

Medical insurance business overview

*Speaker: Givi Giorgadze,
Head of Medical Insurance Business*

GHG Investor Day

Tbilisi, Georgia | 23 November 2016

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- **Medical insurance business overview**
- Synergy effect
- Efficiency
- Vision 2018
- Q&A



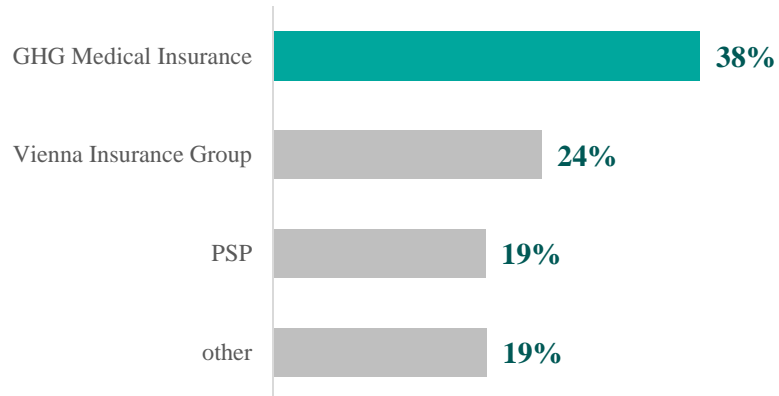
We are market leaders in medical insurance

LEADER BY NUMBER OF POLICYHOLDERS & REVENUE

As of 30 September, 2016

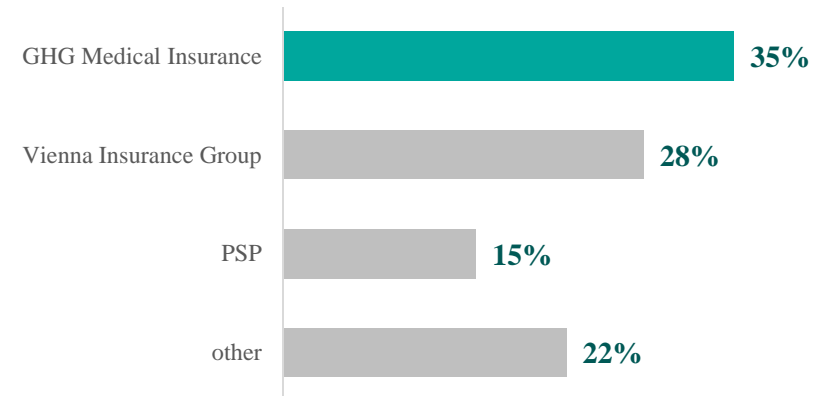
POLICYHOLDERS

Total: 543K/15% of population



REVENUE

Total: GEL 119mln



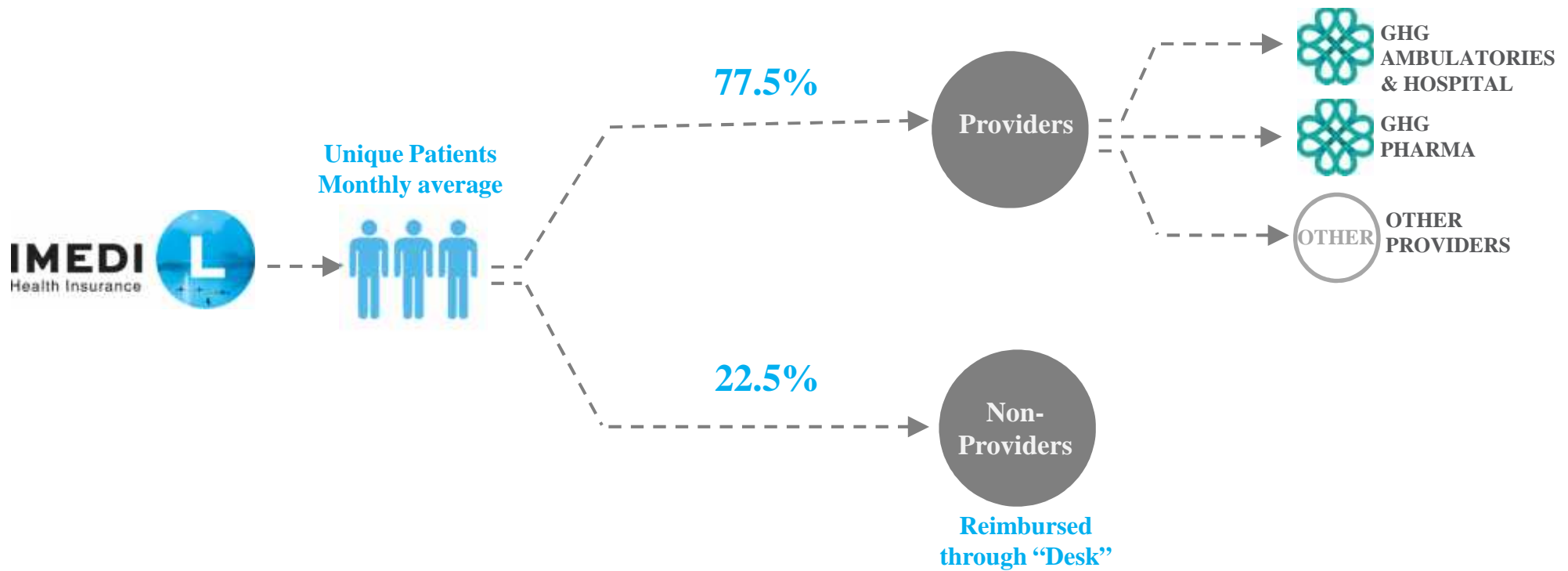
2018 GOAL: MARKET SHARE >30%



GHG medical insurance business – How it works

PATIENT JOURNEY

As of 30 September, 2016

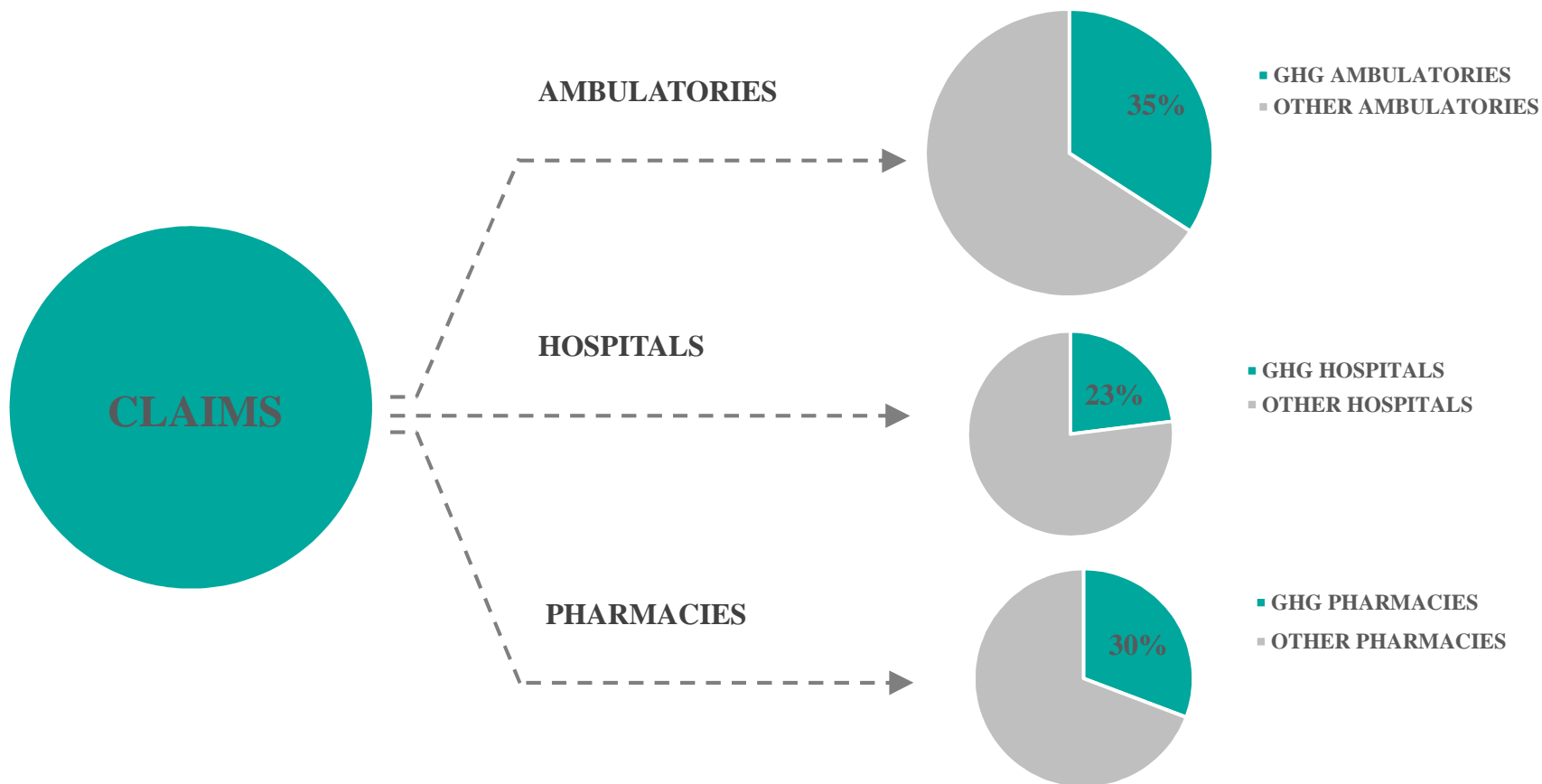




GHG medical insurance business – Role within GHG

RETAINING CLAIMS within GHG

As of 30 September, 2016



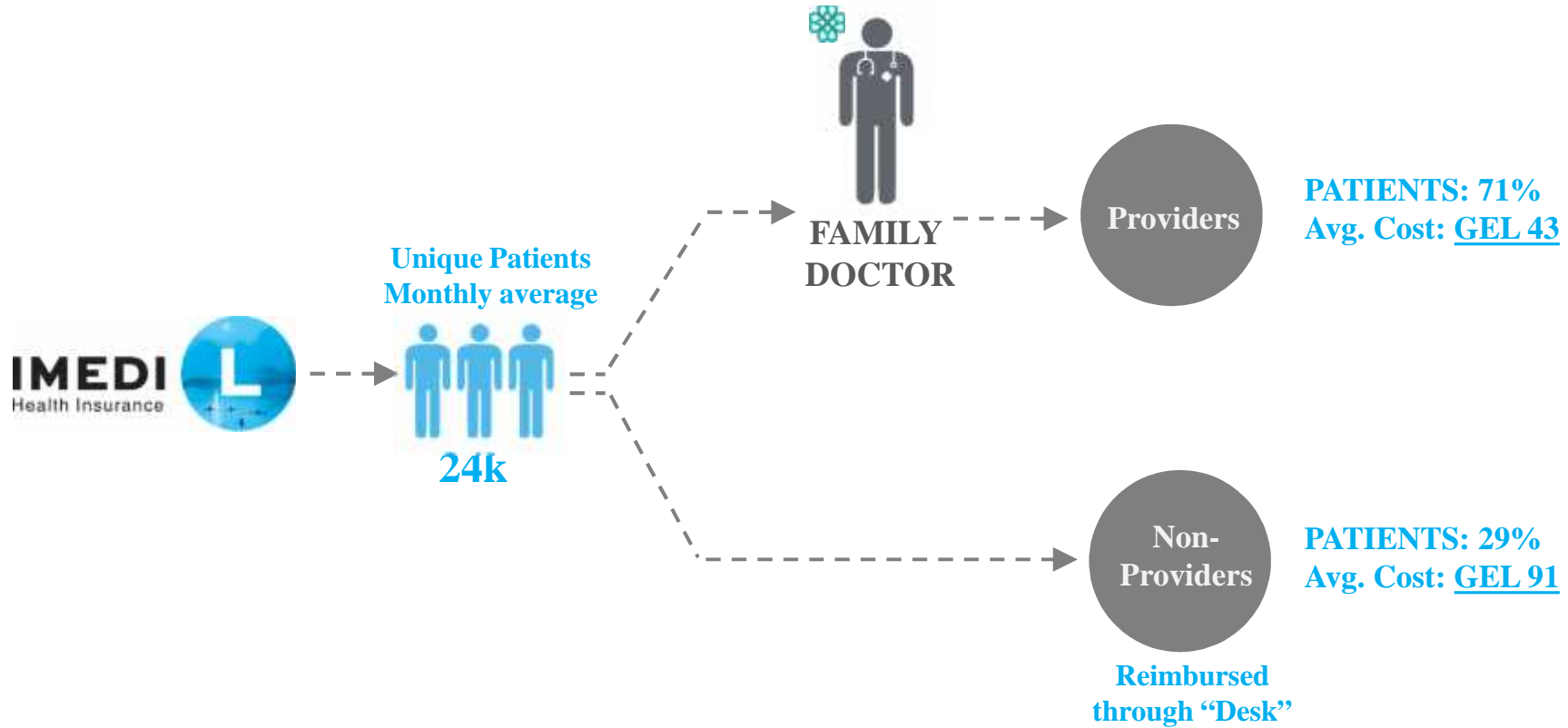
BY 2018 TARGETING TO RETAIN >50% OF TOTAL CLAIMS



Synergy growth opportunities

AMBULATORY

As of 30 September, 2016



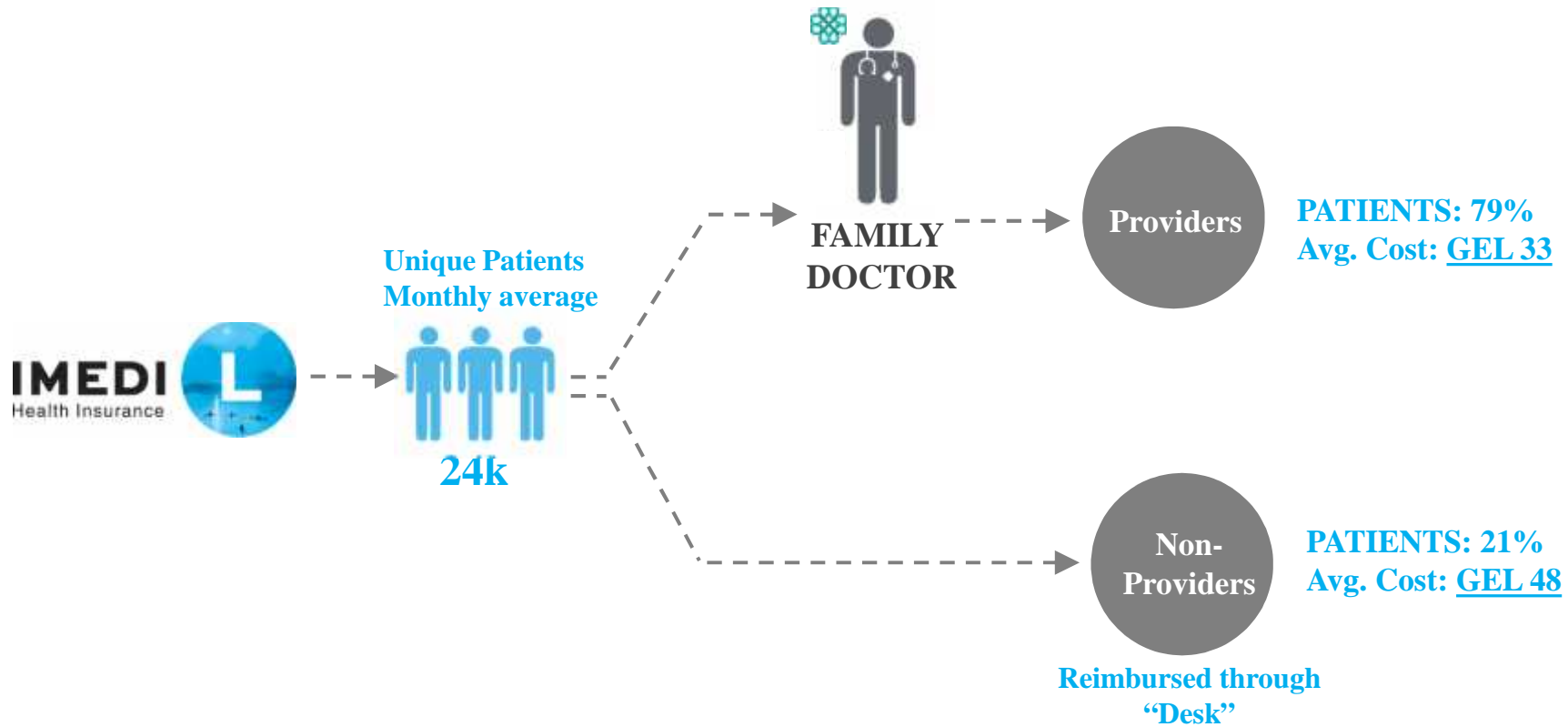
Avg. cost with Providers is 53% less than with non-Providers



Synergy growth opportunities

PHARMACIES

As of 30 September, 2016



Avg. cost with Providers is 31% less than with non-Providers



DIVERTING TRAFFIC TO GHG



Medical Insurance Reimbursement CORNER at GHG ambulatory clinic

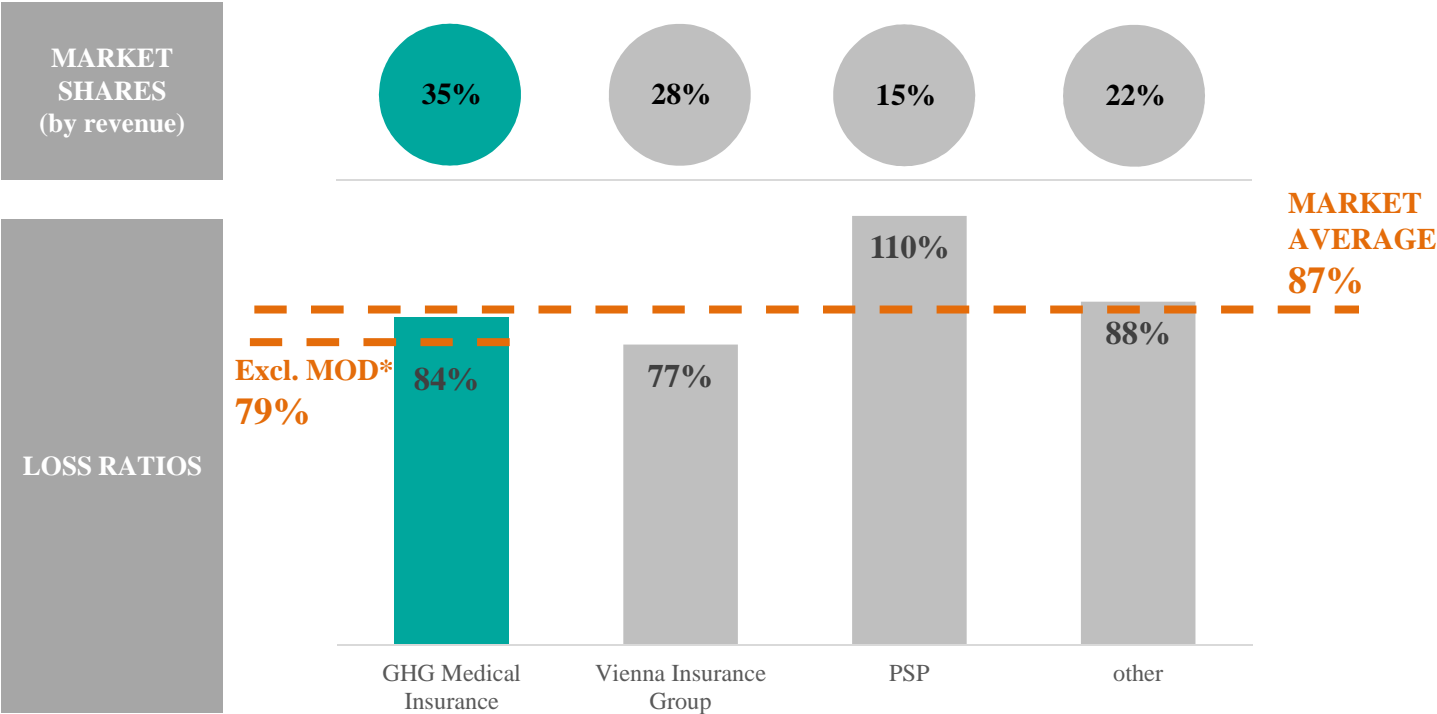
- One-stop-shop model - replaced 1 claims reimbursement center (“desk”) with 3 in GHG clinics at different locations.
- Introduced “Preferred Provider Organization” Plans with preferential co-payments at the GHG healthcare facilities



Medical insurance market at a glance

As of 30 September, 2016

LOSS RATIO BELOW MARKET AVERAGE



2018 GOAL: <75%

*Ministry of Defense of Georgia



Re-pricing effect kicking-in favorably

As of 30 September, 2016

PORTFOLIO DYNAMICS



CORPORATE AND RETAIL

Q1
AVERAGE ANNUALIZED REVENUE PER INSURED
GEL 342
NUMBER OF INSURED
141K

Q2
AVERAGE ANNUALIZED REVENUE PER INSURED
GEL 356
NUMBER OF INSURED
141K

Q3
AVERAGE ANNUALIZED REVENUE PER INSURED
GEL 359
NUMBER OF INSURED
144K



Financial results

As of 30 September, 2016

INCOME STATEMENT (MOD excluded)	Q1 2016 (GEL'000)	Q2 2016 (GEL'000)	Q3 2016 (GEL'000)	9M 2016 (GEL '000)
NET INSURANCE PREMIUMS EARNED	12,390	13,113	13,856	39,359
NET INSURANCE CLAIMS INCURRED	-10,174	-10,768	-10,155	-31,097
AGENTS, BROKERS AND EMPLOYEE COMMISSIONS	-894	-986	-1,105	-2,985
OPERATING EXPENSES	-1,682	-2,140	-1,971	-5,793
EBITDA	-360	-781	625	-516
PROFIT/(LOSS) FOR THE PERIOD	209	-1,280	209	-862
LOSS RATIO	82.1%	82.1%	73.3%	79.0%
EXPENSE RATIO*	13.6%	16.3%	14.2%	14.7%
COMMISSION RATIO	7.2%	7.5%	8.0%	7.6%
COMBINED RATIO	102.9%	106.0%	95.5%	101.3%

2018 GOAL: EXPENSE RATIO <14%

*Expense ratio excluding depreciation and amortization expenses



Optimising operating expenses

GEL 650K ANNUAL SAVING

Annual savings in salaries

GEL 200 K

due to structure optimization

Annual savings in rent expense

GEL 350 K

due to new HQ and “desk” relocation

Annual savings in administrative expenses

GEL 100 K

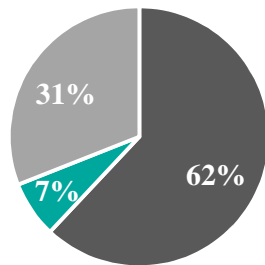
Due to re-negotiation of T&C with different service providers



Opportunities in retail

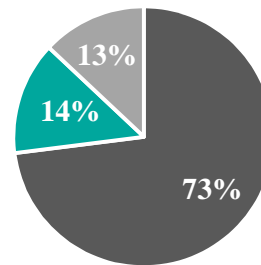
As of 30 September, 2016

NUMBER OF INSURED



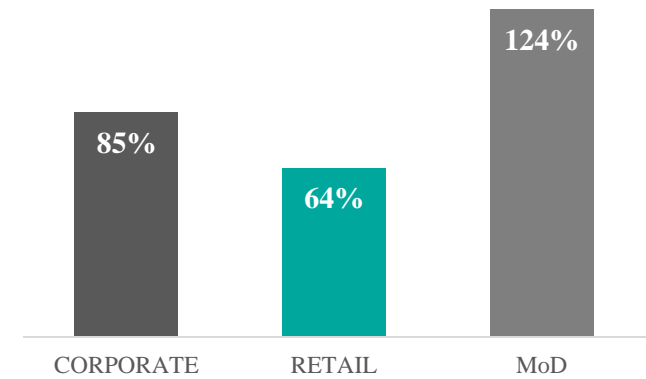
- CORPORATE (129K)
- RETAIL (15K)
- MOD (64K)

REVENUE



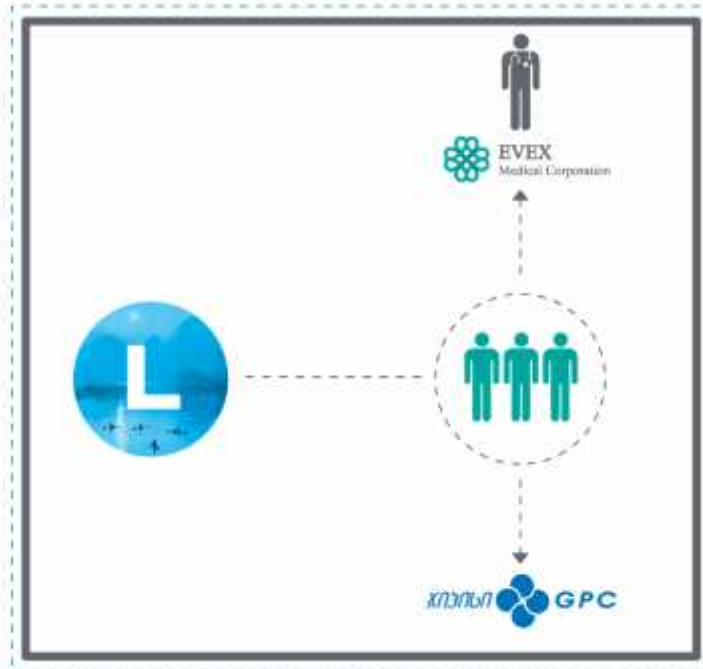
- CORPORATE (33mln)
- RETAIL (6mln)
- MOD (6mln)

LOSS RATIO



TAPPING RETAIL

FOCUS ON GHG HEALTHCARE



PRODUCT FEATURES

- COMPLIMENTARY TO UHC
- LOW COST SOLUTION
- NO EXCLUSIONS
- NO WAITING PERIOD
- NO AGE LIMIT
- TIME EFFICIENT PROCESS
- LIMITED RISK PROFILE

MORE SYNERGIES



Strategy through 2018

		9M 2016	2018
1 GROUP SYNERGIES	Total claims retained within the Group	23%	>50%
2 PORTFOLIO REPRICING	Loss ratio	79%	<75%
3 COST EFFICIENCY	Expense ratio	14.7% ⁽¹⁾	<14%
4 VALUE CREATION	Combined ratio	101.3% ⁽²⁾	<97%

(1) Expense ratio excluding commission, depreciation and amortization expenses

(2) Combined ratio and loss ratio excluding MOD

QUESTIONS?

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