

HEALTH AND FITNESS CORP.

The aging population in the U.S. is generating an intense usage of health services which in turn propelled health insurance cost to new highs. This cost is transferred to end clients in the form of higher premiums, year after year.

The Health Insurance industry pricing is correlated with risk. Premiums paid by clients are based on statistically significant predictors of future usage of services. Among the more relevant predictors used to define premiums are:

- (a) Age –the older you are, the more likely you are of use this services, the higher the premium
- (b) Gender –pregnancy potential rises female premiums
- (c) previous usage of services and preexisting conditions.

The industry is very competitive for the healthiest (lowest risk) population. However, the industry has **NOT** used one well-known predictor of future usage: exercise patterns. The current Medical Research suggests that individuals who exercise 3 times a week for a total of 200 minutes have a statistically significant less health risk exposure. Approximately 30 million of U.S. individuals fit this pattern.

Being able to identify, capture and retain the healthiest clients that exercise on a permanent basis has not been done systematically by the Health Insurance industry. As a consequence, exercise-prone individuals are paying higher premiums than they should, since they are assumed to have the same risk level than the rest of the population. This is an **incorrect** assumption.

Being able to capture those clients is very attractive to companies looking to reduce their risk exposure. How can they do this?

30 Million Americans resort to Gyms to get their exercise in. Using gyms database and brand we will invite gym's clients to voluntarily register in the "Heath Insurance rebate directory" (this will be branded with their Gyms brand, and the gyms will be our "channel" in order to avoid privacy issues). The information coming from the mayor gyms and fitness outlets will be consolidated and upon payment, provided to the insurance companies. Heath Insurers will pay our organization in order to (a) risk adjust their portfolio (b) as a way to identify and market to their most attractive and profitable clients: the healthy and therefore, less risky individuals.

This is a "win-win-win" proposition. (a) Gyms benefit as they will be able to offer "health insurance rebates upon sign up", and therefore this will be a great marketing tool. (b) Health Insurance companies will be able to segment their offer, generating custom-designed packages for the healthiest of the healthiest. (c) The end client will receive a premium rebate, as their risk will be adjusted based on the **real** risk exposure the insurers are dealing with.

We expect to be able to partner and eventually sell equity stakes in this initiative to the mayor insurers in the U.S. as well Gyms and private equity corporations. The forecasted revenues per year are projected at 15 million, with a Net Income in excess of 5 million per year.