Lyfery

# Health behaviour-based life insurance sharing profits with customers



www.lyfery.com

Mihkel Mandre – Founder & CEO

# The Team. Expertise in Insurance and Beyond.

Lyfery



**Mihkel Mandre**
Founder & CEO

**business & product**

25+ years of experience in the **insurance industry**. Previous Swedbank Life and non-life Insurance long term board and management roles within business, strategy, sales, product, IT, innovation areas. Passionate about badminton and golf. A father of three.



**Veikko Tamlak**
Co-Founder

**finance & tech**

25+ years of experience as an previous **Chief Actuary** at Swedbank Life Insurance. Excellent with numbers. Long term products and as well technology experience. Passionate about travelling and sports. A father of two.



**Indrek Holst**
Co-Founder

**growth & partners**

30 years of experience in the **insurance industry.** Long term CEO at SEB Life & Pension for ca 20+ years. (established from greenfield). Public sector experience working as general director at State Social Security Fund. Owner of well functioning family business. A father of four.



**Tiina Ilus**
Founding team member

**legal counselling & data protection**

Experienced **legal counsel** with a solid background from the financial sector (15+ years in banks and lenders), more recently also from technology and fintech companies. Passionate about snow and music. A mother of three.



**Piret Reinson**
Founding team member

**brand & communication**

27+ years of experience in finance and tech industries as a Head of Marketing and Communications. Expert at **branding, communication, growth** and leadership. Launched Estonia's country brand in 2017. Passionate about contemporary dance, art, film and arts in general. A mother of two.



**Taavi Tillmann**
Core Team member

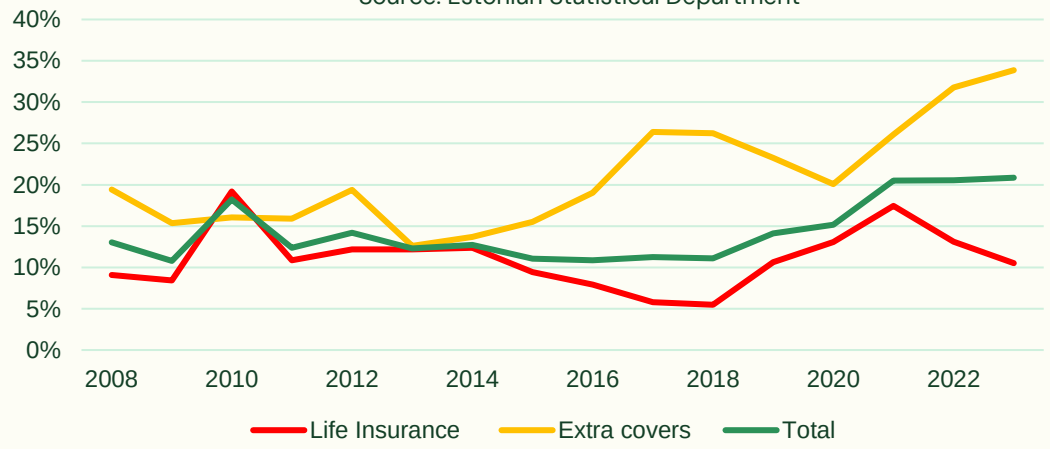
**Chief Scientific Officer**

Taavi's passion for knowledge led him to study at **many of the world's best universities**. He has bachelor's degrees in both medicine and psychology, a master's degree in public health, and a PhD in epidemiology. He is passionate about inspiring various stakeholders across the public and private sectors to collaborate and innovate to bring forth a better world where healthy choices are effectively promoted, marketed, supported and enabled, as prevention is always better than cure.

# **Customer problem:** Life insurance is expensive especially for those with responsible behavior.

Lyfery

Life insurance loss ratios in CEE countries are remarkably low, below long-term data for Estonia.
Source: Estonian Statistical Department




| 2008-2023 | premiums | claims | costs & profit |
|---|---|---|---|
| Life insurance | 213 mEUR | 23 mEUR | 190 mEUR |
| Extra covers | 100 mEUR | 24 mEUR | 76 mEUR |
| **Total** | **313 mEUR** | **47 mEUR** | **266 mEUR** |

**Macro & larger-scale problems:**

- Global life protection gap $100+ trillion (Swiss Re).
- Aging without an increase in healthy years.
- Rising insecurity affects financial, mental, social well-being.
- Increasing out-of-pocket health costs.
- 19 of 23 health drivers, mainly lifestyle factors, lie beyond healthcare systems. (McKinsey)
- Life insurance, often “death insurance” requires innovation

→ Currently, 80% of customer payments are allocated to covering costs and generating profit, with only 20% dedicated to delivering value

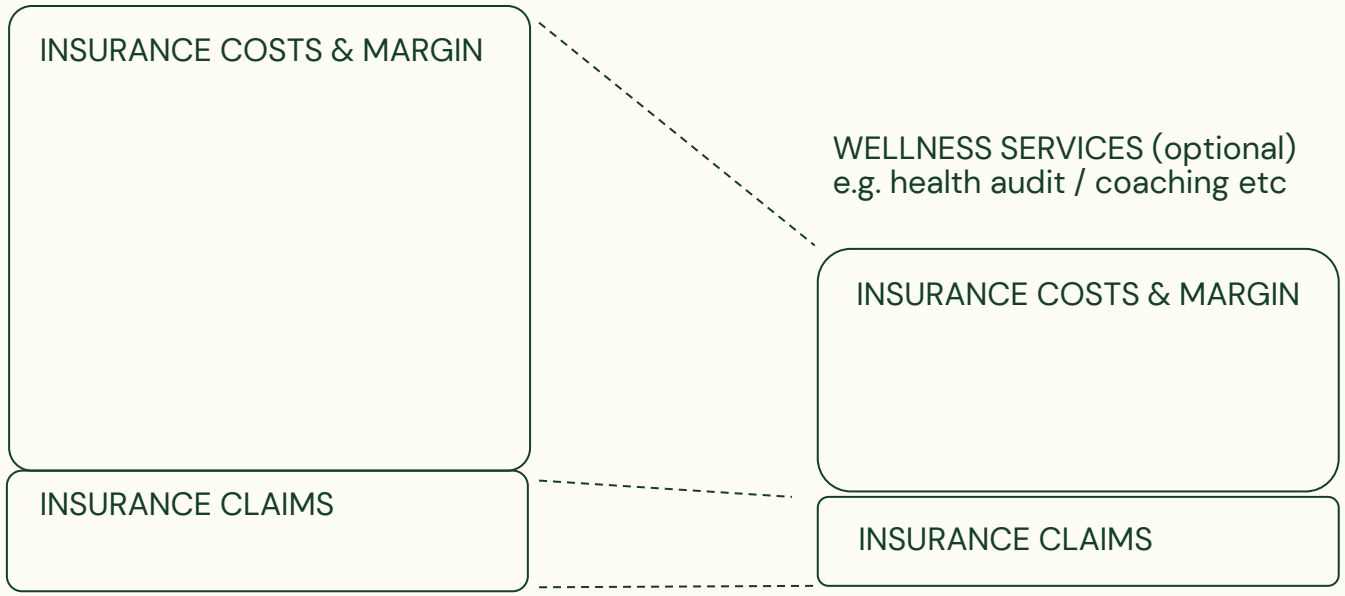
# The solution 1/3: Lyfery Insurance

Lyfery

Life and Disability Insurance 100 000 EUR. Age 44.

**Competition e.g. Swedbank**
Ca 42 EUR monthly

**Lyfery: base pricing with -10% health score**
Ca 23 EUR monthly




**Customer win:**

- ✓ Savings: Insurance & Wellness
- ✓ Responsible habits: Health dividends

**Insurer win:**

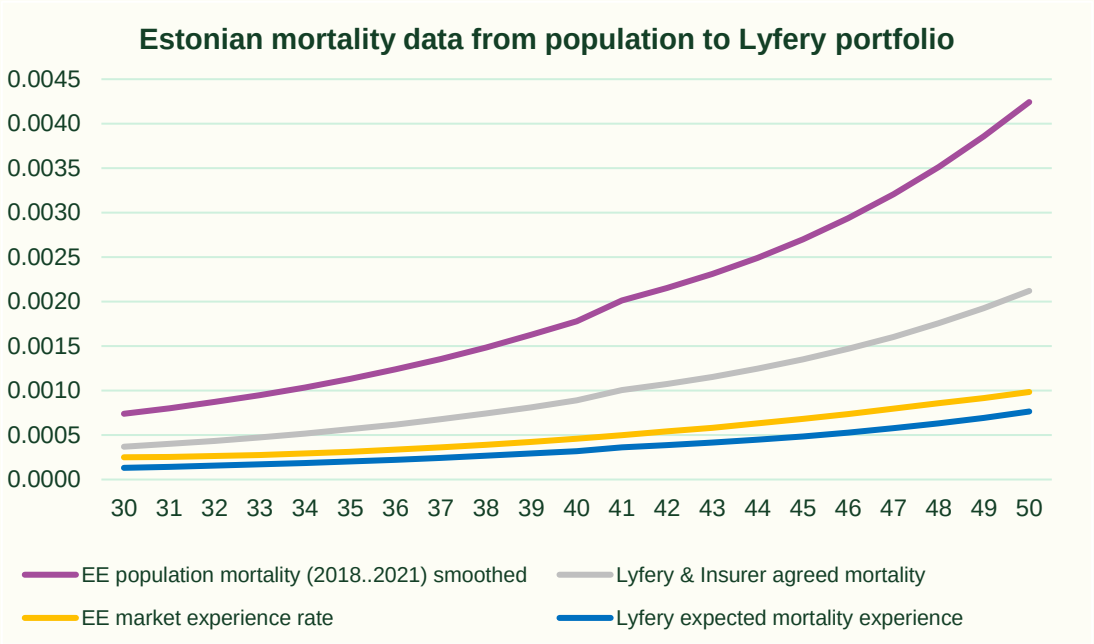
- ✓ Lower risks
- ✓ New business volumes

**Cost & claim impact drivers**

- ✓ Selection & underwriting (score, channels)
- ✓ B2B2C model

# The solution 2/3: Rates. Scoring model. Health dividends.

Lyfery




Age vs. Mortality (e.g., at age 50, 0.004 represents 4 deaths per 1000 citizens)

Lyfery and insurer share profits at a 50% population mortality rate.

Lyfery aims for mortality rates (claims) below industry averages.

**Insurance profit (split between Insurer & Lyfery)**

Lyfery develops a Wellness Score and Health Dividend model (simplified version is live already) to distribute portfolio profits based on individual lifestyle and prevention efforts affecting mortality estimates.

| | |
|---|---|
| Score: | 0..... 100% |
| Health dividends: | 0.....25% from customer insurance payment |
| Categories: | physical health (blood pressure, steps etc)<br>usage of preventative services & screenings<br>risk behavior (e.g. smoking, alcohol)<br>sleep quality<br>mental wellbeing<br>nutrition |

# The solution 3/3: Business model landscape

Lyfery

**Target customer profile:** Responsible individual aged ca 35-55 with an income above the country average. Have family and/or financial obligations, prioritize health, and are seeking recognition for their efforts.

## Health behaviour data

1. Integration with wearables => partnership with data aggregators e.g. investigating Spike.com.

2. FaceScan technologies e.g. shen.ai

3. Questionnaire data



## B2B2C Digital Distribution

Affiliate partnerships

## B2C Digital Distribution

Digital sales & ambassadors

## Risk carrier

COMPENSA VIENNA INSURANCE GROUP

Life & severe disability insurance
Net price, Profit sharing, customized agreement

## Lyfery platform (www.lyfery.com & mobile app)

Lifestyle data integration and management
Sales, after-service and customer selection
Scoring & health dividend model
Personalized wellness roadmap

DEVDELUX Paytailor Technology partners

## Wellness Services

HeBA personalized health audits

MINUDOC Doctor Minutes Away! mental/nutrition/wellness coaching

Garmin Health New partnership !!!

## 3rd party support services

# Distribution & Growth: B2B2C & B2C

Lyfery




**B2B2C partnership example**

**Lyfery & Club Tartu Marathon** (50k people in their network in our target age group)

Focusing for sport & wellness category and financial services categories at first

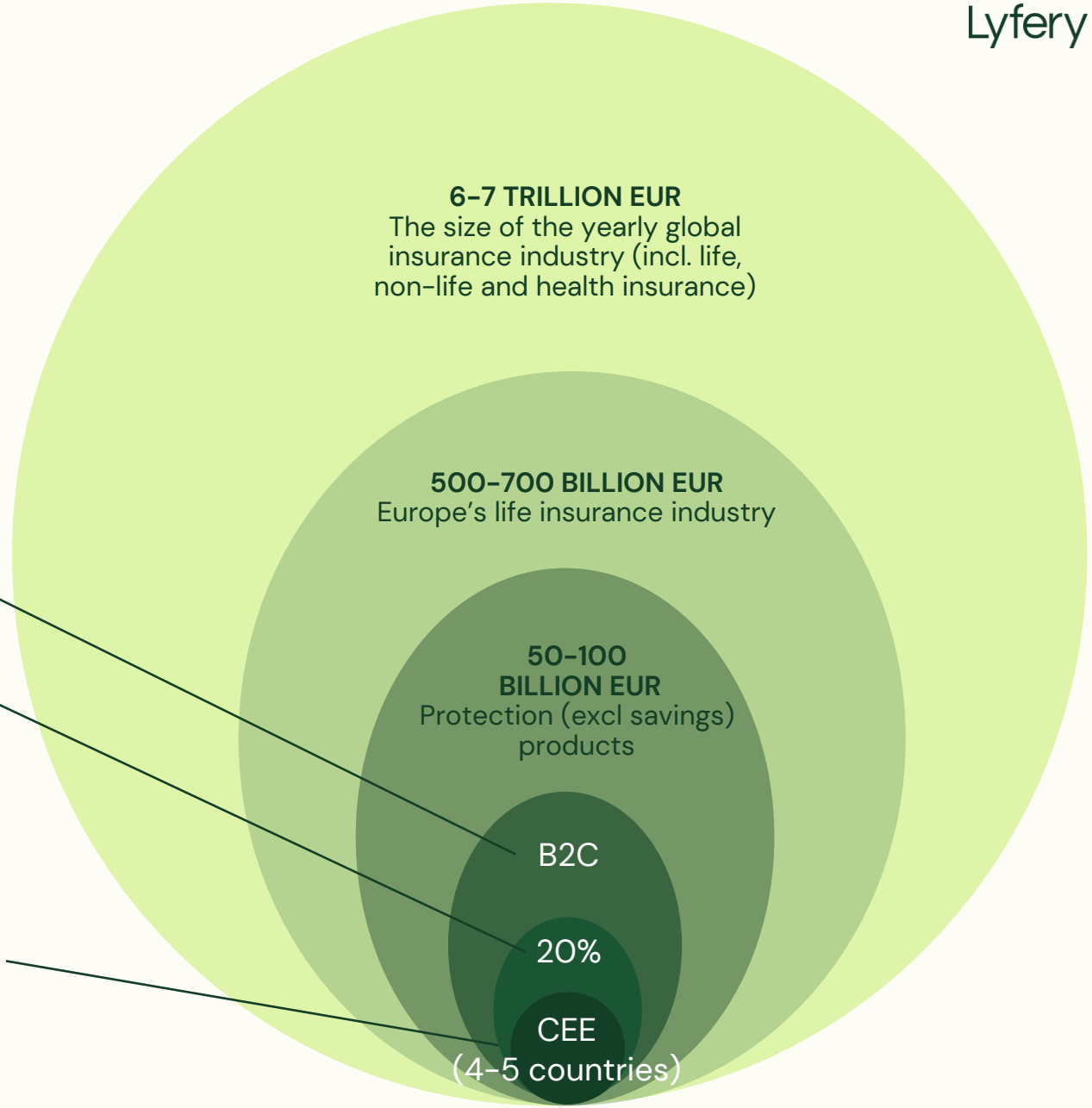
# Market Opportunity

Lyfery

**30–75 BILLION EUR**
B2B2C. B2C segment

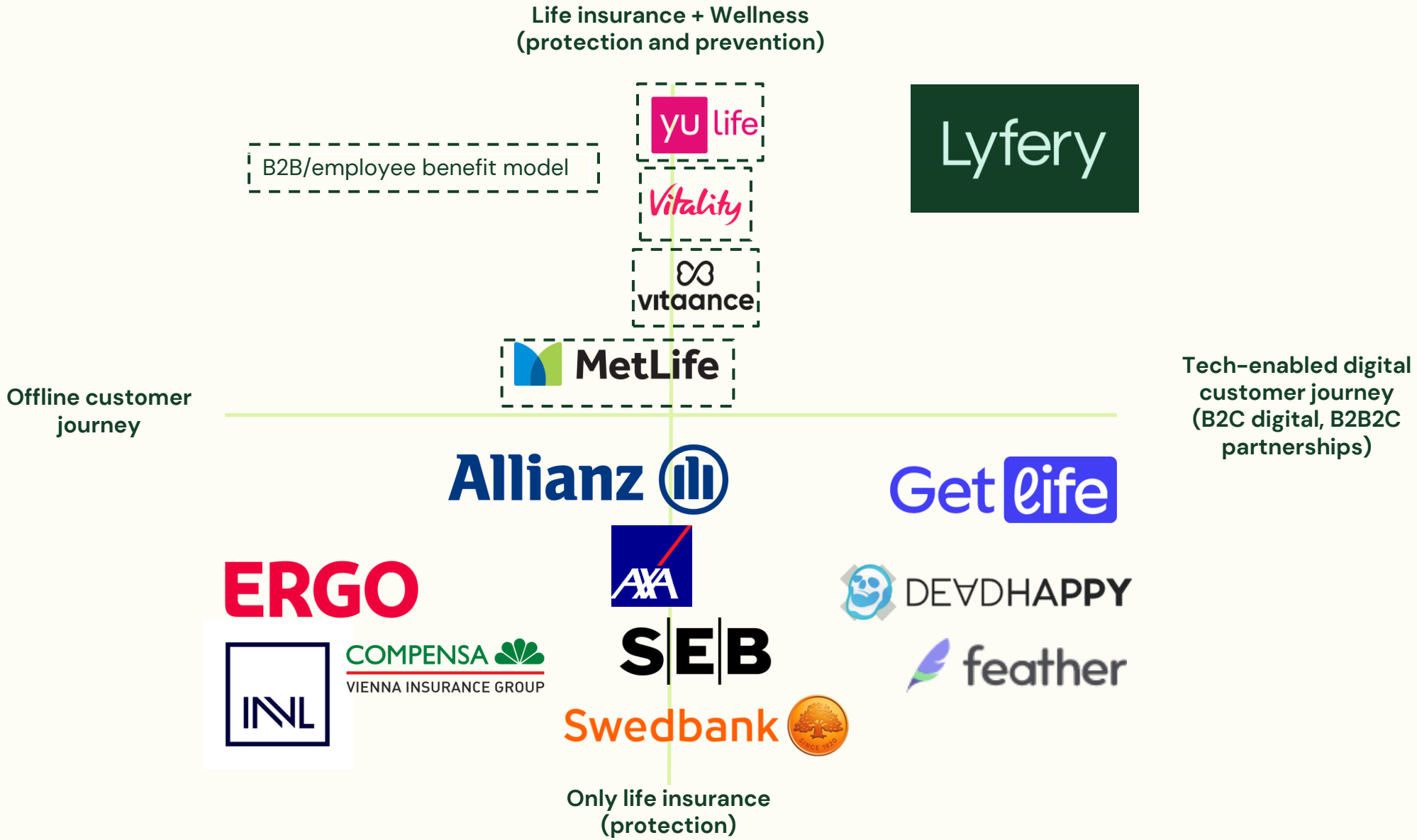
**6 – 15 BILLION EUR**
20% of the current protection product segment in Europe e.g. private customers who are passionate about living a healthy and fulfilling life.

**1.2 – 3 BILLION EUR ANNUAL PREMIUMS MARKET**
Targeting selected CEE countries within first 4–5 years. (high margins, lack of prevention-based model)



# Competition





# The Traction

- ✓ Launched on 2nd of April and reached to our first paying customers.
- ✓ First B2B2C partnerships in place incl Club Tartu Marathon. Golden Club. IIZI. FitSphere etc.
- ✓ Partnership with Vienna Insurance Group (Insurer)
- ✓ 250k EUR pre-seed investments incl Tenity VC and Risto Rossar as lead investor
- ✓ Latitude59 TOP 10, EBAN TOP 50, Impact Valley TOP 1 startup




Lyfery

**Payment comparison: Lyfery, Swedbank, SEB**

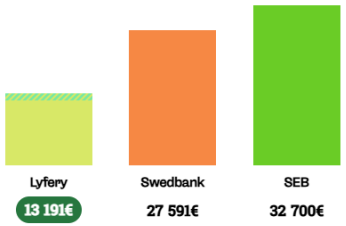
Your age
35 years
18 63

Monitored period
25 years
1 30

Life insurance coverage
150 000€
25 000 300 000

Additional severe disability coverage
150 000€
0 150 000

Amount of insurance payments for the entire period *

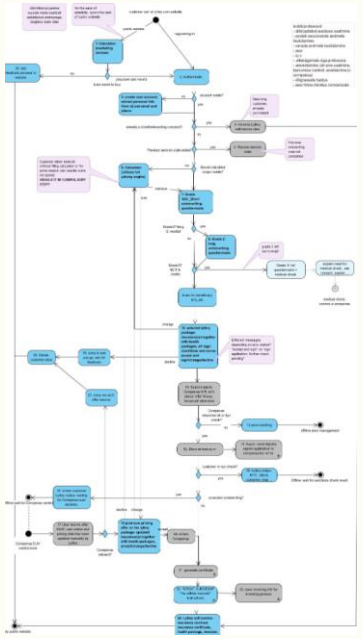


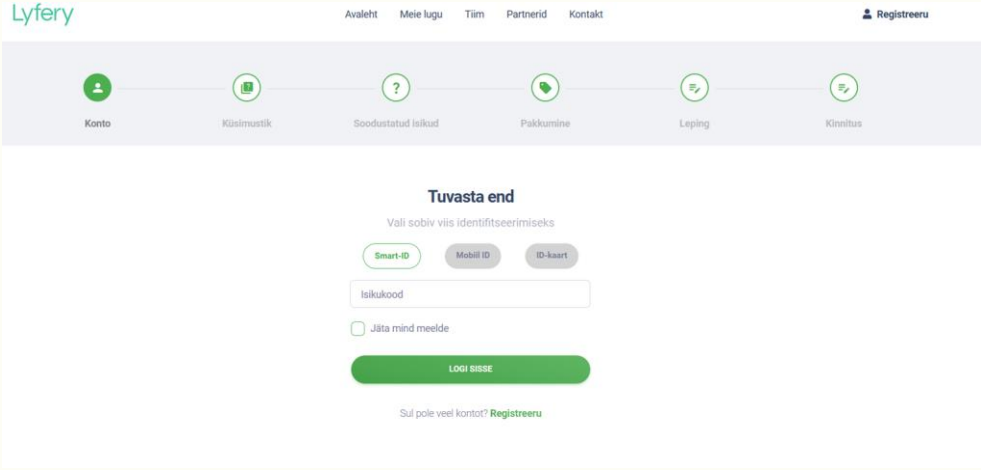

Health dividends -10%

Win in 25 years:
Compare to Swedbank: 14 400€
Compare to SEB: 19 509€

Comparative monthly payment schedule

Make a contract





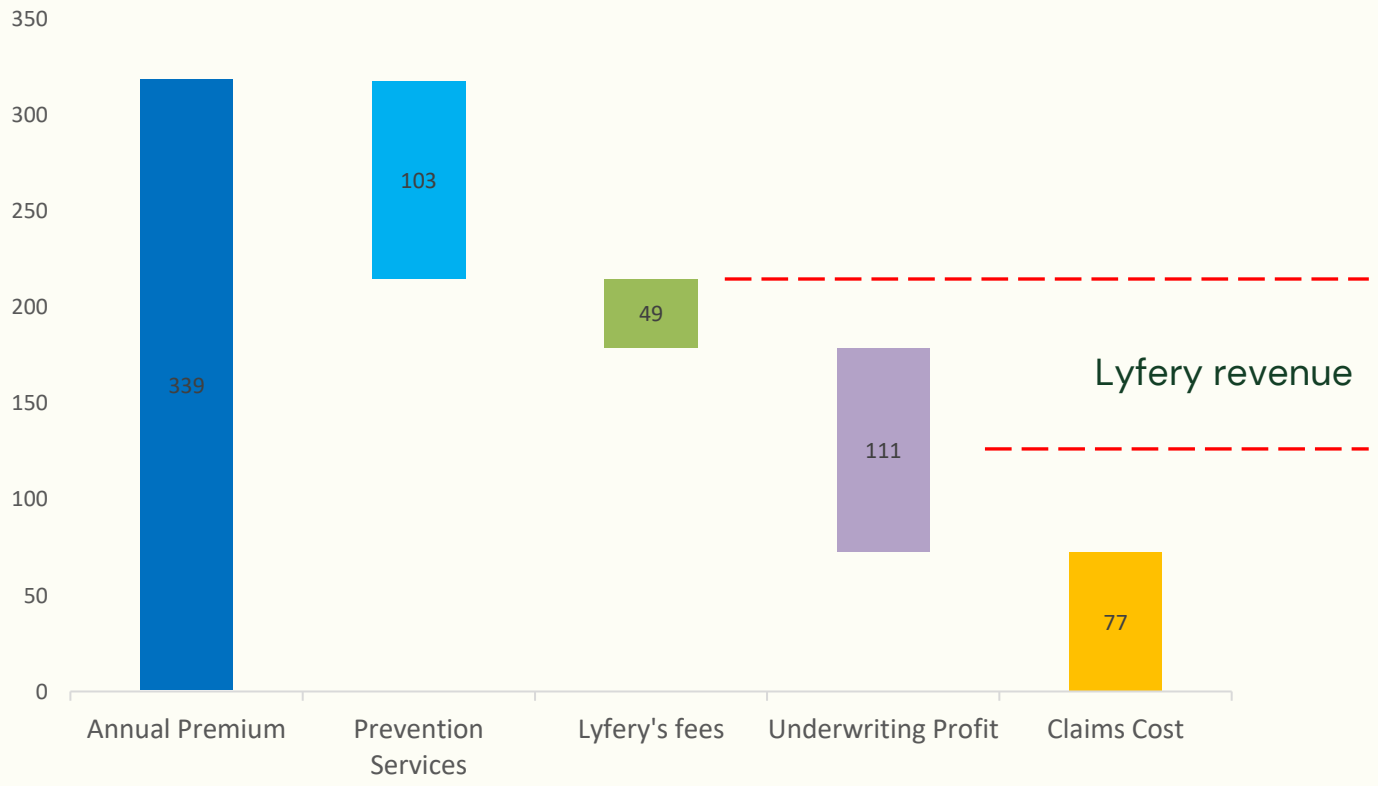
# Development Roadmap

Lyfery

| | 2024 | 2025 | 2030 |
|---|---|---|---|
| Portfolio | 500 | 10 000 | 320 000 |
| Net LTV of a customer | 722 | 722 | 722 |
| Premiums, mEUR | 0.03 | 1.7 | 103 |
| **Portfolio valuation, mEUR**<br>**Lyfery valuations = X * portfolio valuation** | **0.3** | **7.3** | **231** |



# Unit Economics - Lyfery participates in both fees and underwriting profits




**Underlying assumptions:**

- average customer age 45 (at conclusion)
- average sum insured 85 000 EUR
- 80% policies are with disability cover
- average duration 15 years
- Lyfery fees on top of net risk premiums = 6 EUR + 0.003% from sum insured (ca. 10-12 EUR per month per policy in average)
- admin costs per policy 20 EUR per year considering sales is according to main forecast: 320 000 policies in portfolio within 6-7 years
- acquisition costs ca. 100 EUR per policy + marketing, communications costs allocated to policies
- average health dividend 10%, max 20%,
- lapses 5% (higher e.g. 8% during 1st year),

# Funding. Exit plan.

Lyfery

| | |
|---|---|
| **Founders capital** | 50k EUR + Time + Risk. |
| **Pre-seed round** | 250 kEUR (Tenity VC + 17 angel investors lead by Risto Rossar) |
| **Bridge round** | Targeting 0.25 m EUR at pre-money valuation 2.5m EUR level Period 07/2024 – 10/2024 |
| **Seed. A, B etc rounds** | |

**Exit possibilities and long-term exit plan**

Exit possibilities for pre-seed angels: not before A+ rounds & aiming for an IPO and becoming publicly traded in 7-10 years.

# SWOT

Lyfery

## Strengths

- Team and sector knowledge
- Innovative, Forward-looking
- Transparent, Social, Ethical, Impact Driven
- Digital Technologies, Online Channels
- Engaging, Customer-friendly
- Highly Personalized

## Weaknesses

- Reaching full efficiency within B2B2C and B2C digital partnership models e.g. further experiments and discoveries are needed
- Expansion requires effort e.g. scalable with reasonable effort

## Opportunities

- Sizable opportunity in life insurance and beyond
- Great ideas and protype in place for advanced scoring model
- High growth potential in products and services
- Extensive growth potential across EU markets and beyond

## Threats

- Falling short of minimum required business volumes (20,000-30,000 policies)
- Struggling to build a strong brand and gain public trust

Lyfery

# Appendices

