



YuLife Ltd Fair Value Assessment

November 2022

Executive Summary

- YuLife is committed to offering exceptional value to customers in full compliance with all relevant FCA guidelines.
- The YuLife value proposition that customers experience is rich and rewarding, encompassing a range of technology and tools to drive wellbeing and engagement within a corporate environment.
- Customers are aware of the costs and make an active choice to select YuLife, a premium offering.
- Employees can access tangible rewards valuing up to £7/month, and access free services with a comparable value of up to £100/month (EAP, GP appointments, Calm, FiiT etc.) - HR Directors receive management tools and data insights that a consulting firm would charge £20k pa.+ to deliver.
- YuLife invests in a full service solution that incorporates dedicated Customer Success implementation and ongoing account management.
- The commission level for the provision of YuLife value-add services up to 69% has been specifically priced with fair value in mind and will be regularly reviewed in-line with market practice and regulatory requirements.
- YuLife prices on a portfolio basis - pricing of specific cases is not flexed based on actual usage - which can (and does) go up and down over the life cycle of a policy. If the insurance premium is low, and the company elects a large suite of additional services, then the percentage commission will be larger.

Target Market

The target market for the YuLife products is broad by definition as it is intended for employers to provide valuable financial and wellbeing benefits to its employees. The intended target market for YuLife is employers who want to provide group risk insurance to their workforce which empowers healthy living and ignites productivity. Rewarding, incentivising and motivating employees to take small steps to transform their lifestyle for the better – at work, and at home.

Full Analysis

Background

Further to the introduction of the FCA's fair value governance rules and in-line with the regulatory focus on the provision of fair value to customers by regulated firms, YuLife is committed to continuing to provide excellent value products and services to its customers.

YuLife understands its duty to regularly assess customer value and, in particular, its obligation to comply with the regulatory rules set out in PROD 4.3.

The YuLife Value Proposition

YuLife services vary significantly from traditional Group Insurance contracts where the value is typically focused on (potential) claims rather than assisting with and providing value in respect of the significant number of insured employees that never go on to claim. The YuLife proposition comprises of 3 distinct pillars:

Pillar 1: Protect lives

Helping companies deliver on their duty of care via group protection insurance provided by our insurer partners..

Pillar 2: Reward Living

Inspiring employees to establish healthy living habits via the YuLife App where employees progress through levels, complete streaks and earn "YuCoin" (YuLife's currency of wellbeing) by completing activities such as walking, mindfulness and workouts. YuCoin can be redeemed with our reward partners which include retailers (including Amazon, John Lewis and M&S), lifestyle providers (including Thriva, Farewill and Moneyhub) and environmental projects (including Earthly).

Pillar 3: Inspire Life

YuLife's approach to risk management uses behavioural science, artificial intelligence and game mechanics to create an engaging experience for the employee. YuLife has over 200 levels to engage and inspire people with daily quests and challenges to maintain and reward engagement. In addition, employees can complete challenge streaks to receive bonus YuCoin, unlock bonus YuCoin chests and partake in campaigns and surges which are targeted at key events throughout the year (such as World Health Day).

At employer level, customers derive significant additional value from YuLife's HR insights and actionable metrics which can be bespoke according to customer needs. Typically, these include:

- Quarterly management information pack: Insights on how employees use the YuLife app including activities, challenges and reward behaviour.
- Mental health reports: Anonymised company metrics that flag any broad mental health concerns including anxiety, workplace stress, hopelessness and workplace performance issues.
- Wellbeing trends reports: Behaviour metric to show frequency of physical activity and meditation times to predict stress or burnout.
- Easy-to-read data and reports: Using the user-friendly dashboard to view the latest trends and see how people are engaging.
- Ongoing 1-2-1 support: From dedicated account managers.

Comparable services from consulting firms that provide detailed analytics and insight into company wellbeing cost £20k+ per annum to implement.

Direct Value Provided via the YuLife App

YuLife has undertaken significant analysis of both the theoretical (potential) and actual (existing customer case study) value that the YuLife App can provide to customers.

This case study clearly articulates the 10x return on investment that a customer experienced from their YuLife implementation.

<https://yulife.com/blog/vanti-case-study-wellbeing-benefits-roi/>

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Conclusion

Through a combination of the YuLife value added services and the proprietary app which uses game mechanics and AI to reward healthy behaviour, a YuLife policy provides significant additional value to customers when compared to a standard group risk insurance policy and it is the cost of providing this additional value that necessitates and justifies additional commission.

For illustrative example;

- Access to YuLife app has equivalent monetary value per employee of £4.99/month (based on industry benchmarks of comparable wellbeing app costs)
- Each employee can earn rewards of £3-7/month depending on game usage -
Employees can access Virtual GP appointments with value of £49/appointment -
Employees can access mental health EAP – equivalent services (eg. Spill.com charge £5/month)
- Access to discounts on leading digital wellbeing tools (Calm, Fiit etc) allow employees to save up to £100/year
- The HR director can access aggregated insights that drive tangible benefit to the corporate wellbeing strategy.

In addition to the financial protection from the provision of insurance, employees are both equipped and incentivised to improve their overall wellbeing via pillars 2 and 3 (above). For the employer, a YuLife policy provides a benefit that demonstrates that they truly care for their employees, with insights and data that can be used to improve the overall health and wellbeing of their workforce both collectively and individually.

YuLife understands that when people thrive, so do the businesses they work for and so we price to reflect the costs of providing the additional value-add services over and above the traditional risk pricing in line with our “win-win” model.

YuLife policies are sold via regulated insurance intermediaries who receive a standard commission in respect of the distribution activities they undertake. YuLife earns an additional commission which reflects the provision of the additional YuLife services outlined in the above pillars.

The commission level for the provision of YuLife value add services has been specifically priced with fair value in mind and will be regularly reviewed in-line with market practice and regulatory requirements (at least annually).

The commission covers a number of elements of the YuLife benefits (provided in pillars 2 and 3 above) including (but not limited to):

- The cost of providing and developing the product and the app
- The cost of anticipated YuCoin earnings based on our historical 70%+ app download rates and 30%+ Monthly active usage rates.
- The cost of providing EAP
- The cost of providing Virtual GP Service
- The cost of administrating the product (including provision of HR insights mentioned above)
- A mid-point figure based on 10X earn rate (number of YuCoin earned per activity completed, which varies from customer to customer (i.e. employer) based on products taken up) and “Medium” level of engagement equates to 5960 YuCoin which is the equivalent of £7.00 per month if redeemed as an Amazon voucher.

The benefits realised by customers from these services are broad and sit at both employer and employee level. Via our insurer and intermediary partners we receive regular valuable feedback which provides us with a great level of confidence in, and comfort with the value we provide to our customers since the feedback we receive is factored into our product development activities. In addition, we regularly seek and receive tangible feedback direct from customers in the form of trustpilot reviews where YuLife has an overall rating of 4.9 as per below:

<https://uk.trustpilot.com/review/www.yulife.com>

In addition, a YuLife in-app survey of 305 members showed the following

results ▪ 67% live healthier lifestyle

- 85% feel more positive at work
- 87% feel happier
- 87% feel more energised

Furthermore we know from studies carried out by institutions such as Forbes (<https://www.forbes.com/sites/forbeshumanresourcescouncil/2020/07/24/the-importance-of-reintroducing-employee-assistance-programs-during-the-pandemic/?sh=1db6fd861c98>) and PWC that EAP are an increasingly valuable benefit to support employees to work through the stressors and uncertainty that the recent pandemic has brought about.

The broad approach to pricing utilised by YuLife has been reviewed by our existing regulated insurer partners in the context of fair value, and we take comfort from the outcome of these assessments.