

Annual Reporting Highlights

2012



laya
healthcare

looking after you always



Laya Healthcare Limited Annual Reporting Highlights 2012

Contents

- 3 Company Details
- 5 A note from our Chairman
- 6 The Year in Review
- 10 Introducing the laya healthcare Board of Directors
- 14 Our Key Member Benefits
- 16 Looking after our Members
- 17 Connecting with the Community
- 18 Report of the Directors
- 20 Financial Highlights



Laya Healthcare Limited

Company Details

Directors

Kieran Barry (Chairman)
Dónal Clancy (Managing Director)
Mary Condon
Dermot Oliver O'Connor
Ann O'Doherty
Larry O'Dwyer
Brendan Tuohy

Registered office

Eastgate Road
Eastgate Business Park
Little Island
Co. Cork

Secretary

Brenda Ryan

Registered Auditors

Ernst & Young
Chartered Accountants
City Quarter
Lapps Quay
Cork

Principal Bankers

Bank of Ireland
Lower Baggot Street
Dublin 2

Allied Irish Bank
66 South Mall
Cork

Solicitors

JW O'Donovan
53 South Mall
Cork



A note from our Chairman

On behalf of the Board of Directors, I am pleased to report on what has been a positive year for **laya healthcare**, with strong performance results. Against a backdrop of ongoing regulatory and economic challenges, **laya healthcare**, working with and on behalf of its underwriter Elips Insurance Ltd., succeeded in growing its membership base in what continues to be a challenging market.

Amid positive expectations, **laya healthcare** was launched in May 2012 heralding a new era in innovative private healthcare and a commitment to **Looking After You Always**. The business is focused on the resolute delivery of its strategic business plan with real drive, consistency and pace. Underpinned by a double-digit increase in sales, significant progress was achieved on several fronts, mapping a solid performance against our business goals.

Our results for the year reflected the leadership demonstrated by the Senior Executive Management Team and the relentless focus and dedication shown throughout the organisation in bringing to life the company's strategic vision of *becoming Ireland's leading insurance provider through relentless innovation and caring for our people, our partners and the lives we look after*.

What is setting **laya healthcare** apart, and contributing strongly to the achievement of our business results, is its team and the highly energetic and passionate culture that is nurtured at every level in the business. Within this collaborative environment everyone is encouraged to play their part in improving the company's performance and delivering world-class healthcare that makes a real difference to the lives of our 450,000 members.

Role of the Board

There is a depth of experience, leadership and determination in the Senior Executive Management Team at **laya healthcare**. This is complimented by the Board, chosen for its broad strategic diversity and seasoned experience, acquired over many years across a range of different businesses. The Board is closely focused on assisting and supporting the executive team in realising the company's business strategy and meeting our objectives. 2012 has been a successful year for our business in terms of Operational Performance, Risk Management and Corporate Governance, and the strong financial performance that ensued, amid turbulent market conditions, is testament to this.

Outlook for 2013

I would like to thank each and every one at **laya healthcare** for their loyalty, contribution and commitment to the success of our business in 2012. It is these characteristics that help give our company a distinctive competitive advantage in building its brand and attracting new customers and employees.

Our priorities for 2013 are clear. We will consolidate our business base and drive further growth through a relentless focus on value and looking after our members. We will continue to invest in our people and foster a culture of leadership, innovation and 'can do' determination, driven by a positive confidence in our vision and actions. The market continues to be economically fragile, and looks set to remain challenging for the foreseeable future. However, our solid operational and financial performance in 2012 positions us well for continued growth and expansion in 2013. In summary, our strong strategic dynamics, innate capacity for innovation and change and unwavering determination to succeed will enable us to continue to provide differentiating value to our customers, employees, partners and communities.

Kieran Barry

Chairman

The Year in Review

Laya healthcare's performance in 2012 was particularly strong given the significant decline in Ireland's Private Medical Insurance (PMI) market. The number of people insured has been in steady decline since it peaked at almost 2.3 million at the end of 2008. Back then 52% of the Irish population held private health insurance¹. That number fell to 45.7% in December 2012, which represents 5,500 people a month cancelling their health cover².

Operating in the toughest market for health insurance in decades, **laya healthcare** has made good, steady progress by growing its customer base to over 450,000 members by 31st December 2012.

On 23rd December 2011, the company announced it had been acquired in a transaction led by senior management and concluded with the support of a new underwriter to the health insurance market in Ireland, Elips Insurance Ltd., which is a wholly owned subsidiary of Swiss Re. The sale process was completed on 30th March 2012. This sale ensured the best outcome for our team members, policyholders and other stakeholders. In May 2012, **laya healthcare** was launched to the Irish market for the first time. Laya is an acronym for 'Looking After You Always' - a brand promise we give every day to our members.

Laya healthcare is a new brand and a dynamic business with a healthy future, managed by one of the most experienced senior management teams in the healthcare industry. The launch of **laya healthcare** in May 2012 was about much more than simply a new brand. We were launching a whole new business; we wanted to pioneer a whole new approach to health insurance that was **fair, grounded, innovative and caring**. These values are part of our DNA as a business, and are the backbone of our new company vision at **laya healthcare**.

At launch, we committed to creating 100 new jobs by 2015. We are well on track with 39 positions filled by 31st December 2012. This growth has fuelled aggressive expansion targets with the opening of **laya healthcare's** first Dublin office in September 2012 designed to address increased sales volumes which, when you combine individual and corporate sales, are up 13.5% year on year compared to 2011.

Best Value in the Market

Making quality healthcare more accessible and affordable for customers while ensuring best outcomes for our members/patients is at the very heart of our business strategy. All consumers are extremely price sensitive and want value from their health provider so we have worked hard at **laya healthcare** to be the **No.1 best value provider in the market**, a position we are proud to hold and will work hard to keep.

Looking After You Always

As a business, we are committed to the key areas of wellness and preventative healthcare. This was the main reason behind our investment of almost half a million euro in providing free cardiac screenings across Ireland. **HeartBeat** is our free heart screening open to all our members which we announced at our launch in May 2012. It was developed to help detect underlying conditions that may cause Sudden Adult Death Syndrome (SADS), which claims the lives of two people a week in Ireland. Our screening campaign has been a huge success with over 7,500 of our members tested by 31st December 2012.

1. http://www.hia.ie/assets/files/publications/Press_Releases/Media%20statement_May%202012_final%20version.pdf

2. HIA Report, March 2013





Our company vision
is to become Ireland's
leading insurance provider
through relentless innovation
and caring for our people,
our partners and the lives
we look after

Diversifying our Business Base

While Private Medical Insurance is our core business, another key part of our business is Occupational Health. We have a network of experienced occupational health advisors, occupational health physicians, registered nurses, dieticians, nutritionists and parenting experts on hand to provide end-to-end healthcare solutions for our corporate clients.

A key part of our brand strategy is to regularly remind our customers in relation to what makes **laya healthcare** so unique, and crucially what makes us better than our competitors. In the case of our corporate clients, our key strength is that we are big enough to handle large-scale businesses, but agile enough to be able to offer a wide range of schemes to suit the needs of a diverse range of clients. Our customers often remark on how quick and responsive we are, which is key to delivering the very best customer service and quality healthcare to them.

We have several benefits which are hugely popular among our corporate clients;

- Employee Assistance Programmes
- Dedicated corporate team and online services
- Free nurse and GP line
- Consultant Connections
- Infertility benefits
- HeartBeat screening

Forensic Cost Savings

Our expansive drive to accelerate growth in 2012 has been coupled with the pursuit of significant cost savings, while ensuring best outcomes for our 450,000 members. **Laya healthcare**, working with and on behalf of our underwriter Elips Insurance Ltd., is firmly on track to deliver savings of €18 million by the end of 2014. This will be achieved through forensic analysis of our operational costs along with a wide range of clinical reviews and claim audits. As well as identifying cost saving opportunities, the reviews are conducted to ensure that our members are receiving efficient and quality healthcare in the most appropriate settings for their medical needs.

One year on, we have performed resiliently and beyond our initial expectations to deliver a stand-out year in terms of business growth. The results speak for themselves:

- We continue to grow and have increased our members to over 450,000 by 31st December 2012. In a market that is losing about 5,500 private healthcare customers a month, we are especially happy to have grown our membership in such a difficult climate
- We placed in the Top 100 Great Places to Work in Ireland and won an Excellence Through People award - we are especially proud of these accolades as they are all about our PEOPLE, our most valuable asset as a business
- There has been an 11% increase in the combined call volumes of our sales and customer service teams year on year
- There has been a 112% year on year increase in web sales
- We have grown our team by 39 new team members, to year end 31st December 2012, and continue to grow
- In 2012 we generated over half a million Euros worth of positive publicity
- 7,500 members have availed of free HeartBeat screening - we are delighted by the take-up of this potential life saving screening



Laya Healthcare launch campaign involved:

Extensive PR strategy

National broadcast and print advertising campaign

Digital and Social Media initiatives

National event title sponsorship – the Laya Healthcare Street Performance World Championship

Ongoing Challenges

The decline in Private Medical Insurance shows no sign of abating. It can be blamed in part on the price spiral affecting the market, driven largely by medical inflation, an increase in claims and the cost implications of several Government levy and charge increases. The decline can also be attributed to the economic downturn and the subsequent knock-on impact in terms of unemployment, emigration and a sustained dip in consumer confidence, which in turn has diminished the demand for consumer goods and services, including private health insurance.

It's been a remarkable six months for **laya healthcare**, and yet the most challenging one we've ever faced as a business. That we have succeeded in growing our members in a market that is in serious decline is testament to the hard work of our team, and moreover our obsession with maintaining affordable quality healthcare for our members.

We've also come under serious regulatory pressure by Government to absorb a series of major price increases, including the planned levy hike in March 2013, which have the potential to become serious game changers and jeopardise the stability of the health insurance sector as a whole.

However, on the positive side we are engaging with the Government and have committed to working together to find solutions that will safeguard the health insurance industry as a whole and more importantly, will protect the affordability of health insurance for consumers and give them access to the best healthcare and patient outcomes possible.

While the challenges that we face as a business are huge, the passion, energy and determination of our team at **laya healthcare** is propelling the business forward with positive momentum and drive. We have charted a course for our business that aims to fulfill our company vision.

Looking Forward

2013 will be about renewing our focus on value - we will work hard to maintain our current position as the insurer offering best value health insurance in the market. Driving cost efficiencies across the business is critical to this. Our savings target of €18 million is just the tip of the iceberg and will be delivered via a significant ramping up of claims investigation audits in 2013 and 2014, which will yield greater savings and ensure the best outcomes for our members.

Acknowledgements

Finally, I wish to thank all my colleagues at **laya healthcare** for all their hard work and dedication shown in 2012 to help return the business to growth and profit. I would also like to thank the new Board of Directors, including our new Chairman Kieran Barry, and indeed the entire executive team, for their ongoing support.

Dónal Clancy

Managing Director



Our Board

Meet **Iaya Healthcare's** Board members. With a wide range of experience and expertise, the board challenges and guides our business as it strives to look after you always.





D.O. O'Connor

Deputy Managing Director and Director of Business Development, Laya Healthcare

D.O. joined BUPA Ireland in 1996 at the beginning of the start-up phase in Ireland and held various IT management positions. He moved to BUPA Thailand in 2006 to lead a business re-engineering project. In 2007, he returned to Ireland as head of the Claims Function for QUINN-healthcare. He now leads the Business Development area with responsibility for Sales, Marketing and Product Development. D.O. helped steer the management-led buyout of QUINN-healthcare in December 2011 and the transition to the new **laya healthcare** brand.

Larry O'Dwyer

Non-Executive Director, Laya Healthcare

Larry is a former partner and Regional Head of Audit at Ernst&Young. He is a Fellow of Chartered Accountants Ireland, a former Chairman of the Cork Society of Chartered Accountants and the Munster Society of Chartered Accountants. Larry is a non-executive director of Rockboro Analytics Limited, a new specialist services provider of high value-added methodologies to the credit and insurance markets. He is currently Chairman of the Audit Committee of Cork County Council and a member of the Audit Committee of the University College Cork. Larry sits on the Evaluation Committee of the South Cork Enterprise Board and on the Boards of a number of charitable organisations.

Brenda Ryan

Company Secretary and Director of Operations, Laya Healthcare

Brenda joined BUPA Ireland in 2000. Previous roles with the company include Director of Claims and Provider Relations, Brand Manager, Customer Care and Claims Manager. As Head of Claims since 2008 Brenda helped steer the management-led buyout of QUINN-healthcare in December 2011. She is currently Director of Operations and holds the position of Company Secretary.

Kieran Barry

Chairman and Non-Executive Director, Laya Healthcare

Kieran has extensive experience in the Insurance Industry. In 1972 he commenced his career with Dineen Life and Pensions Limited before assuming a senior management position with Pension and Investment Consultants Limited in 1980. In 1989 he was the principal founder of Becketts Limited and led this firm until its acquisition by Hewitt Associates (NYSE), the leading global HR consulting firm, in 2003. He became Managing Director for Hewitt in Ireland in 2003 until his retirement from the firm in March 2011. He is also Chairman of Insight Risk Management Limited and Director of a number of companies including Zurich Life Assurance PLC, Eagle Star European Life Assurance Company Limited and St Patrick's Hospital (Cork) Limited.

Laya Healthcare's Board of Directors

Biographies



Dr. Ann O'Doherty

Non-Executive Director, Laya Healthcare

Ann is Clinical Director at BreastCheck in Dublin and a Consultant Radiologist at St. Vincent's Hospital. She is Lead Clinical Director at the National Breast Cancer Screening Programme and Quality Assurance Director, Quality Assurance Radiologist, Northern Ireland Breast Screening Programme. Ann is Chair of the National Guideline Committee for Breast Services and is the author of more than 25 peer-reviewed medical publications.

Dónal Clancy

Managing Director, Laya Healthcare

Dónal joined BUPA Ireland in 1996 at the beginning of the start-up phase in Ireland. He led the senior management team through its transition from BUPA to QUINN-healthcare in 2007. He also steered the company through the management-led buyout in December 2011, culminating in the launch of **laya healthcare** on 14th May 2012.

Mary Condon

Director of Finance and Compliance, Laya Healthcare

Mary joined BUPA Ireland in 1998 following an early career with E&Y. Previous roles with the company include FSA Compliance Officer and Finance and Compliance Manager. As Head of Finance since 2007, Mary helped steer the management-led buyout of QUINN-healthcare in December 2011 and is currently Director of Finance at **laya healthcare**.

Brendan Tuohy

Non-Executive Director, Laya Healthcare

Brendan is a former Secretary General of the Department of Communications, Energy and Natural Resources and now serves on a number of company boards.

Our Key Member Benefits



Getting second medical opinions can provide incredible reassurance to people affected by serious illness. We are very proud to offer this unique Consultant Connections service to all our members.

Consultant Connections is a panel of thousands of leading experts chosen from around the world with specialist expertise in the areas of cancer, cardiology, neurology, transplant and rehabilitation. The role of our consultant specialist(s) is to review the diagnosis and treatment options of our members to ensure that the best patient outcome is delivered.

Consultant Connections

Our Innovative Benefits for Members



The pain of infertility affects approximately one in six couples in Ireland*. Infertility is a medical and social condition that causes huge emotional and psychological turmoil for many of our members. We want to do our best to limit the practical stresses on those affected and give them peace of mind that they have cover towards infertility treatment. We are the only Irish health insurer to offer members cover towards infertility treatment on certain schemes.

To help a member start a family, we provide €1,000 towards several recommended infertility treatments (IUI, ICSI and IVF) for female members per lifetime when carried out in approved centres.

Infertility

*The National Infertility Support & Information Group

novation...
ing Our
bers

HeartBeat Screening

As a business, we are really committed to the whole area of wellness and preventative healthcare. This was the main reason we invested almost half a million euro in providing free cardiac screenings to our members in 2012. HeartBeat is our FREE heart screening open to all of our members aged from 12 years +. It was developed to help detect underlying conditions that may cause Sudden Adult Death Syndrome (SADS), which claims the lives of two people a week in Ireland.

Our screening campaign has been a huge success with over 7,500 of our members tested to the end of 2012.



Free GP line

We are the only health insurer in Ireland to offer members a free and confidential GP telephone consultation service. This service is available 24 hours a day, 365 days a year. The service is hugely popular with our members as it gives them immediate access to a qualified GP and valuable peace of mind and reassurance when they need it most.



Looking after our Members

At **laya healthcare**, our members are the number one priority. Our team has the best interests of our customers at heart, and share a common goal – to look after you always.

It is great to see positive feedback from our members. We share this feedback through regular internal communications and this helps us to instil our brand values of being fair, grounded, innovative and caring within our team.

“I just want to let you know that Sarah is excellent at her job and is a credit to laya healthcare”

“The lady that was helping me was called Anne and it was so refreshing to receive such polite assistance and excellent follow up with my query”

**Laya Healthcare:
Proudly looking
after you always**

“The team has guided us through so many areas and helped address all our queries in a truly professional manner”

“A credit to the market, they looked after all my claims and contacted me after treatment to check on my claim and make sure everything was okay”



Connecting with the Community

At **laya healthcare** we take pride in our community and are actively involved in many sponsorships and initiatives throughout the year, including:

Laya Healthcare Autism Jigsaw Conference

A one day conference event, the Laya Healthcare Autism Jigsaw Conference took place in the Maryborough Hotel & Spa, Cork on October 25, 2012. Covering a wide range of topics around Autism and Asperger Syndrome, this **laya healthcare** sponsored event enabled parents, educators, carers and professionals living and working with Autism to listen to new ideas, strategies and enhance their own knowledge and expertise. In 2012, our team was honoured for its "Outstanding Contribution" at Shine – Autism Charity's Annual Fundraising "Valentine's Ball".

Laya Healthcare Street Performance World Championship

Laya healthcare came on board as title sponsor for the Laya Healthcare Street Performance World Championship in 2012. A fun family festival that takes place in both Cork and Dublin during the Summer months, the Laya Healthcare Street Performance World Championship brings the best international street performers to Ireland to compete for the world title. At **laya healthcare**, adding value for our members and their families is something that we are passionate about, which is why this festival is the perfect fit for our brand. Giving back to our members through free family entertainment events like the Laya Healthcare Street Performance World Championship is another demonstration of our brand promise of 'looking after you always'.

The Hope Foundation Lunch

The Hope Foundation is a registered charity, working with street and slum children in Kolkata, India. The foundation helps these under-privileged children gain access to protection, education, healthcare and nutrition.

Laya healthcare are very proud to sponsor one of the most important fundraising events on the Hope calendar.

Report of the Directors

Principal activities

Laya Healthcare Limited is a tied agent of Elips Insurance Limited, and in this capacity acts as its exclusive agent in Ireland for the sale of policies and the administration of the business of providing health insurance cover to individuals, firms and companies resident in Ireland. Laya Healthcare Limited in this capacity uses its best endeavours to promote and undertake the health insurance business on behalf of Elips Insurance Limited including:

- marketing and selling of policies to potential customers including renewals of existing policyholders;
- handling claims and the payment of claims in respect of policies; and
- collecting premiums from customers.

Laya Healthcare Limited also provides occupational health services to client companies.

Review of the performance and development of the business

The Company reported a profit before tax of €4,994,742 in the financial year compared with a loss (of €2,002,412) in the year ended 31st December 2011. After debiting tax of €670,903 (2011 credit €147,339) a profit of €4,323,839 was credited to accumulated reserves.

On 23rd December 2011, the company announced it had been acquired in a transaction led by senior management and concluded with the support of a new underwriter to the health insurance market in Ireland, Elips Insurance Limited which is a wholly owned subsidiary of Swiss Re. The sale process was completed on 30th March 2012. This sale ensured the best outcome for team members, policyholders and other stakeholders.

The company's strategy is to maintain profitability and allow **laya healthcare** to continue to provide a high quality service to its members. The company is well positioned to grow the business in 2013.

Corporate Governance

The Board of Directors in seeking to apply best practice in Corporate Governance periodically establishes committees to help it discharge its responsibilities. Two such committees established by the board are the Audit and Risk Committee and the Remuneration Committee.

Audit and Risk Committee

The members of the Audit and Risk Committee are Larry O'Dwyer, Dr. Ann O'Doherty and Brendan Tuohy. All members of the Committee are determined by the Board to be independent non-executive directors. The Audit and Risk Committee was established during the 2012 financial year. Under its terms of reference, the Audit and Risk Committee monitors the integrity of the company's financial statements, the independence of the external auditor and risk management functions. The Committee is also responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, reappointment and remuneration of the external auditor.

Medical Advice Panel

The Medical Advice Panel is comprised of four internal team members and six clinical professionals from both the public and private sectors. The panel has experts in the Private Medical Insurance field along with specialists across all Clinical areas.

This panel influences key decisions including management of patient care, adoption of best practice guidelines and the consideration of private health insurance from the patient's perspective.

Along with **laya healthcare**, and an international medical advisory panel, the Medical Advice Panel strives to support the company in ensuring excellence in delivery of the highest possible standards of patient care.

Remuneration Committee

The members of the Remuneration Committee are Dónal Clancy (executive director), Kieran Barry and Brendan Tuohy (non-executive directors). The Committee was established during the 2012 financial year. Under its terms of reference the Remuneration Committee is responsible for establishing and maintaining a remuneration policy for senior executives. A key objective of the remuneration policy is to support the recruitment and retention of key executives and to provide incentives to develop the value of the business for the benefit of the shareholders. Where appropriate the Committee receives independent expert advice concerning matters within its remit.



Financial Highlights – laya healthcare for the year ended 31 December 2012

2012

2011

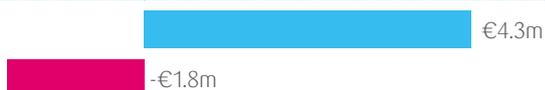
Revenue



Operating Profit/(Loss) before Taxation



Profit/(Loss) for the Year



Net Cash inflow from Operating Activities



Total Movement in Cash



Movement in Current Assets/(Liabilities)



Average Number of Employees



This is an extract from the financial results of **laya healthcare** for the financial year end 2012.

Further details are readily available on request.



Cityscape of clock tower in Zurich, Switzerland

Elips Insurance Ltd – our underwriting partners

Laya healthcare's policies are underwritten by Elips Insurance Ltd. (trading as **laya healthcare**), a wholly owned subsidiary of Swiss Re - www.swissre.com.



Eastgate Road,
Eastgate Business Park,
Little Island, Co Cork.

Tel 1890 700 890
Cork 021 202 2000
E-mail info@layahealthcare.ie
Website www.layahealthcare.ie

LAYA-AR-001-01/14

Laya Healthcare Limited, trading as Laya Healthcare is regulated by the Central Bank of Ireland.

looking after you always