

Market release

7 November 2024

ClearView Wealth Limited 2024 Annual General Meeting addresses to shareholders

ClearView Wealth Limited (ASX: CVW, ClearView) will address shareholders today at its hybrid Annual General Meeting (Meeting) to be held at 10.00am.

In accordance with Listing Rule 3.13.3, attached is a copy of the Chairman's address and Managing Director's address that will be delivered at the Meeting.

ENDS

For more information, please contact media@clearview.com.au

Approval of Announcement

The Continuous Disclosure Committee of ClearView have authorised the release of this announcements to the market.

About ClearView

Established in 2010, ClearView is an ASX-listed life insurance business that partners with financial advisers to help Australians protect their wealth.

In FY24, ClearView paid \$134.88m in claims to 1,040 claimants across all our products.

ClearView manages over \$370 million in inforce premiums and has relationships with over 1,000 Australian Financial Services Licensees, representing over 5,000 financial advisers.

For more information, visit clearview.com.au.

ClearView Wealth Limited
ABN 83 106 248 248

ASX Code: CVW

clearview.com.au



ClearView Wealth Limited Annual General Meeting 2024

Addresses to shareholders | 7 November 2024

Chairman's address

Mr Geoff Black, Chairman

On behalf of the Board, welcome to ClearView's 2024 Annual General meeting. It's great to see a few familiar faces as well as a number of new shareholders.

ClearView has had another strong year of growth since the last AGM, despite a sluggish domestic economic environment, stubbornly high inflation and the ongoing uncertainty created by the geopolitical environment and tensions relating to Ukraine, the Middle East, and the US.

While Australia has managed to avoid direct impacts to date, our economy has remained relatively flat, with household discretionary consumption falling quarter on quarter. The cost of living continues to be a challenge for many households, and this trend is expected to remain for a few more years at least. This makes the role of life insurance all the more critical to help Australians and their families achieve peace of mind about their future.

Pleasingly, the advised Life Insurance market has now experienced sales growth in each of the past 5 quarters over the prior corresponding period. Likewise, ClearView's new business increased over the year and our lapse experience continues to be within expectation. This trajectory has been sustained through the first 3 months of FY25.

Despite challenging household economics customers continue to retain cover and our lapse experience continues to be within expectation. However, like the rest of the life insurance industry, we have experienced an uplift in claims incidence, which is often a symptom of household financial stress. We are monitoring this trend and have invested heavily in this area. Nadine will provide more detail on claims management and the impact in her address. Importantly for our customers, benefits are indexed for inflation, ensuring that benefits align with the rising cost of living, but we also make it easy for customers to decline indexation if affordability is their main concern.

Over the past 4 years, the business has undertaken a major strategic transformation across the organisation.

Last year we achieved the completion of our Policy Administration System build, which was a critical milestone in our transformation journey, and we have commenced the migration of our legacy policies which is expected to complete in the 2026 financial

year. Upon completion, we will have a single Policy Administration System, providing competitive advantage and resulting in a better customer experience as well as efficiency benefits.

In parallel, we have progressed the disciplined execution of our strategy, with key callouts including: building a high performance culture, strengthening the capability of our people, uplifting our Cyber Security rating to further safeguard the privacy of our customer information, and completing the Phase 1 IDII Review to further support sustainable future growth.

As we near the completion of our strategic transformation program, we are committed to maximising the benefits of this work, and the Board and I are really excited about what this means the future of ClearView.

The year ahead also sees us focusing on significant regulatory reform, including the introduction of CPS230 Operational Risk Management, and the Financial Accountability Regime, the implementation of which will strengthen ClearView's operational resilience, culture of accountability, and management of risk.

Turning to business performance, with FY24 came the introduction of the new accounting standard IFRS17. The standard did not change the underlying economics of life insurance, but the increased granularity of reporting and changed profit recognition features, meaning it is likely we will see more volatility in future financial reporting.

During FY24, ClearView maintained the momentum coming out of FY23. New business life premium was up 34% on FY23 at \$33.7m. Gross premium was up 10% at \$358.1m. Underlying NPAT for the Life business was up 25% at \$35.3m at an underlying margin of 11%.

The Life new business premium volumes continued to reflect the strong support from advisers for ClearView ClearChoice as a sustainable product, as demonstrated by the increase in our market share of new business which moved to 11.0% from 9.2% in FY23. We also experienced an uplift in our in-force market share, driven by a well-structured pricing review and a laser-like focus on customer retention. These results have been further supported by the investment in our product management and data capabilities over the

past 3 years, as we strive to better understand and respond more quickly and efficiently to the changing needs of our customers.

In the back office, we are continuing to see operational efficiencies from our investment in technology, evidenced by a decrease in our acquisition costs, and we are optimising business processes to maximise these benefits. More recently, we have invested in our People and Culture team, with a view to further developing our people and driving a high performance culture.

ClearView is progressing the Wealth exit through its final stages. We are currently providing limited transitional services to Human Financial as purchaser of the managed investments business (ceasing at the end of November 2024) and new superannuation fund trustee (expected to cease in Feb/March 2025 with the trustee's anticipated successor fund transfer). Shortly after the completion of the successor fund transfer, all ClearView's wealth-related legal arrangements will have terminated.

During FY24, the excellent financial result and strong net capital generating position enabled the board to approve ClearView's inaugural interim dividend, increasing the total dividend from 3 cents to 3.2 cents per share this year, which is at the top end of the target payout range of 40-60% of underlying NPAT. This approach is consistent with the Board position in seeking to pay dividends at sustainable levels.

The Board's view is that the current share price does not reflect full value of ClearView particularly given the strong sales momentum, material underlying profit growth over the past 12 months and our financial 2026 targets recently disclosed. Over the past 12 months ClearView has been active in communicating with fund managers, analysts and advisers to better educate and understand the business. ClearView publishes its embedded value under a range of discount rates to assist shareholders in thinking about underlying value.

The completion of the transformation and simplification programs in FY25 will have the business well positioned to focus on expanding its distribution footprint in life insurance and continue the strong growth of the past 2 years. However, the current economic environment is challenging for customers

and, like many in the industry, we are seeing an increase in both TPD and income protection claims in our legacy life solutions portfolio. The team is well resourced to manage this uptick however there will likely be a strengthening of claims assumptions that will have an impact on financial performance. ClearView will continue to monitor and manage the position, through proactive claims management, and through implementing a premium rate increase for life solutions to appropriately reflect the change in claims experience.

In conclusion, I would like to thank my fellow directors for their contribution during the year and for the significant additional work undertaken outside regular meetings, particularly in relation to ClearView's AASB17 implementation and the wealth exit.

I would particularly like to acknowledge the Directors of ClearView Life Nominees, our Superannuation Trustee company. ClearView's exit from wealth required considerable additional time and commitment from them to ensure an orderly transfer of Trustee responsibilities to Equity Trustees Superannuation Limited. This was a critical milestone in the wealth exit.

Also, to Nadine, the executive leadership team and all the ClearView staff who have stepped up, your contribution is acknowledged and appreciated.

The key message for FY24 is that our strategy remains sound, our execution is on track, and our results reflect good progress towards our FY26 targets.

I'd now like to hand over to our Managing Director, Nadine Gooderick.

Managing Director's address

Ms Nadine Gooderick , Managing Director

Thank you, Geoff

It is my pleasure to be here today at ClearView's AGM, my second as the Group's Managing Director.

This year has been a year of growth for ClearView, and for me personally and professionally, and on that point I'd like to acknowledge and welcome our Shareholders on the line and in the room, members of ClearView's Executive Leadership Team and the Board to today's AGM, and thank you for your support throughout the past year.

ClearView is on a strategic transformation journey that has led to a simplified business, focused on becoming one of Australia's key life insurance companies

ClearView is now a business dedicated to helping more Australians and their families achieve peace of mind about their future through life insurance. I like to say we are a small company, with a big heart and big aspirations.

We understand that many Australians are currently facing cost of living challenges, and we are working hard to make life insurance accessible and fit for purpose for as many people as possible, through considered and high-quality product design. I'm proud to say that during FY24, ClearView paid \$134.9m in claims to help 1,040 customers maintain their way of life.

At its inception, ClearView's ambition was to be a dynamic challenger in the market, with a collaborative and customer-centric culture. That ethos continues today, as we work together to continue to deliver on our strategic transformation program. The end game is to leverage our size, simplicity, and agility to respond quickly and efficiently to help more people, and we are well on our way to achieving that goal.

When I stepped into the role in July 2023, I committed to delivering ClearView's refreshed three-year plan at that time, built on the four pillars of protect, optimise, diversify, and explore.

We are now one year into that three-year plan, and I'm pleased to report that ClearView achieved a 25% increase in Group Underlying NPAT for the year to June 30, 2024.

We achieved a strong FY24 result, driven by the front end of the business with some impacts from increased

claims costs, on the income protection and TPD products.

During the 2024 financial year, we elevated our data capability and maturity to ensure that we stay at the forefront of product development, underwriting and claims management to maintain a stable sustainable portfolio. In parallel, we further invested in our People and Culture capability, to ensure continued growth and development of our teams and to drive a culture of high performance. As Geoff said, we have made significant progress in our strategic transformation program and, as we near the tail end of that work, my key focus is to successfully complete delivery - including the migration of all policies onto our new Policy Administration System, as well as critical regulatory change projects which will uplift our operational resilience and risk management. This will set the business up well for success in its next exciting phase of growth.

As we simplify and transform our business, we are also reviewing and resetting our Corporate Social Responsibility strategy. In the meantime, we continue to offer our customers holistic rehabilitation support to empower them to return to life and work, and to back ClearView's Lifeline Australia Scholarship Program which provides eligible employees with paid community service leave of up to 92 hours a year to volunteer with Lifeline.

The benefits of our investment in people, processes and technology continue to flow through, as evidenced by our results, as we increase scalability of our operations to future-proof our business. We remain very conscious about balancing the pace of our growth with our ability to maintain service, to drive sustainable profitable performance.

The Life Insurance industry is a key contributor to maintaining the financial wellbeing and resilience of Australians and the broader community, and we stand alongside our peers as a proud member of the Council of Australian Life Insurers (**CALI**).

Together, we aim to do more to address the unmet advice and life insurance needs of Australians, and we are hopeful that the Delivering Better Financial Outcomes (**DBFO**) changes proposed by the government will create opportunities for life insurers to better support financial advisers and our customers.

Before handing back to Geoff to complete the formalities and close this meeting, I'd like to touch on the trading performance for the first quarter.

Whilst I described FY24 as a year of growth for ClearView, I have communicated FY25 as the year of the 'bridge', the final step in the transformation program, the core focus on the successful migration to a single life insurance platform and exit from wealth, aligned to the achievement of our FY26 goals.

For the first quarter of FY25, we have maintained our new business momentum and our lapse experience and expense management continues to be within expectation.

However, we have seen a material increase in claims in the first quarter of FY25 in select pockets of our legacy Life Solutions portfolio.

For the three months ended 30 September 2024, the after-tax claims experience loss (relative to the new assumptions adopted) was \$6.2m (which has led to a corresponding reduction in profitability for our first quarter). This poor claims experience was primarily driven by the Total and Permanent Disability (**TPD**) and Income Protection products within ClearView's old LifeSolutions portfolio, that has been closed to new business since 1 October 2021 (the experience is not related to the newer updated Clear Choice product range). Anecdotally, this experience appears to be at an industry level and points towards economic conditions and affordability issues as Geoff mentioned.

Whilst this claims experience over the past three months is disappointing, claims are our business and our data and analytics team identified this issue early. What we are focused on now is ensuring that our old LifeSolutions product continues to be priced appropriately, operationally managing through our strong claims management capability (including return to work outcomes) and considering appropriate retention strategies including the transition of these older TPD and Income Protection products onto the new ClearChoice product range.

Our infrastructure has been built to mitigate these risks through normal business operations, including strong claims management capability, repricing, retention, further changes to assumptions and driving hard on our share of wallet and new business.

These initiatives are in flight and will begin to flow through the financial results in the second half of FY25, resulting in a shorter-term impact to the FY25 Life Insurance Underlying NPAT margin and FY25 Group Underlying NPAT. We will provide a further update in our H1 results including further developments on how our claims experience and these initiatives evolve in the second quarter.

The front-end of the business with ClearChoice momentum continues to be strong and is ahead of the FY26 plan and we see significant opportunities in retail advised sector.

With the industry and regulatory focus on sustainability of IDII products, ClearChoice has been specifically designed with significant structural changes to mitigate the risks of volatility and ensure long term sustainability for customers. Momentum continues to be strong in a market that is growing.

We have a big year ahead of us, and I remain positive about what the future holds for ClearView. Our strategic transformation is progressing well, and our organisation is growing and maturing at pace, with an increasing depth and diversity of capability and experience.

We have a solid business and we are committed to strengthening our dynamic challenger position in the market, as we look for opportunities to grow and diversify our revenue and risk, and work towards our FY26 targets.

Thank you for your support

Thank you.