

18 November 2024

Reference: 103072

By email only: ListingsComplianceSydney@asx.com.au

Clearview Wealth Limited ('CVW'): ASX Aware Letter

We refer to the letter from the ASX dated 13 November 2024 outlining the following questions in italics. We have adopted the numbering in your letter and provide a response to each question below.

1. Does CVW consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

"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)."

CVW does not consider this information to be information that a reasonable person would expect to have a material effect on the price or value of its securities given the nature of its business, being life insurance.

2. If the answer to any part of question 1 is "no", please advise the basis for that view.

The information related to the first quarter claims experience only. Claims volatility occurs from time to time in the life insurance industry and it would not be reasonable to conclude that this short period of elevated claims is an indication of any longer term trend. This is further evidenced by the fact that the October claims, as disclosed at the AGM, had normalised according to assumptions and the company had confirmed to the market that it had not changed its FY26 Goals.

CVW considers that the price and value of its securities can be expected to reflect that it continues to have long term growth prospects and that it has the capacity to reprice its products to restore profit margins if claims experience continues to exceed expectations. Given the nature of life insurance, it is considered that a reasonable person would understand the nature of the business and that claims volatility exists.

Life insurance is a long-term business due to its focus on covering enduring risks. Products issued by the company are guaranteed renewable with revenue continuing over many years while the policy is in force, unless cancelled by the policyholder. As profit volatility is expected, if there is adverse claims experience, and assumption changes are required, repricing will be undertaken to restore margins.

Given the long term nature of life insurance, near term earnings are not a material driver of value. 'Embedded value' is the generally accepted long term valuation metric used to value a life insurance business, which is based on the discounted value of projected future cash flows and capital requirements. ClearView disclosed an embedded value of \$591m as at 30th June 2024 (2024 Annual Report). A claims loss of \$6.2m in one quarter is circa 1% of the embedded value, and is not considered material to the value or share price of the company.

The main drivers influencing life insurance profit margin include new business levels, premiums, expenses, claims experience, lapses and interest rates.

Claims experience, being only one of the influences on the margin, is subject to claims volatility. 'Claims volatility' refers to the variation in actual claims experience compared to what is expected or predicted based on the long-term actuarial assumptions. There will likely be random claims volatility period to period (eg month to month) relative to longer term assumptions. Claims volatility is expected and is normally highest the shorter the time period being examined. The volatility can be favourable and also unfavourable, as in the recent quarter. Over time, analysis is performed to determine whether the underlying claims performance requires a change to the long-term best estimate assumptions. Such a change can impact short-term margins – again favourably or unfavourably.

CVW would not change long term best estimate assumptions as a result of one quarter's claims experience. It would need to be assessed over a much longer period of time. As mentioned, if CVW did determine that it was appropriate to change those assumptions, it could exercise its contractual rights to vary its prices in line with such changes in order to maintain a long-term profit margin.

CVW has never given market guidance for FY25 and takes the view that whilst the \$6.2million claims impact on earnings may be outside expectations in Q1, it does not mean that this situation will prevail at the end of FY25 and beyond.

CVW Annual General Meeting

CVW's intention was to give a general update at the AGM. It was not considered a price sensitive announcement and all information in the speech was expected to be considered holistically.

Whilst one driver of the profit margin is claims, it was made clear that the other drivers were on track:

"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."

It was also made clear in the AGM speech that several management actions were being undertaken to manage the profit margin to align back to target outcomes and that FY26 Goals had not changed.

The Board took the view that the claims performance was not necessarily indicative of full year results, should be monitored for a longer period and should not have a longer-term impact with management actions (including repricing) in place. The view was that the quarterly claims result was not material to the overall future outlook and longer term earnings of the business. It was considered that while it may have a short-term impact, the previous goals provided to the market in relation to FY26 expectations were still appropriate. FY25 numbers were within 15% of analyst ranges based on the result as at 30 September.

3. When did CVW first become aware of the information referred to in question 1 above?

CVW reiterates it did not consider the information to be price sensitive. CVW considered the information at its Board meeting on 4 November 2024 and made reference to it in the impending AGM speech by way of update. If CVW were not holding an AGM, it would not have otherwise issued a market release providing the information for the reasons given above.

4. If CVW first became aware of the information referred to in question 1 before the date of the Announcement, did CVW make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe CVW was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CVW took to ensure that the information was released promptly and without delay. Please answer separately for the item in question 1 above and provide details of the prior announcement if applicable.

CVW did not make an announcement prior to the release on 7 November 2024.

CVW did not consider that the information was required to be disclosed under Listing Rule 3.1 or 3.1A.

5. Please confirm that CVW is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

CVW is compliant with the Listing Rules.

6. Please confirm that CVW's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CVW with delegated authority from the board to respond to ASX on disclosure matters.

CVW's responses have been authorised and approved by the Board.

Yours sincerely



Judilyn Beaumont
Group Executive – General Counsel, Corporate, Chief Risk Officer



13 November 2024

Reference: 103072

Ms Judilyn Beaumont
Group Executive – General Counsel, Chief Risk Officer
ClearView Wealth Limited
Level 15
20 Bond Street
Sydney NSW 2000

By email only.

Dear Ms Beaumont

ClearView Wealth Limited ('CVW'): ASX Aware Letter

ASX refers to the following:

- A. CVW's announcement titled "2024 Annual General Meeting Addresses to Shareholders" (the 'Announcement') released on the ASX Market Announcements Platform at 9.28AM on 7 November 2024 disclosing the following:
- "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)."
 - "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."
- B. The change in the price of CVW's securities from \$0.52 immediately prior to the release of the Announcement to a low of \$0.335 following the release of the Announcement.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*
- E. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following 5 situations applies:*
- *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*

- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

G. The concept of "confidentiality" detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it is no longer a secret and it ceases to be confidential information for the purposes of this rule."

Request for information

Having regard to the above, ASX asks CVW to respond separately to each of the following questions:

1. Does CVW consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

"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)."

2. If the answer to any part of question 1 is "no", please advise the basis for that view.

3. When did CVW first become aware of the information referred to in question 1 above?

4. If CVW first became aware of the information referred to in question 1 before the date of the Announcement, did CVW make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe CVW was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CVW took to ensure that the information was released promptly and without delay.

Please answer separately for the item in question 1 above and provide details of the prior announcement if applicable.

5. Please confirm that CVW is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

6. Please confirm that CVW's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CVW with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.00 AM AEDT Monday, 18 November 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CVW's

obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require CVW to request a trading halt immediately if trading in CVW's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in CVW's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CVW's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CVW's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

ASX Compliance