting risk retention on new product - key step change in business

### Ancillary

#### Wealth Management

- Board committed to exit of wealth business given lack of scale and growth options
- Trustee considering options for superannuation fund that will inform roadmap and timing for overall exit
- Strategic benefits, enhanced scale, reduced regulatory risk and removal of drag on earnings



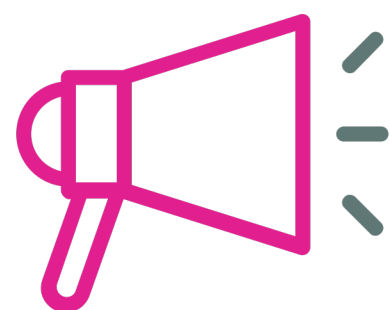
- ClearView is now a robust life insurance focused business:
  - Expected to support double digit Underlying NPAT growth off AASB 17 FY24 base<sup>2</sup>
  - Dividend policy 40%- 60% of Underlying NPAT - range to be reviewed post completion of IT transformation investment and wealth exit to reflect shift to a cash generation position

1. ARs are authorized representatives

2. FY26 goals based on AASB 17 FY24-26 business plan forecasts – currently aligned to implementation program of work and subject to change. Underlying NPAT under AASB 17 and stated prior to any AIACF impairment charges on stepped premium business or loss recognition on level premium business.



# Market and ClearView drivers



Increasingly  
**attractive life  
insurance market**



**Simplified  
business model**  
with core focus on  
life insurance



**Strong growth in  
premiums, market  
share** and  
underlying profit with  
a focus on high  
quality earnings



**Structural changes  
and  
transformation  
program** of work  
support earnings  
growth with key  
operational benefits  
expected to start to  
flow from FY25



**Inflation-linked  
premiums broadly**  
offset cost inflation  
pressures<sup>1</sup> –  
benefitting from  
(higher) interest rate  
environment



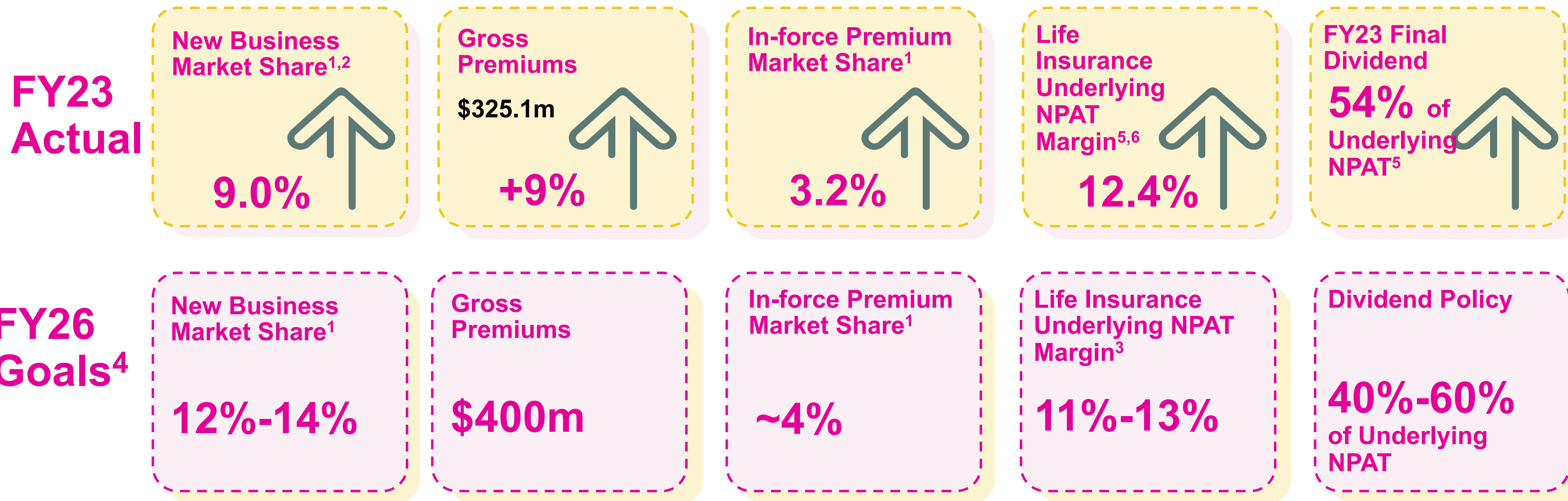
**Strong balance  
sheet** and capital  
position –  
attractive dividend  
yield

1. As a significant portion of life insurance policies are indexed to inflation, increased inflation drives nominal increases in life risk in-force premium, which is expected to support in-force premium growth

**FY23 result**

# FY23 financial highlights and future targeted growth

ClearView achieved a record 41% growth in Underlying NPAT to \$36.5m in FY23; Fully franked FY23 dividend of 3cps



1. ClearView calculations based on NMG Risk Distribution Monitor Reports for Retail Advice In-force and New Business Analysis for relevant periods –NMG Market analysis includes total of 'Retail' consistently applied (that is, IFA, Bank Advice and Aggregator channels).  
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 5. Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases, underlying investment income and interest costs associated with corporate debt and Tier 2 Capital. Costs associated with the incurred claims treaty are reflected as part of reinsurance costs.  
 6. Is calculated as Life Insurance Underlying NPAT divided by Gross Premium Income. FY23 based on accounting standards on issue – the margin on services approach under AASB 1038.



# Regaining of new business market share

25% growth in new business in FY23 with a 9% market share<sup>1,2</sup>

Advice New Business (\$m) and Market Share<sup>1,2</sup> (%)



## Challenger in IFA market from FY12

- Sales up 25% in FY23 (41% in 2H FY23)
- New business market share up to circa 9%<sup>1,2</sup> - above prior peak in FY19
- New business market share of 11% in Q4 FY23
- Intentional slowdown and retention focus in FY20 and FY21
- From FY22 - shift back to growth - underpinned by transformation strategy, launch of new product and structural changes in market
- Broadening out of distribution and acceptance of new product by advisers driving new business market share gains
- Financial adviser numbers appear to be stabilising across the industry
- Strongly positioned to take further advantage of potential market rebound

**New business market share<sup>1,2</sup> over**

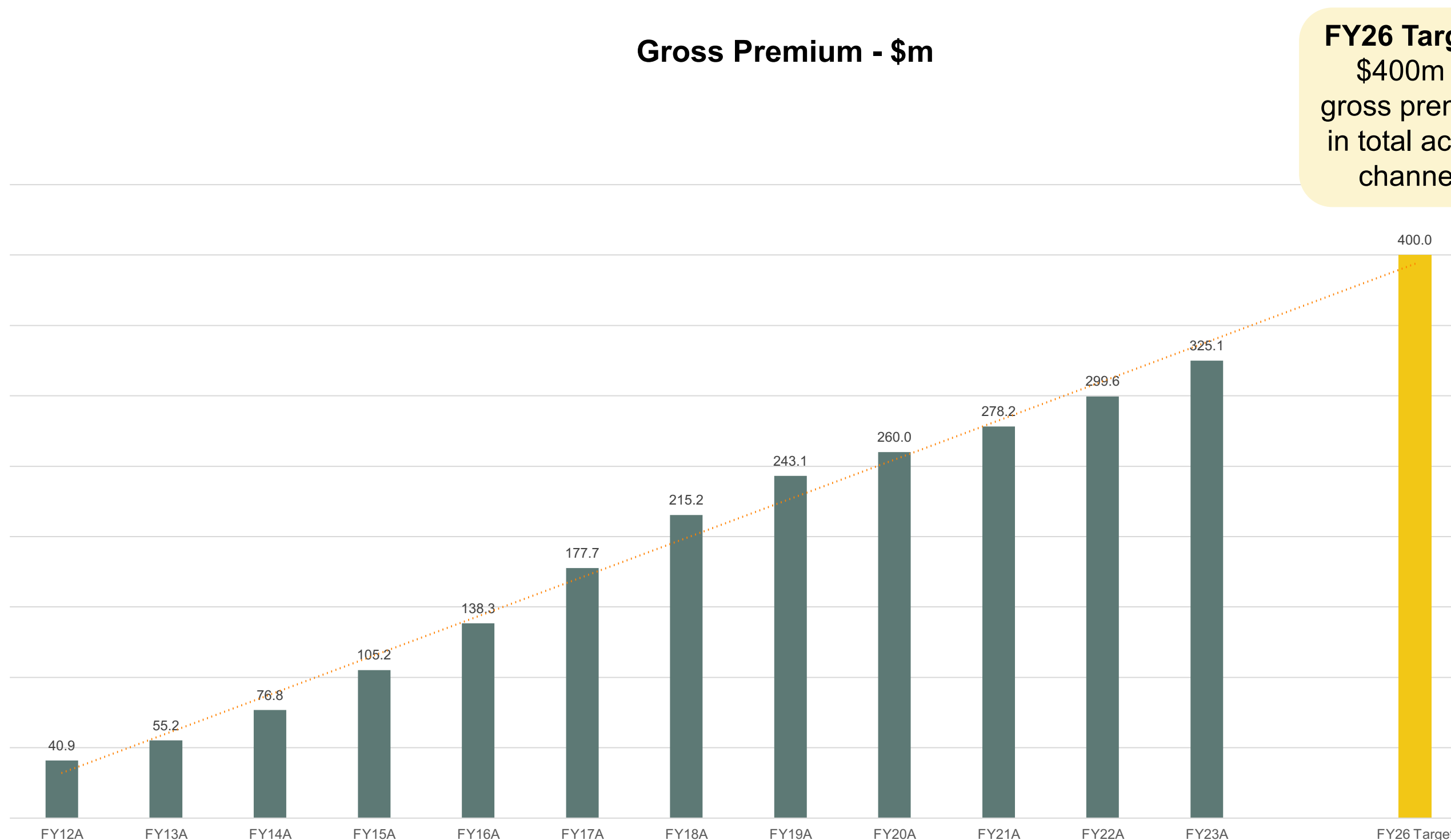
**9%**

**of IFA market**

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# Leads to gross premium income growth

Gross Premium income broadly represents the average in-force premiums between periods



**FY26 Target<sup>1</sup>:**  
\$400m of gross premium in total across channels

**Consistent year on year top line growth**

- Recurring revenue base **+9%** ↑  
\$325m
- Adviser channel revenues **+11%** ↑  
\$292m
- Closed non advice portfolios in run off **-4%** ↓  
\$33m

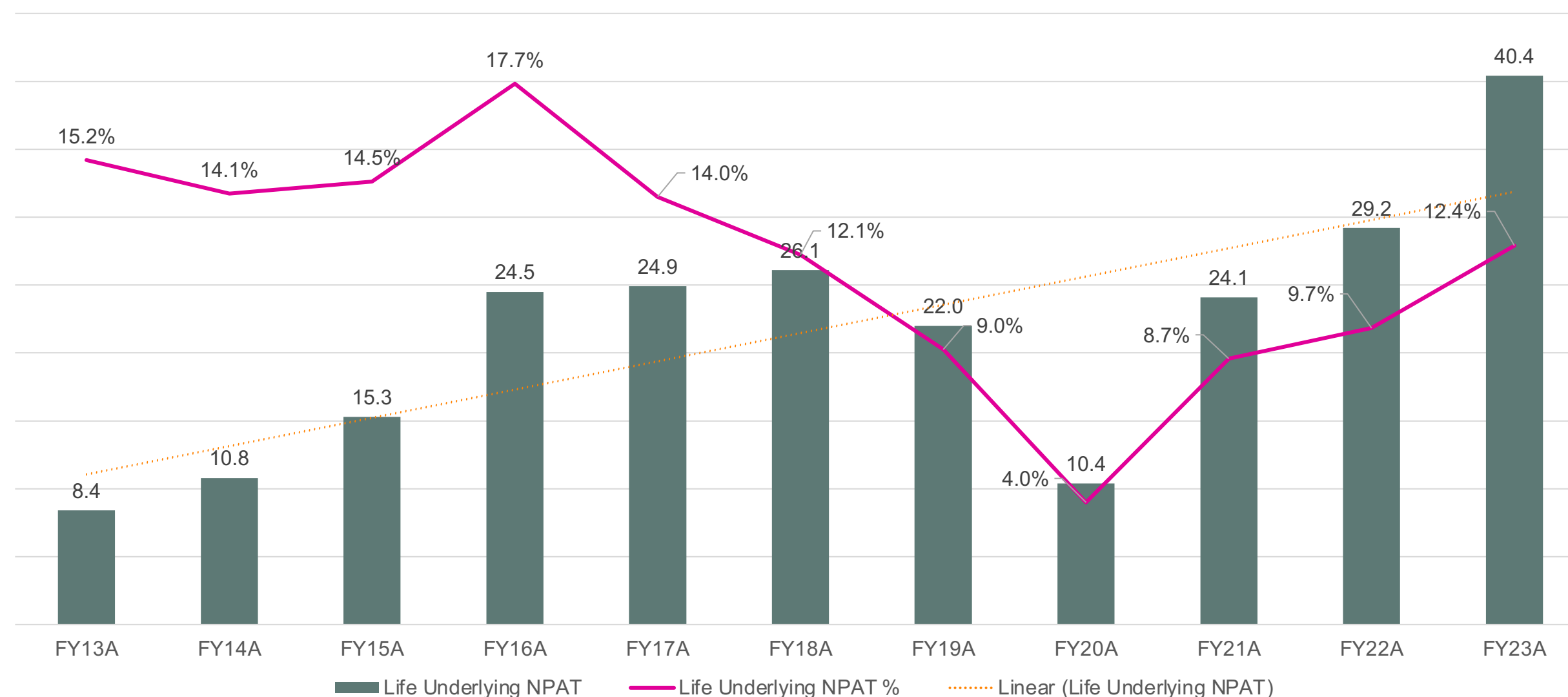
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# Underlying profit growth

**Record FY23 Life Insurance Underlying NPAT<sup>1</sup> up 38% yoy; Underlying Life NPAT margin<sup>2</sup> of 12.4%**

**FY26 Target<sup>3</sup>:**  
11% -13%  
Underlying  
NPAT margin<sup>3</sup>

**Life Underlying NPAT<sup>1</sup> (\$m) and Margin<sup>2</sup> (%)**



**Structural changes and transformation program of work continue to support earnings growth**

- FY19** ● Industry structural and sustainability issues – first phase of repricing of back books
- FY20** ● Poor claims experience and related strengthening of assumptions (including COVID-19 allowances)
- FY21** ● Transformation strategy in place – improved performance albeit lower interest rate environment
- FY22** ● Further back book staggered price increases commence in line with industry sustainability measures
- FY23** ● Impacts of regulatory changes, increased interest rate environment, repricing, growth shift and improved industry profitability

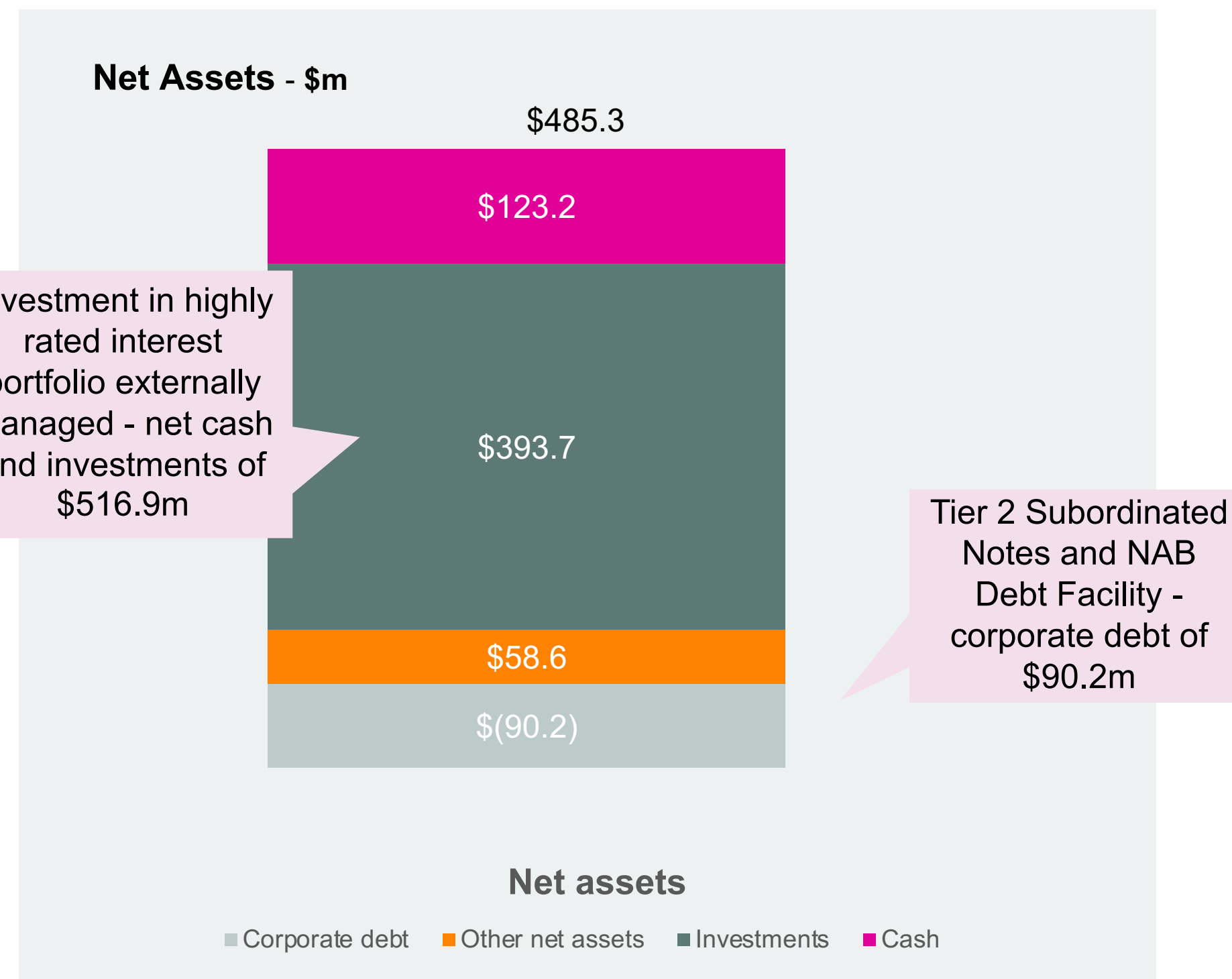
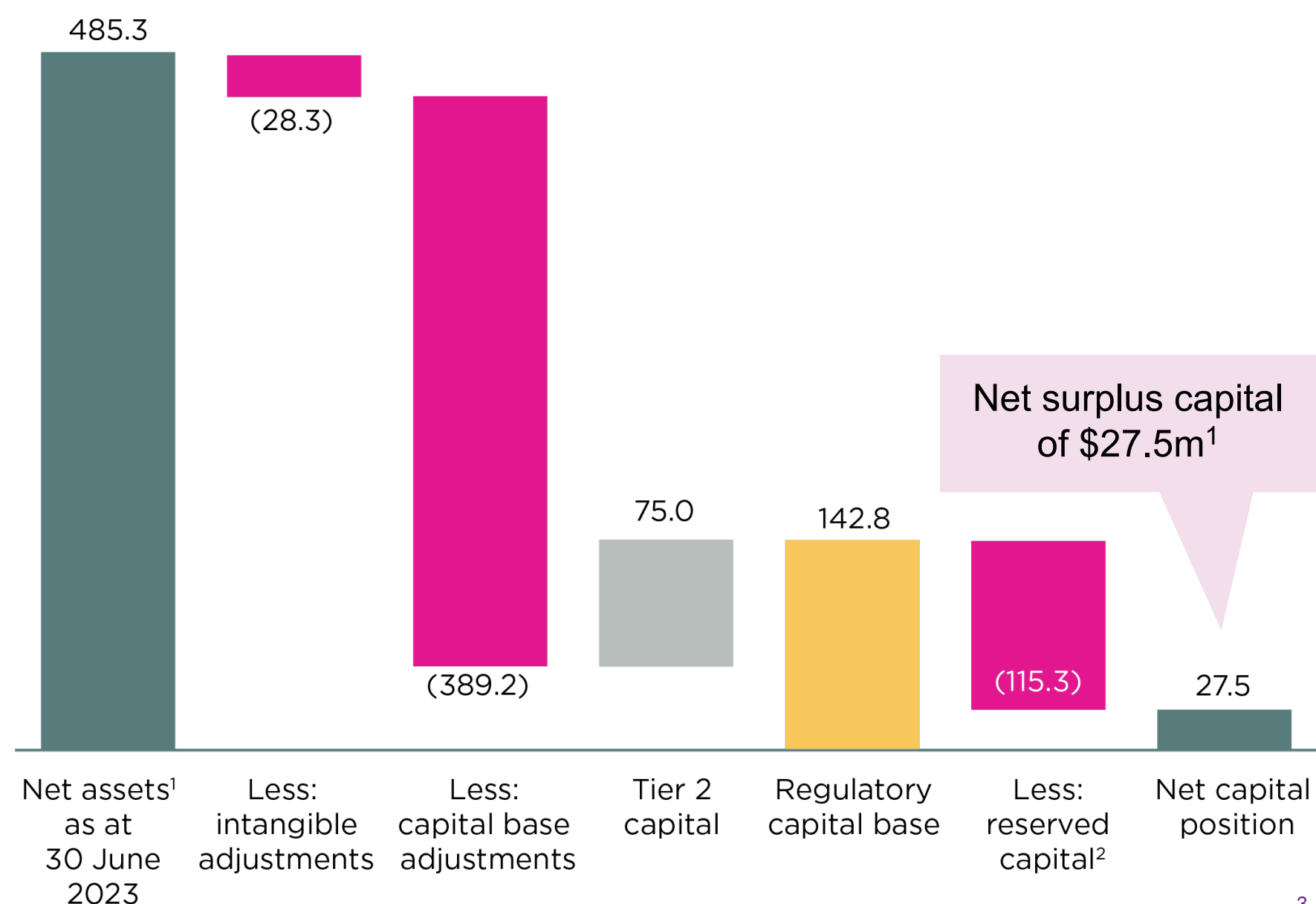
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# Balance sheet strength

**Net assets are backed by cash and highly rated securities - balance sheet provides strong downside protection due to its high level of net tangible assets**

**Net Capital Position<sup>3</sup> - \$m**



3

1. Includes benefit of \$12m from treatment of capitalised software asset. Capitalised software asset is now held by the administration entity with 50% of the carrying value removed as part of the intangible adjustment (previously was 100% that was removed).  
 2. IFRS17 Opening Balance Sheet adjustment has no material impact on capital position of the Group albeit tax considerations related to the timing of tax deduction still under consideration. Awaiting ATO guidance in this regard.  
 3. Net capital position stated prior to FY23 final cash dividend of circa \$19.8m and prior to any capital release from the exit of the wealth management business.

# Outlook

# FY24 outlook

## Key FY24 focus areas



- Continued focus on life insurance and business simplification
- Completion of exit from wealth management business
- Implementation of IT transformation strategy to achieve scale and efficiency benefits of technology investment - expected to start to flow through from FY25
- Continued market outperformance in profitable segments including further market share gains
- Implementation of increase in exposure to underwriting risk (for new business only), thereby reducing reinsurance costs and improving margin (over time)

## Key FY24 operational objectives



- Continued capability uplift - new leaders across key business areas
- Technology transformation – workflow and portal in development, further build out of new platform and re-platforming of existing underway
- Enhanced customer experience – data driven, automation improvements, tele-claims, rehabilitation capability and return to work outcomes
- Focus on operational excellence and strategy execution
- Customer engagement and retention activities
- Implementation of AASB 17

## Underlying NPAT is targeted to continue to grow at double digits off FY24 Underlying NPAT base<sup>3,4</sup>



- No FY24 direct guidance provided given implementation of new accounting standard - AASB 17
- FY24 Underlying NPAT base year<sup>3,4</sup> will be impacted by implementation of AASB 17 given the material change to accounting standards
- In the process of finalising AASB 17 implementation but in medium term, AASB 17 is not expected to impact economics including cash flows, underlying growth rate and end point of earnings in FY26<sup>3,4</sup>
- Underlying NPAT is targeted to continue to grow at double digits off FY24 base<sup>3,4</sup> - target FY26 Underlying NPAT margin of 11% -13%<sup>2,3,4</sup>

## FY23 final cash dividend of 3cps



- Fully franked final dividend
- Represents a dividend yield of 6.2%<sup>1</sup> per annum
- FY23 payout ratio of 54% - mid point of dividend range (40% - 60%)
- Dividend range to be reviewed post completion of IT transformation investment and wealth management exit to reflect shift to a cash generation position
- Considering option of paying an interim (and a final dividend) from FY24

1. Based on a 90 day VWAP share price of \$0.483 at 30 June 2023.

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# Glossary

|   |  |
|---|--|
| <b>AFSL</b>   | Australian Financial Service Licence; AR is an authorised representative   |
| <b>Underlying NPAT</b>                                  | Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases, underlying investment income and interest costs associated with corporate debt and Tier 2 Capital. Costs associated with the incurred claims treaty are reflected as part of reinsurance costs.  |
| <b>Underlying NPAT before equity accounted interest</b> | From continuing operations; Underlying NPAT before equity accounted interest includes Life Insurance business unit and the listed segment; excludes the wealth management business (discontinued operation) and the equity accounted earnings of Centrepoint Alliance from the date of completion (1 November 2021) or the contribution of the Financial Advice business until the date of sale in the prior comparable period. No adjustments have been made in each relevant period for stranded costs or other internal charges as a result of the exit of the financial advice and wealth management businesses. |
| <b>ClearView ClearChoice</b>                            | New life insurance product range that was launched in October 2021 to align with APRA individual disability income insurance action plan   |
| <b>IP or IDII</b>                                       | Income protection or individual disability income insurance  |
| <b>AASB 17</b>  | ClearView is implementing the new insurance accounting standard, AASB 17 - Insurance Contracts, effective 1 July 2023. Represents a material change in the accounting of life insurance contracts  |
| <b>Life Insurance Underlying NPAT Margin</b>            | Is calculated as Life Insurance Underlying NPAT divided by Gross Premium Income. Underlying NPAT under AASB 17 stated prior to any AIACF impairment charges on stepped premium business or loss recognition on level premium business.   |
| <b>FY26 Goals</b>                                       | FY26 goals based on IFRS business plan forecasts – currently aligned to implementation program of work and subject to change.  |
| <b>Embedded Value or EV</b>                             | Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and ESP loans. Risk free rate of 4% adopted in FY23 (FY22: 2%).   |
| <b>PAS</b>  | New contemporary life insurance policy administration system and integrated automated underwriting rules engine, initially launched in FY22 for new business   |

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