UIA (Insurance) Limited

Annual Reports and Financial Statements for the year ended 31 December 2024 of the Society

UIA (Insurance) Limited

Contents

Registered office

UIA (Insurance) Limited
5th Floor
167-169 Great Portland Street London
United Kingdom, W1W 5PF

Society registration number

Registered Number 2898R
Co-operative Community Benefit Societies Act 2014

Statutory auditor

BDO LLP
London
United Kingdom

Bankers

Unity Trust Bank plc
Four Brindleyplace
Birmingham B1 2JB

Investment managers

Royal London Asset Management Ltd
55 Gracechurch Street
London EC3V 0RL

Chairperson's statement

Business overview for 2024

In 2024 good progress has been made with the implementation of changes agreed following the comprehensive strategic review of late 2021 and 2022. These changes were key to streamline and simplify the Society's affairs in preparation for it to be placed into an orderly run-off whilst protecting policyholders. The Society ceased writing new policies on 15 July 2022. The Society has now been off risk for some 18 months.

It is worth repeating the details of the key initiatives actioned during 2022 which were reported in the Chairperson's report in the 2022 financial statements. These are listed again below for ease of reference:

1. On 31 May 2022 and in order to facilitate a solvent run-off, the Society agreed Heads of Terms with UNISON and UNISON Pension Trustees to implement a Flexible Apportionment Arrangement (FAA) in relation to the Defined Benefit Scheme (DB). In return for an upfront payment of £10m, the FAA enabled the Society to cease contributions to the DB Scheme and to eliminate any future liability for the Society to the Scheme. The FAA was completed on 13th September 2022 after a consultation period with the Society's employees who lost the right to accrue future benefit of the DB Scheme from that date. The terms of the FAA means that any remaining assets at the end of the Society's run-off, following payment of remaining creditors will be contributed to the DB Scheme in return for the elimination of future liabilities for the Society.

2. On 31st May 2022, in order to continue the Society's brand and to ensure members have options available to them, the Society selected Uinsure Ltd to offer future renewals to Society members. It was agreed under the Business Transfer Agreement that the Society would sell Uinsure Ltd the renewal rights. The Board consider that Uinsure provided the best potential value and alignment of values for our members. Uinsure has achieved a five-star Defaqto rating for 9 years in a row. Uinsure Ltd also has existing relationships with several mutuals (Building Societies) ensuring strong alignment of values and an understanding of our members' expectations. Their technology is acknowledged as market leading and delivers an approach, that, is simple and customer focused. In addition, 12 members of the UIA staff transferred (under TUPE arrangements) to Uinsure. Uinsure are providing insurance to in excess of 60% of UIA policyholders.

3. Furthermore, to ensure that the Society is in a position to pay all claims that are in progress or that might be incurred during run-off, on 1st July 2022, the Society appointed Davies Group as outsourcer/third party administrator and experts in Claims management and run-off situations to manage both central support and operational functions of the Society. This ensured there is access to ample skilled resources during run-off. This transaction completed on 1st August 2022 and provided options for many of our staff to maintain their jobs. 37 colleagues transferred (under TUPE) to Davies Group. Davies have settled almost 2,000 claims since the transfer, with oversight from the UIA Board and executive.

4. The Society also owned UIA Call Centres Ltd which provided, and still provides, dedicated support to members of UNISON and is a separate entity to the Insurance business. As part of the FAA agreement, UIA Call Centres Ltd, together with 57 staff, transferred to UNISON enabling them to maintain their participation in the DB Scheme.

5. This leaves a small core number of people in the Society to oversee the service provided by Davies Group and to take responsibility to return as much of the remaining capital as possible, after expenses and claims payments, to benefit the UNISON Pension Scheme.

The Board has throughout the process ensured that the two regulators, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), were kept fully informed.

As explained in the Strategic Report below, in December 2024 there was a development which has impacted the Society's ability to be placed into liquidation in late 2025. The revised liquidation timing will now be in 2030.

Financial and solvency position

The Society continues to report on a closed book basis.

For the year ending 31st December 2024, post tax profits for the year were c. £0.5m, (2023: loss £3.3m). This was ahead of the projected losses for the year. Closing net assets on a GAAP basis were £8.3m (2023: £7.9m).

The solvency cover over minimum capital requirement (MCR) at year end was 175% (2023: 208%) and solvency cover over SII solvency capital requirement (SCR) was 740% (2023: 321%). The Society's SII calculated SCR is well below MCR, therefore the Society's capital is measured against MCR.

The Board's target appetite is shown below and the solvency cover is well in excess of target appetite.

The Greater Of	Green	Amber	Red
SCR plus Closure Risk	>100% + £1.5m	80-100% + £1.5m	<80% + £1.5m
MCR	>100%	90-100%	<90%

Should the estimates made for the claims and the SII run-off provision hold true, the SII net assets position for the Society should remain broadly static throughout the run-off period.

Governance arrangements

There were no changes to our governance arrangements in 2024. The Society's Board continues to maintain two subcommittees being the Audit and Risk Committee and the Nominations and Remuneration Committee.

The Board has delegated execution of the Society's strategy to the Chief Executive Officer (CEO). The CEO is assisted in the performance of their duties by a small Executive Team.

Board composition

It is with deep sadness that we report there has been a change in Board composition during 2024. Our CEO, Jon Goodchild, passed away in a tragic accident on 6 December 2024. We would like acknowledge Jon's massive contribution to the Society and send our condolences to his family.

The CEO duties have now passed to the existing CFO in line with our succession and business continuity plans. There have been no other changes to the Board composition during 2024.

Our colleagues and members

I would like to thank all of our colleagues who have continued to work tirelessly to serve former members of the Society, and who are continuing to seek closure on complex claims. This focus on positive customer outcomes echoes the Society's focus over many years.

Many of our former colleagues continue to serve our former members in their new roles in the Davies Group and we thank them and the Davies Group for their continued support throughout the closure process.

Kathryn Morgan
Chair of the Board
16th May 2024

Strategic Report

The Directors present their Strategic Report for the year ending 31 December 2024.

Society purpose and future developments

As detailed in the Chairperson's statement, our aim is to ensure an orderly run-off of the Society on a solvent basis, with cover and protection provided to former policy holders throughout this period. As the business runs off and there is more certainty about the final cost of claims, we plan to use any surplus as an additional contribution to the DB scheme. This was agreed as a condition of the Flexible Apportionment Agreement.

During 2024, work continued towards our aim, to close all claims and facilitate the orderly winding down of the Society's operations. The Board had anticipated that the Society would be placed into liquidation during late 2025. This timing was dependent on settlement of all claims and obtaining a non-objection decision from the regulator in relation to a strategy to place a specific contingent liability with another insurer. In December 2024, the regulator advised that this non-objection would not be granted and as a result, the Society will continue in existence until 2030.

This will not impact the Society's ability to wind down in a solvent and orderly manner, however, the Board have now revised its forecast and extended the closure strategy for this new development.

Ancillaries

In addition to its core household insurance products, up until 15 July 2022, the Society also underwrote Home Emergency Assistance business, Before The Event (BTE) and After the Event (ATE) Legal Expenses insurance. All cover has now expired.

Scheme of Operations (SOO)

The FCA and PRA requires a comprehensive plan to be in place for firms, such as the Society, that enter into run-off. Performance is measured against the plan and the plans updated periodically. An updated SOO was submitted to the regulators in quarter 2 of 2024. The financial forecast has been updated for the strategic change for liquidation in 2030.

Business model and strategy

As the business is in runoff, the operational and financial activity is outsourced to Davies Group on a basis that ensures costs decline alongside the reduced activity.

Our results for the year ending 31 December 2024 are set out on pages 34 to 36 and the balance sheet position at the year-end is set out on pages 37 to 39.

Membership of the Society in 2024 decreased and the total membership is now 4 (2023: 5), all of which are the directors of the Society.

2024 saw the Society make a profit of £0.5m (2023: loss £3.3m).

In line with the profit for the year, the retained profit increased to £8.3m (2023: £7.9m).

We also make use of alternative performance measures as detailed in the Glossary at the end of these financial statements.

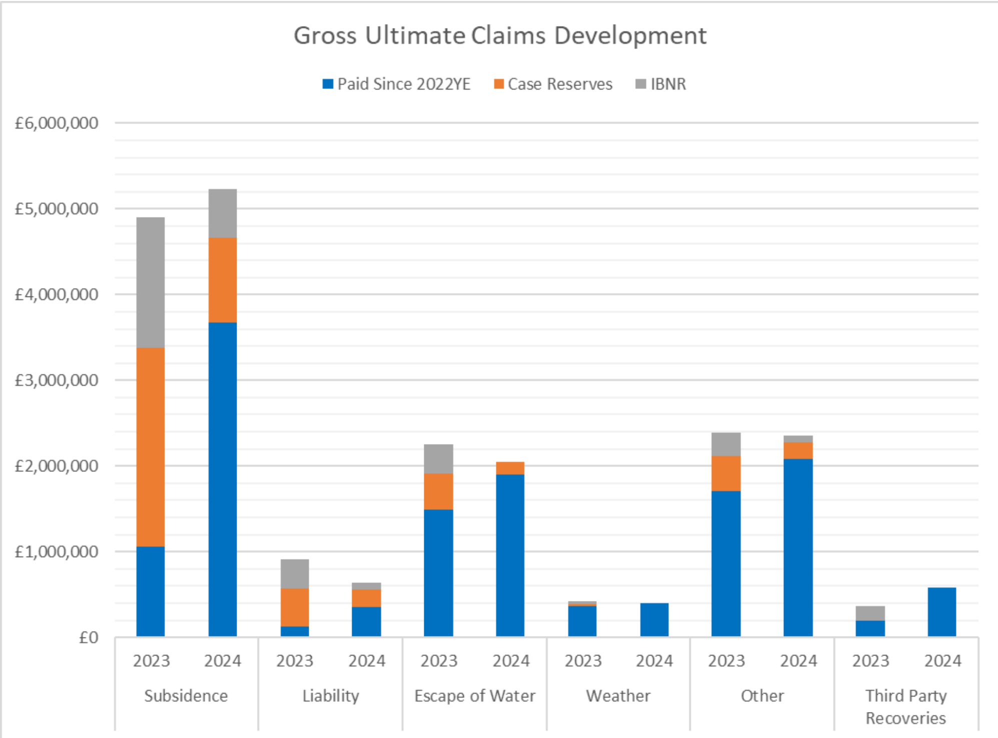
Staff Impact

1 (2023: 2) full time staff member remains to ensure the Society's remaining activities (such as claims handling carried out by Davies Group Limited) are managed as effectively as possible. They are supported by an expert team of advisors and the Board, sized to best meet the needs of a business in run-off.

The five steps outlined in the Chairperson's Statement (pages 2 and 3) clearly define the future of the Society and what it means to members.

Now that the Society has progressed further into run-off, many historical KPIs used to measure performance are now obsolete. We have previously provided comparisons of our household loss ratios by major peril, however as the Society is no longer in receipt of premiums, a more appropriate measure of progress and performance is gross ultimate claims development.

The chart below shows the breakdown of gross ultimate household claims by major peril and third-party recoveries for 2024 compared with 2023:



Gross ultimate claims is represented by the sum of total payments made, plus any open reserves including IBNR (incurred but not reported) for each respective year end. Paid amounts for 2024 deliberately include 2023 payments to allow the years to be compared as reserves convert to payments.

As of 2024 year end, 'Weather' is now considered to be at ultimate, represented by its 100% payments status as there are no outstanding reserves or IBNR. All other perils have made strong progress towards ultimate as the proportion of outstanding reserves and IBNR reduces compared with cumulative payments made, which has been limited to 2022 year end in the chart for a meaningful scale to visualise changes between 2023 and 2024.

Overall, ultimates have decreased in 2024 with an increase in 'Subsidence', decrease in 'Escape of Water' and 'Liability', and remained materially unchanged for 'Weather' and 'Other'. It is worth noting however that much of the increase in subsidence was directly countered by additional third-party recoveries.

UIA (Insurance) Limited

Strategic Report (continued)

Key conduct indicators

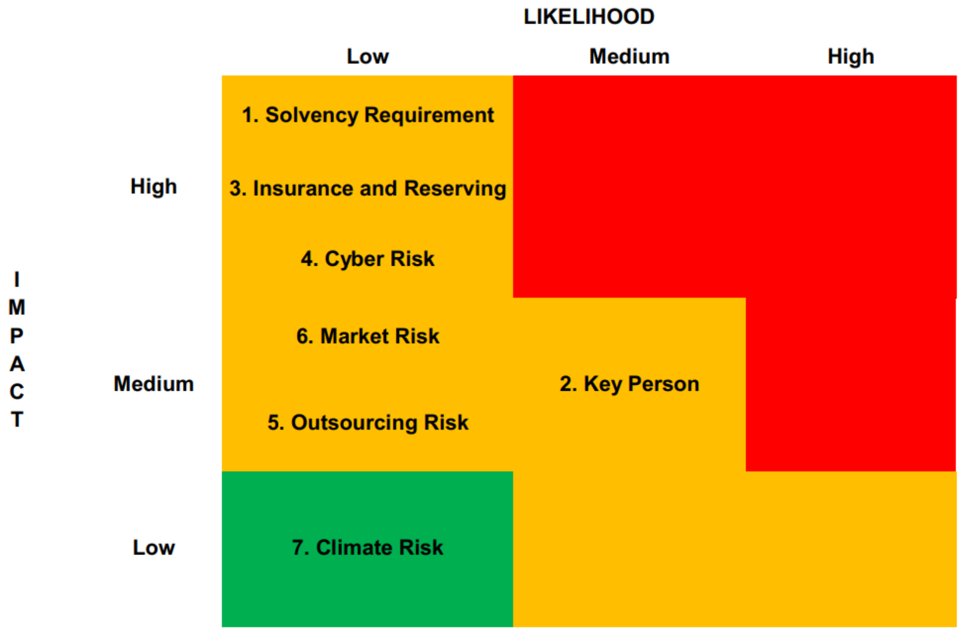
The service level agreement between UIA (Insurance) Ltd and Davies Group is positioned in line with the industry standards and client/claim requirements. These typically are standard but allow for agility when reviewing differing correspondence types to ensure impactful correspondence (where the claim will be moved along, or service delivered to the customer) is reviewed and actioned within suitable time frames. One of the ways in which UIA differentiates itself as a mutual is to display those attributes that a customer-centric organisation has at its heart. Those attributes of fairness, trust and community mindedness coupled with a high level of customer service, remain key to what we do. The claims continue to be managed to the standards expected with services levels and complaints also in line with expected service standards.

Executive pay

Executive pay is reviewed and kept in line with inflation.

Principal risks and uncertainties

Our heat map of principal risks and uncertainties facing the business is shown below:



Principal risks and uncertainties

Risk Number	Risk heading	Risk description	Controls and actions
1	Solvency Requirements Risk and Orderly Run-Off	During 2024, as anticipated, the SCR continued to reduce as technical provisions reduce and we move closer to closure. The MCR is now higher than SCR and the relevant capital requirement to measure against. The risk is that we are unable to maintain an orderly and timely run-off; meeting our regulatory and legislative requirements.	A detailed Scheme of Operations, demonstrating our run-off plan, is actively reviewed. This plan includes full costs of closing the business. The Board risk appetite requires coverage of SCR plus £1.5m to cover the risk of operating the business to the end of all legal liability. The Board risk appetite is regularly reviewed and is due to be reviewed again in 2025, following the December 2024 decision that the Society will remain open until 2030. This risk is managed through regular governance and review of performance, costs and service levels. This demonstrates the Society remains in a position to meet all future liabilities and return any surplus to the UNISON pension fund. Formalised forums continued to monitor our performance against the Scheme of Operations during 2024. As referred to above in the Chairperson's report, solvency cover over MCR as at 31st December 2024 has decreased to 175% (2023: 208%). This was mainly due to increased costs anticipated in relation to the Society remaining open until 2030. MCR now far exceeds the SCR and is our biting capital requirement.
2	Key Person Risk	Following the outsourcing of run-off activities to Davies Group, there is one permanent employee remaining at the Society.	Following the appointment of Davies Group as outsourcer/third party administrator in 2022, UIA's Key Person risk reduced significantly. This risk increased at the end of 2024 following the death of UIA's CEO, Jon Goodchild. In line with our contingency plans, Caroline Gilchrist Estella, existing CFO, assumed the responsibilities and duties of the CEO on 6 December 2024. To ensure that the Society is able to minimise any future risks, contingency and approved person plans are in place and regularly reviewed. External expertise are utilised and called upon where necessary to support.
3	Insurance and Reserving Risk	UIA's business was to accept insurance risk which was appropriate to enable the business to meet its objectives. Reserving risk is associated with insurance risk and it occurs when claims provisions make insufficient allowance for claims, claims handling expenses and reinsurance bad debt provisions. The risk is that the Society does not make sufficient provision for exposures which could affect UIA's earnings and capital.	Now that the numbers of claims are significantly reduced, each case has an action plan for settlement and progress against this is closely monitored. Incurred but not reported claims reserves are uncertain and likely to be dominated by individual claims final settlements. This risk has reduced throughout 2024 as claims close and we move closer to closure. As we move into 2025 and claims continue to close, our exposure to uncertainty reduces and this risk reduces further. In order to determine claims provisions, since Q3 2024, the actuarial team uses an individual review of each claim to monitor outstanding reserves. Future inflationary increases are considered in the general reserve loadings. The Board review the reserving position at least quarterly.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Risk Number	Risk Heading	Risk description	Controls and actions
5	Outsourcing risk to deliver UIA services during run-off	Davies are responsible for the daily duties completed by IT, Finance, Compliance and Claims departments.	Regular formal meetings are held with Davies to ensure compliance with the Agreement, and this is managed by UIA's executive group, Audit and Risk Committee and Board. Now we are no longer on risk and the number of claims falls below 50, there is little residual risk remaining.
6	Market Risk	Market risk is the risk arising from fluctuations in the values of, or income from, the Society's assets due to fluctuations in equities, interest rates, and/or exchange rates.	Market risk is managed through our assets being diversified. Our short-term investments ensure we can access funds as and when needed, and regular meetings are held with the Society's investment fund manager.
7	Climate Change Risk	The risk is that climate change significantly increases the risk of natural disasters such as flooding and windstorm events in the UK.	As an insurer of property, we are exposed to changes in climate that lead to increased windstorms or flooding events. Climate change is slow and affects all insurers. This risk has been further mitigated in 2024 as all policies expired in 2023 and exposure to climate change risk through UIA's policyholders is known. We have projected adequate reserves to pay claims during run-off and our investments are short term.

Changes to principal risks

Our principal risks have remained the same to the previous year. Many of our risks have reduced in likelihood as we have progressed further into orderly run-off, and the nature of our risks remain largely short-term. The Society has one remaining contingent risk of a longer duration which will not be extinguished until 2030. The Society has historically never had a claim under this risk category. Each year the Society's exposure to the risk and a claim reduces.

Reinsurance arrangements

Excess of loss reinsurance was in place until 15 July 2023 when the last household policy expired. In addition, about 1% of our live policies were ceded to Flood Re whilst on risk in 2023. The core arrangements for 2023 were in place from 1 January 2023. It was not possible to 100% place reinsurance across all layers as desired due to a hardening in the market and lack of appetite from Reinsurers due to Society's run-off status. However, the level of cover placed was approved by the Board as follows:

Property risk	70% placed
Catastrophe risk	90% placed
Liability risk	100% placed

The Board were satisfied that the level of retained risk on the layers not fully placed was acceptable. There have been no catastrophe events to report. The maximum impact of the 30% shortfall on property risk would be £525k in the case of two £1m gross claims and one £500k gross claim. Given that there have only been two claims over £500k in the last 15 years (both approximately £650k in size) and that £1m is larger than most policy limits, we consider this extremely unlikely. This is made even more remote by the reduced exposure over 2024. There have been no 2023 claims which utilise the reinsurance to date.

All other aspects of our reinsurance placement (e.g. credit rating of supporting reinsurers) remain in line with our Risk Appetite.

Section 172

Directors' duties include the duty of a director to promote the success of the Society for the benefit of its members as a whole, as covered in Section 172 of the Companies Act.

The reporting against the AFM Corporate Governance Principles has been included on page 12-14.

Throughout 2024, the Board continued to review and challenge how the Society can improve engagement with its stakeholders.

The Directors understand and accept that they must act in the way they consider, in good faith, would be most likely to promote the success of the Society for the benefit of its members as a whole, and its creditors, and in doing so have regard (amongst other matters) to:

• The likely consequences of any decision in the long term;
• The interests of the Society's employees;
• The need to foster the Society's business relationships with suppliers, customers and others;
• The impact of the Society's operations on the community and the environment;
• The desirability of the Society maintaining a reputation for high standards of business conduct; and significant stakeholders, and how they have been considered by the Board within the parameters of Section 172 of the Companies Act, are shown in the table on page 9.

Sustainability information statement - Climate Change

Looking at physical risks, the short-tailed nature of household insurance combined with the annually renewable nature of cover allowed the Society to respond swiftly to underlying climate change risks observed in experience. The Society purchased per risk and catastrophe reinsurance to protect against the potential impact of large weather and other catastrophic natural events.

With regard to transition risks, our investment managers, RLAM, incorporate environmental, social and corporate governance dimensions when considering asset purchases. They report regularly on such matters to our Executive.

Stakeholder	How Stakeholder interests are considered by the Board and the Society
Members of the Society	The Board of Directors are appointed by the members at the Annual General Meeting, at which all members are invited to attend and/or vote. Due to the Society's run-off status, all remaining members are now Directors of the Board. Previous policyholders with ongoing claims are still considered customers of the Society and are treated as stakeholders. Complaints and feedback are handled in line with Society and regulatory policy and fed back into the business for continued improvement.
Colleagues	UIA has outsourced its administration to Davies Group. Only one full time colleague is now employed by UIA. This colleague has full access to the Board and attends all Board meetings.
Regulatory authorities	UIA operates openly and honestly with the regulatory authorities, appropriately communicating all matters that need to be reported. Regulatory submissions are made to appropriate deadlines, with review, recommendation and approval made through the relevant Board, Committee or working parties, with decisions and approvals tracked and minuted. The UIA Board takes into account regulatory requirements and expectations when undertaking decision making for the Society. All colleagues understand and adhere to the Conduct Rules, and colleagues that fall under the SMCR regime are appropriately registered and reviewed. Two regulators, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), are kept fully informed.
Pension Fund	The terms of the FAA, signed on 13th September 2022, mean that any remaining assets at the end of the Society's run-off, following any payments due to remaining creditors, will be contributed to the UNISON pension fund. UIA aims to return as much capital to the fund as possible, diligently managing expenses and claims. Financial forecasts are approved by the Board and the Board receive regular expense analysis from the management team. This is also shared with UNISON and pension trustees who are invited to attend UIA Board meetings
Suppliers	UIA undertakes appropriate due diligence and contract reviews for suppliers. MI is regularly received from suppliers and discussed with them at periodic meetings. Suppliers are reviewed at appropriate intervals to ensure that the supplier is the best fit for the Society and our members. Full third-party oversight including service levels and regular review meetings are in place for the two main suppliers, Davies Group and RLAM.

Caroline Gilchrist Estella
Director
16th May 2024

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2024.

Strategic Report

The principal activity of the Society was underwriting household insurance business which ceased on 15 July 2023. The principal activity now is the settlement of claims in a solvent run-off. A review of the year is contained within the strategic report. Our exposure to risk is covered in the Strategic Report in the section on principal risks and uncertainties on pages 6-8.

Future developments

Details of future developments are contained within the Strategic Report.

Distribution

The Directors do not recommend the payment of a distribution for 2024 (2023: £0).

Directors

The following Directors held office throughout the year, except as noted below:

Chairperson

Kathryn Morgan

Executive directors

Jon Goodchild – Chief Executive Officer (deceased 6 December 2024)

Caroline Gilchrist Estella – Chief Financial Officer (from 6 December 2024 assumed responsibilities and duties of the Chief Executive Officer)

Non-executive directors

Bob Abberley

Neil Southworth

Charitable donations

During the year we made no charitable donations (2023: £30).

Statement as to disclosure of information to auditor

The Directors that held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Society's auditors are unaware, and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

Appointment of Auditors

The Board is satisfied that BDO LLP continue to offer best value and as a result, a resolution to appoint BDO LLP as Statutory Auditors will be proposed at the forthcoming Annual General Meeting. BDO LLP is entirely independent of the Society and no member of the Board has a business relationship with BDO LLP.

By order of the Board

Caroline Gilchrist Estella
Director
16th May 2024

Corporate Governance Report

The Directors present their corporate governance report. A brief biography of each of the Directors is given below:

The Board of Directors

Kathryn Morgan
Non-Executive Director – Independent

Kathryn joined the Board in July 2021 and was appointed Chair of the Board in September 2022. Kathryn is a Fellow of the Institute of Actuaries and a Chartered Enterprise Risk Actuary. She has worked at a senior level at the Prudential Regulation Authority and the Gibraltar Financial Services Commission. Kathryn is currently a non-executive director at STM/London and Colonial Life, NorthStandard P&I Club and Marshmallow Insurance, where she also chairs the Audit Committees.

Jon Goodchild
Chief Executive Officer

Jon had extensive experience within Financial Services, Legal and Insurance sectors and has specific skills in the delivery of complex change programmes. Prior to joining UIA, Jon operated as Chair of a Law Firm and a business consultant to Insurers and Insurance Brokers. Jon previously completed senior roles within Retail Banking and holds an MBA. Jon was the Chief Commercial Officer for two years at UIA prior to becoming CEO and held this role until his death on 6 December 2024.

Caroline Gilchrist Estella
Chief Financial Officer

Caroline joined the Board in December 2022 and is a Fellow of the Association of Chartered Certified Accountants and a Chartered Insurer. She has worked in the insurance sector for over 20 years and has gained a wealth of experience working in insurance management consulting. Caroline assumed the responsibilities and duties of the Chief Executive Officer from 6 December 2024.

Bob Abberley
Non-Executive Director - Independent

Bob has been on the Board since June 2014. Bob was previously Assistant General Secretary for UNISON, with responsibilities ranging from inter-union relationships, industrial action strategies and pension governance. Bob is Chair of the Nominations and Remuneration Committee and the Senior Independent Non-Executive Director. Bob is a member of UNISON and was a UIA policyholder for over 15 years.

Neil Southworth
Non-Executive Director - Independent

Neil joined the Board in September 2022 and chairs the Audit and Risk Committee. He is also a non-executive director at Tradex Insurance Ltd and Soteria Insurance Limited. He chairs the Risk Committees for both. Neil worked for Royal Sun Alliance for 25 years in the UK and then joined the Coop Group involved in banking, life and general Insurance. He was the Chief Risk Officer of the Coop General Insurance business for 10 years where he transitioned the business into run-off before departing in 2022. Neil is a Fellow of the Institute of Actuaries and a Chartered Enterprise Risk Actuary.

Statement of compliance with the Association of Financial Mutuals Corporate Governance Principles

The Board supports the principles of good corporate governance and is committed to maintaining a high standard of compliance by adopting the Association of Financial Mutuals Corporate Governance Principles, in the best interests of its members.

The Board considers that throughout the year ended 31 December 2024, the Society has applied the relevant principles and complied with the relevant provisions of the Association of Financial Mutuals Corporate Governance Principles. This is evidenced below:

Principle	Applied	How UIA has evidenced
Principle one: Purpose and Leadership - An effective Board promotes the purpose of an organisation, and ensures that its values, strategy and culture align with that purpose.	✓	• Through the leadership of the Board, a clear vision for the Society's purpose is articulated which underpins and defines the strategy and culture of the organisation and is embedded at every level. • UIA's purpose, goals, values and target behaviours were set, under the Board's direction, to guide the Society's strategy, decisions, processes and culture; ensuring that members, former members with ongoing claims, colleagues, and partners remain at the heart of all decisions made. • The Board works to promote long-term ethos of inclusion, diversity, community engagement, social responsibility, and environmental sustainability, whilst remaining focused on driving improvements through strategy, serving members, effective oversight, risk management, and complying with regulations.
Principle two: Board Composition - Effective Board composition requires an effective Chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a Board should be guided by the scale and complexity of the organisation.	✓	• The Society has in place a Charter, which sets out clear Governance processes, and documents the defined standing items for the Board and Committee meetings. The Board and Committees have agreed terms of reference, and delegated authorities. This allows for both independent challenge and transparency in the Board decision making process. • The Board is supported through the Executive Group who have appropriate delegated authority, decision tracking and MI. • UIA has a separate Chairperson and Chief Executive to ensure that the balance of responsibilities, accountabilities and decision making across the Society is effectively maintained. The Chairperson is supported by a Senior Independent Director. The Chairperson was assessed as Independent on appointment, and all Board Level decisions are appropriately tracked, with no individual having undue influence on the decisions or decision-making process.
Principle three: Director Responsibilities - The Board and individual Directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.	✓	• Board appointments have been made with care and to ensure that its membership includes the right and appropriate levels of skills and experience to address the challenges of the business and protect the interests of the colleagues, members, former members with ongoing claims, partners, and the wider community. • Each Board Member, Director, and approved individual, has a clear understanding of their accountability and responsibilities. These are documented within the UIA Charter and reviewed as appropriate. • The Board tracks its appropriate governance, Board reserved powers, and delegated authority, through the Society's governance documents and policies, to allow them to undertake their work with due care, aligned to achieving the Society's vision. The governance framework in place within UIA supports open and fair business, ensuring that the Society has the right safeguards in place and ensures that the key decisions it takes are underpinned by the right considerations. • Certain governance responsibilities are delegated to the Board Committees. These Committees include both Independent Non-Executive Directors and Executive Directors and support effective decision making and challenge. • The Board receives regular and timely information on all key aspects of the business, through MI and regular communication from the business on key issues and areas of highlight.

Corporate Governance Report (continued)

Principle	Applied	How UIA has evidenced this
Principle Four: Opportunities and Risk - A Board should promote the long-term sustainable success of the organisation by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks	✓	• The long-term sustainable success of the Society is to ensure the solvent run-off of its insurance operations, paying claims and servicing our former members to finality. • The Society has an established internal control framework, and clearly drafted roles and responsibilities for the Board and Committees. • The Board has the overall responsibility of strategic decision-making and risk management, and this is managed through the Audit and Risk Committee at a Board level. Principal operational risks have been identified across the Society with robust reporting to the Board to address these. These are articulated in the annual report.
Principle Five: Remuneration - A Board should promote Executive remuneration structures aligned to the long-term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.	✓	• The Society's remuneration policy is set out and monitored by its Nominations and Remuneration Committee. Remuneration is set with the objective of the Society's Scheme of Operations.
Principle Six: Stakeholder Relationships and Engagement - Directors should foster effective stakeholder relationships aligned to the organisation's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	✓	• The Board is clear that good governance and effective communication are essential on a day-to-day basis to deliver the purpose and to best serve the members, former members with ongoing claims, colleagues, and entire stakeholder community. • The Society holds an Annual General Meeting. Members vote on issues such as Executive and Non-Executive elections and re-elections, approval of the Financial Statements and Accounts, remuneration, and reappointment of the Auditors.

Role of the Board

The role of the Board is to set and manage the strategy for the Society in a manner that upholds the vision of the organisation and to deliver the maximum value to the Society for the benefit of its members and former members with ongoing claims, whilst complying with the relevant regulatory requirements, and that the Society meets the rules and has the highest corporate governance standards.

The Board usually has four regular formal meetings in a year, but other meetings are convened as required to allow the Board to review the Society's strategy and to agree the plans and budget for the forthcoming year. In 2024, the Board conducted the majority of its meetings online.

Board's reserved powers

The Statement of the Board's Reserved Powers is set out in the Society's Charter and relates in the main to factors affecting the strategy of the Society, while day-to-day decisions are delegated to Executive Directors. These powers are set out below.

The Board reserves itself to decisions that determine:

- The prosperity, viability, security and reputation of the Society;
- Policies governing the way the Society is perceived and treats others;
- Relations with stakeholders;
- Policies covering material financial matters and commitments, statutory obligations, compliance, probity and ethical matters;
- Matters concerning the Board and senior management; and
- Delegated authority levels.

Insurance

The Society has a Directors' and Officers' insurance policy covering potential legal actions against the Directors arising in the performance of their duties with an aggregate limit of £5 million.

Chairperson and Chief Executive Officer (CEO)

The roles of Chairperson and CEO remained separate throughout the year and their respective responsibilities have been agreed by the Board. The Chairperson's main responsibility is to lead and manage the work of the Board, to ensure it operates effectively, fully managing its responsibilities and ensuring the effective engagement and contribution of all Directors. The Chairperson encourages and promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular and ensuring constructive relations between Executive and Non-Executive Directors. Responsibility for the day-to-day management of UIA is delegated to the CEO, supported during 2024 by the Chief Financial Officer (who assumed the responsibilities and duties of the CEO from 6 December 2024), Chief Risk Officer and external advisors.

Non-executive Directors

During 2024, and as at the date of signing these financial statements, the Society has three Non-executive Directors, including the Chairperson, who fall within the definition of "independent" as outlined in the AFM Corporate Governance Principles.

The Board believes that it functions effectively and efficiently and provides a balance of skills and experience, manages conflicts of interest and allows changes in composition without undue disruption. It also believes that it was able to provide leadership and give direction without any imbalance that may have allowed one individual or group to dominate decision-making.

The Board regularly reviews its own balance, diversity, and effectiveness to meet the Society's requirements and business strategy.

The Board has appointed a Senior Independent Director to provide an alternative point of contact to the Chairperson, and Executive Directors, for members who have concerns that cannot be addressed through the normal channels. The Senior Independent Director also leads the appraisal of the Chairperson.

Board appointments and re-election

All Board appointments are subject to a rigorous process instigated by the Nominations and Remuneration Committee and ratified by the Board.

All Non-Executive Directors receive a full, formal and tailored induction on joining the Board.

All Directors are subject to election by the members at the Annual General Meeting following their appointment. They are required to seek re-election every three years following their first election. Before being appointed as a new Director, an individual is required to provide details of their current other commitments for review to ensure that they can carry out their role effectively and efficiently. In addition, all Directors are required to be notified to the Prudential Regulation Authority and Financial Conduct Authority, with roles, such as the Chairperson and certain Committee Chairs, requiring prior approval before they can operate in role.

Board performance evaluation and training

Members of the Board have participated in in-house training activities covering business, regulatory and compliance matters.

Information and support

All Directors are authorised to seek, at the Society's expense, appropriate professional advice which enables proper discharge of their collective responsibilities.

Duty to prepare accounts

The Directors acknowledge their responsibilities for preparing accounts and a full statement of Directors' Responsibilities is set out on page 24. These narrative statements, together with the Society's Statement of Profit and Loss, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and notes to the accounts, provide relevant and proportionate detail to our members in order for them to assess business performance and business strategy. The Directors also consider that this annual report and accounts together, taken as a whole, represent a fair, balanced and understandable view of the business at the present time and provides the information necessary for a proper assessment of the performance of the Society.

Going concern

The Strategic Report as outlined on page 4 provides an overview of business performance, together with the Society's key performance indicators in respect of the year ended 31 December 2024. The Strategic Report also provides details on the Directors' assessment of the major risks and uncertainties facing the business in the future.

We have adopted the going concern basis in respect of the preparation of the financial statements for the year ended 31 December 2024. The Society has adequate financial resources to meet liabilities as they fall due. Given the main trading activity of an insurer is the settlement of claims, whilst the Society is in run-off it is still undertaking this activity and for these purposes can be considered a going concern.

Net assets are £8.3m (2023: £7.9m). The solvency cover over MCR at year end was 175% (2023: 208%) and coverage over SCR was 740% (2023: 321%). As noted in last year's Chairperson's report, the Society's SII calculated SCR was expected to reduce below MCR and it did, therefore the Society's capital is now measured against MCR.

The Society has sufficient financial resources to meet its obligations as they fall due. The Society has enough resources to continue to operate over the next twelve months.

The Board has and continues to review the financial status of the Society monthly, including projections over the next twelve months and to anticipated finalisation of the run-off.

Due to the nature of our lines of business, we do not anticipate any significant exposure to insurance risk from climate change. As claims are paid and the Society winds down, our exposure to the risk of climate change will reduce and become negligible.

Risk management and internal controls

The Society is committed to high standards of risk management and internal control. The Board is accountable to the members of the Society, and former members with ongoing claims, for ensuring that an appropriate system of internal control is maintained, and for reviewing its effectiveness. Taking account of the limitations in any system of control, the system is designed to limit rather than eliminate the risk of failure and, as such, can only provide reasonable but not absolute assurance against material misstatement or loss.

During 2024, and up to the date of approval of the annual report, the Society has operated a system of internal control which provides reasonable assurance of effective and efficient operations covering all controls including financial and operational controls, and compliance with laws and regulations.

Processes are in place for identifying, evaluating and managing on an ongoing basis, through the systems of risk management and internal controls, the risks facing the Society. The processes include:

- Board discussion and approval of the Society's strategic objectives and plans, and the risks to achieving them;
- Board review of performance and approval of budgets;
- Regular reviews by management of the risks to achieving objectives and actions being taken to mitigate them;
- Regular management reviews with Davies Group, including governance and review of performance, claims, costs and service levels;
- Review by the Audit and Risk Committee of any incidents of fraud, suspected fraud, material error or misstatement, and the controls in place to protect the Society against these risks;
- Regular reviews by the Audit and Risk Committee of the scope and results of internal audit and compliance work, and of the implementation of recommendations;
- The Audit and Risk Committee reviews the scope of work undertaken by the external auditors and any significant issues arising from them;
- The Audit and Risk Committee reviews investment and capital management policies; and
- The Audit and Risk Committee and the Board consider the key risks facing the Society, as documented in the risk register and of the effectiveness of the controls in place to mitigate their impacts.

The internal control system is monitored and supported by the Internal Audit function that reports to the Audit and Risk Committee on the Society's operations. During 2024, the information received and considered by the Audit and Risk Committee provided appropriate assurance about the control environment.

The Board has put in place an organisational structure with formally defined roles and responsibilities. Operational responsibility rests with the CEO and devolves through the Executive structure with clearly defined levels of authority. There are established procedures for planning, approval of capital expenditure, information and reporting systems, and for monitoring the Society's business and performance. These include:

- A governance framework including terms of reference for the Board and its Committees;
- A clear organisational structure;
- Documented apportionment of responsibilities across the Society;
- Processes for assessing the adequacy and effectiveness of internal controls and for ensuring that these remain appropriate to the scale and complexity of activities;
- Detailed financial controls to safeguard assets from inappropriate use or loss;
- Monthly monitoring of key performance indicators against plans for the year;
- Detailed framework of operating policies and procedures, including risk management and control standards;
- Recruitment policies to select employees of the necessary calibre and experience to fulfil their responsibilities;
- Appropriate handover procedures;
- Conduct Rule training and awareness;
- Clear roles and accountabilities with regular performance reviews; and
- A whistle blowing procedure to enable staff to raise concerns in confidence.

The Board actively encourages a culture of continuous improvement to ensure systems of control are maintained.

As part of this process, managers of the operational areas and of each major project are required to identify the risks, the probability of their occurrence, the impact if they occur and the actions being taken to manage these probabilities and impacts to the desired level.

Managers are required to monitor and report on the key risks in their areas, highlighting whether these are stable, increasing or decreasing, as well as maintaining a risk log providing details of significant incidents and loss events. A consolidated report is submitted to the Audit and Risk Committee each quarter, providing an analysis of risks reported in the period, together with all significant changes to the Society Risk Register.

The Board confirms that there has been in place for the year under review an ongoing process for identifying, evaluating and managing the risks faced by the Society that are significant to the achievement of its business objectives.

In light of the above, the Board has made an assessment of the effectiveness of its system of governance, risk management and internal control and concluded that it is appropriate for its size and complexity and no significant weaknesses have been identified.

We present our principal risks and uncertainties within our strategic report and our exposures to credit, liquidity and cash-flow in Note 4 to the Reports and Accounts.

Internal Audit Function

During the year under review, our internal audit function remained outsourced to RSM.

Internal audit reviews are scheduled using a risk-based approach. The risk-based approach concentrates on those areas that are considered higher risk, derived from the Society's risk register, through discussions with senior management and the Chair of the Audit and Risk Committee, and through the Internal Auditor's own independent assessment. The Internal audit function reports directly to the Chair of the Audit and Risk Committee.

Annual General Meeting (AGM)

The 2024 AGM was held on 16 July 2024. and the resolutions voted on are below:

To receive the annual report of the Board, the auditors' report and the audited financial statements for the year ended 31 December 2023	100
To approve the remuneration report for the year ended 31 December 2023	100
To re-appoint BDO LLP as auditors of the Society, to hold office until the conclusion of the next annual general meeting, and to agree that their remuneration will be determined by the Board	100
To re-elect Bob Abberley	100

Regulation

The Board is very mindful of the expectations of its two regulators, the PRA and the FCA. It fosters and maintains a culture of regulatory awareness and openness throughout the Society and is committed to operating all aspects of the business in a compliant fashion.

Complaints Policy

We aim to deliver a high standard of service to our current and former members. If any member believes that we have failed in this aim, they have recourse to our complaints procedures. We have documented procedures for the handling and recording of complaints. We deal with all complaints with due care, ensuring that they are thoroughly investigated. The Audit and Risk Committee regularly reviews the number and type of complaints received in order to monitor that complaints are properly dealt with and corrective action is taken to prevent recurrence. Senior management deals with serious complaints. In the unlikely event that a complaint cannot be resolved to the complainant's satisfaction, they will be made aware of the option to appeal to the Financial Ombudsman Service.

Board Committees

The Board has established Committees to deal with certain functions in detail. The Terms of Reference of the Committees are detailed in the Board Charter. Details of the Board Committees are as follows:

Attendance of Directors at 2024 Board and Committee meetings

Director	Board Meetings attended	Audit & Risk Committee Meetings attended	Nominations and Remuneration Committee Meetings attended
Bob Abberley	5 (5)	5 (5)	1 (1)
Kathryn Morgan	5 (5)	5 (5)	1 (1)
Jon Goodchild	4 (4)	4 (4)	1 (1)
Neil Southworth	5 (5)	5 (5)	1 (1)
Caroline Gilchrist Estella	5 (5)	5 (5)	1 (1)

The number in brackets represents the number of meetings that the Director was eligible to attend during the year.
The Chair of the Board is Kathryn Morgan, and the Chair of the Audit and Risk Committee is Neil Southworth. The Chair of the Nominations and Remunerations Committee is Bob Abberley.

Following Jon Goodchild's death on 6 December 2024, Caroline Gilchrist Estella assumed the responsibilities and duties of the CEO. There were no other changes to Directors in the year.

Colleagues from the Unison Pension fund and Unison attend the board meetings as observers.

Audit and Risk Committee

The Audit and Risk Committee presents a separate report on page 20.

The Audit and Risk Committee met five times in 2024.

Nominations and Remuneration Committee

Following Jon Goodchild's death on 6 December 2024, Caroline Gilchrist Estella assumed the responsibilities and duties of the CEO in line with our contingency plans. There were no other changes to the Board, Directors or UIA staff in 2024.

The Remuneration Committee met once in 2024, and additional matters were raised and decisions made as necessary with the Board.

The responsibilities of the Committee include reviewing the Board's structure, size and composition, selecting and proposing to the Board suitable candidates for appointment as Directors, and succession planning. The Committee considers the balance of skills, knowledge, experience, length of service, independence, diversity, gender, potential conflicts of interest and time commitment for all Directors.

The Committee determines the remuneration policy and individual remuneration packages for Directors. It reviews and approves changes to their annual salaries, performance award arrangements, fees, service contracts and other employment conditions.

By order of the Board

Caroline Gilchrist Estella
Director
16th May 2024

Audit and Risk Committee Report

Membership

This Committee assists the Board in discharging its responsibilities for the integrity of the financial statements and for ensuring the effectiveness of systems of internal control. It also assists the Board in providing leadership, direction and oversight with regard to the Society's governance and regulatory policies and procedures, including those relating to compliance, financial malpractice and internal non-financial controls.

All members of the Committee are Non-Executive Directors and two members of the Committee have recent and relevant financial experience with specific household general insurance experience.

The Committee met 5 times during 2024. The Committee invited a number of attendees to its meetings during the year, including the CEO, the Chief Financial Officer, the Chief Risk Officer, the Chief Actuary, the Head of Compliance, the external and internal auditors, the Chair of the Board and members of senior management.

Activity

The Committee is authorised to investigate any activity within its terms of reference. It monitors the integrity of the financial statements of the Society, reviewing the significant reporting judgements, in particular going concern, the adequacy of insurance technical provisions and the calculation contained in the accounts. It reviews the Society's internal financial controls and the internal control and risk management systems.

The Committee assists the Board in establishing, monitoring and amending the effectiveness and appropriateness of the Society's risk management strategy and policies. At least once a year the Committee reviews the Risk Appetite and reports to the Board any recommendations including assessing the appropriateness of the corporate plan in the context of Risk Appetite. Each quarter it reviews the Risk Register to ensure that all material risks are included and assessed in accordance with the Risk Appetite and to ensure that for each risk, a set of risk management processes and measures are in place to mitigate or minimise the impact of the risk identified. It reports to the Board any actions arising from the review of the Risk Register to be incorporated in the financial and operational plans as appropriate.

It reviews the Own Risk and Solvency Assessment (ORSA) policy and the ORSA itself, including having an input into the choice of stresses and scenarios that are considered as part of the ORSA and the appropriateness of the Standard Formula for the purposes of setting the Solvency Capital Requirement (SCR). The Committee encourages a culture of risk awareness throughout the Society. It provides advice on aspects of risk on request from the Board.

The Committee reports to the Board the outcome of each meeting and ensures that all members of the Board are fully aware of the output of the work of the Committee and the sensitivities or risks associated with the recommendations of the Committee.

Significant issues considered by the Committee

The issues the Committee considered during the year under review included:

- An assessment of the significant estimates and judgements used by the Directors in preparing the SOO and any updates and financial statements including the technical provisions, the assumption of going concern (in particular, the implications of entering run-off as detailed on pages 4-5).
- There is no requirement for the Solvency and Financial Condition Report (SFCR) to be audited, as the Society has utilised an exemption from the requirement to have the SFCR audited which applies to smaller insurance firms. The committee has supported the Board in the review of the Scheme of Operations and any updates submitted to the PRA.
- The changes to Governance and the risk management framework, risk appetite policies and controls in light of the major outsourcing and progressing through into run-off.
- Review and recommend for approval the Scheme of Operations updates .
- The service provided by the external auditor.
- The internal audit plan, the main internal audit findings and progress throughout the year in addressing these findings.

Particularly the review of the governance of the major outsourcing and the data migration, both of which gave assurance.

- A quarterly review carried out on the technical provisions, and progress in refining the methodology used, especially in light of the progress of run-off and outsourcing of the claims processing with only 40 remaining claims.
- During the year the internal auditors carried out a review of the technical provisions and SCR calculations and reported a satisfactory conclusion that they were reasonable. They also reviewed expense management processes and confirmed substantial assurance.

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Internal audit

Over the course of the year, the Committee monitored and reviewed the effectiveness of the Society's internal audit function, reviewed and approved the approach for the following year and considered all material findings and recommendations raised in respect of specific audits. The Committee Chair updated the Board on key issues from the internal audits.

The Committee updated the internal audit plan as needed due to the outsourcing of all services.

In addition, the Committee reviewed the effectiveness of RSM, the internal audit service provider, and concluded that it played an effective and important role in the overall control framework.

External audit

Our external auditor, BDO, has continued to support the Society in the runoff and have audited these financial statements for us.

Neil Southworth
Chair of the Audit and Risk Committee
16th May 2024

Directors' Remuneration Report

Executive pay

The Board and Nomination and Remuneration Committee reviews Executive pay in line with the market, taking into considering the direction and objectives of the Society.

Remuneration policy for Executive directors

The policy is that the remuneration for Executive directors should reflect performance and risk management and enable the Society to attract, motivate, and retain suitably qualified individuals.

Pension

Salaried Executive directors are eligible to be members of a defined contribution scheme administered by a third party. Directors that elect to join the scheme pay contributions alongside the Society, and benefits are linked to the total level of contributions paid, the performance of each director's chosen investment fund and the form in which directors chose to take their benefits. A salaried director who does not join the scheme is eligible for a pension allowance. The Society provides a lump sum benefit of four times basic salary in the event of death in service to salaried Executive directors.

Other benefits

Salaried executive directors are provided with a car or receive a car allowance equivalent in value to the maximum permitted lease cost, plus insurance and servicing costs. The maximum permitted value varies with the role. In addition, salaried Executive directors are eligible to participate in the Society's Healthcare Cash plan arrangement which is run by Westfield Health.

All salaried Executive directors have contracts of employment incorporating their terms and conditions that are normally terminable by either party giving six months' notice.

	2024 Jon Goodchild £	2024 Caroline Gilchrist Estella £
Salary and Fees	207,195	-
Pension	15,915	-
Travel allowance	8,012	-
Other benefits	637	-
Contractor fees	-	160,050
Total 2024	**231,759**	**160,050**
Total 2023	**175,600**	**161,150**

Remuneration policy for Non-Executive Directors

Fees for Non-Executive Directors are reviewed annually by the Nominations and Remuneration Committee and Board with changes normally effective from 1 January. Fees are designed to recognise their responsibilities and were last reviewed using external parties in 2019. Subject to the approval of the Nominations and Remuneration committee, the policy is to increase base salaries at the same rate as the Society's colleagues. The last increases were applied in 2023 and there were no increases applied for 2024.

The policy is to allow discretion to accommodate the need to attract different skills, experience and knowledge. Fees comprise a basic annual fee, paid in monthly instalments. Fees are neither pensionable nor performance-related and Non-Executive Directors do not participate in any bonus schemes. Committee Chairs are paid an additional £3,225 in recognition of their additional responsibilities. If Non-Executive Directors and Chairs of Committee are appointed or resign during the year, then a pro-rata fee is applied.

	Salary and fees 2024	Salary and fees 2023
		£
Kathryn Morgan	**53,214**	52,004
Neil Southworth	**40,800**	39,469
Bob Abberley	**35,475**	35,475
Total	**128,158**	126,948

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. The Co-operative and Community Benefit Societies law, as modified by the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 (the Regulations) and the Companies Act 2006, require the Directors to prepare financial statements for each financial year. In accordance with the Regulations, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and FRS 103 “Insurance Contracts”. Under the Regulations the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society’s transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Regulations. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society’s website.

Caroline Gilchrist Estella
Director
16th May 2024

Independent auditor's report to the members of UIA (Insurance) Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Society's affairs as at 31 December 2024 and of the Society's profit for the year then ended;
- the Society's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Companies Act 2006, as applied to insurance undertakings by The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008.

We have audited the financial statements of UIA (Insurance) Limited (the 'Society') for the year ended 31 December 2024 which comprise the Statement of Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements other than those parts of Note 4.1 marked 'Unaudited', including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and Financial Reporting Standard 103 *Insurance Contracts* (United Kingdom Generally Accepted Accounting Practice), and in accordance with the provisions of the Co-operative and Community Benefit Societies Act 2014 and the Companies Act 2006 as applied to insurance undertakings by The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Members on 26 July 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 31 December 2021 to 31 December 2024. We remain independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Society.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting included:

- reviewing the Society's latest long term financial projections for the 12 months from when the financial statements are authorised for issue, and whether the methods for deriving the projections are appropriate;
- reviewing the outturn of previous forecasts and challenge of the Society's current plans and budgets through an assessment of 2024 forecasts against the audited 2024 results;
- assessing the Society's net asset position through reference of sufficiency of assets to meet expected liabilities;

- assessing the expected run-off duration produced by the Society for consistency with audit work performed, including our assessment of Technical Provisions and review of regulatory correspondence, board minutes and committee minutes;

- enquiring of the Directors and scrutinising management information, board minutes and regulatory correspondence to ascertain the existence of undisclosed events or obligations that may cast doubt on the Society's ability to continue as a going concern;

- obtaining and reviewing the Directors' assessment of the ability to continue as a going concern, including forecasts, assumptions, and future actions in relation to entering and continuing solvent run-off. We considered the appropriateness and validity of this information given the knowledge obtained during the course of our audit about the Society and transactions they have concluded; and

- considering the appropriateness of the disclosures made in the financial statements in respect of basis of preparation and subsequent events.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2024	2023
Key audit matters	Valuation of technical provisions gross claims incurred but not reported ("IBNR") and gross notified claim reserves	□	□
	Going concern		□
	Going concern is no longer considered to be a key audit matter for 2024 given the Society's strong net asset position and the certainty provided by the regulator during 2024 on the earliest possible closing date for the Society.		
Materiality	*Society financial statements as a whole* £172k (2023: £170k) based on 2% (2023: 2%) of Net Assets.		

An overview of the scope of our audit

Our Society audit was scoped by obtaining an understanding of the Society and its environment, the applicable financial reporting framework and the Society's system of internal control. We identified and assessed the risks of material misstatement in the financial statements. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the Society financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of technical provisions – gross claims incurred but not reported (“IBNR”) and gross notified claim reserves Refer to notes 2.13 - Insurance contracts, 3 - Critical accounting judgements and key sources of estimation uncertainty, and 21 – Technical provisions - Liabilities.	The financial statements include reserves for gross outstanding claims of £2,833k (2023: £7,403k) which includes IBNR of £1,052k (2023: £3,489k) and notified claim reserves of £1,781k (2023: £3,914k). The valuation of these technical provisions requires significant management estimation and judgement. The estimation of IBNR is generally subject to uncertainty and requires significant management judgement. The Society uses IBNR modelling to estimate the provision, which relies on: • Relevant claims data being input correctly into actuarial models; and • The application of appropriate actuarial techniques, judgements, and assumptions. Furthermore, notified claim reserves are inherently uncertain and rely on: • The expertise of the claims handlers; and • The correct and timely entry of claims information into the claims system. We have assessed this area as being of significant risk to the audit, and a key audit matter, due to the significance of these amounts in deriving the Society’s results and because of the degree of estimation and judgement underpinning the valuation, which can be highly subjective.	In our audit of the valuation of gross IBNR, we performed the following procedures in conjunction with our actuarial specialists: • We obtained an understanding of the end-to-end reserving process, and the relevant controls over the data, methodology and assumptions, models and outputs used in reserving. • We obtained and reviewed the actuarial reports prepared by the Society, and we evaluated and challenged the methodology, assumptions, and conclusions reached. • We considered the appropriateness of the methodology and assumptions by assessing the nature of the insurance contract liabilities to which the Society is exposed and the extent to which these have been run-off. • We reconciled the key inputs in the underlying data, including claims paid, notified claim reserves and incident date and peril, used in the Society’s valuation to audited balances to check the completeness and accuracy of the data used. In our audit of the valuation of gross notified claim reserves, we performed the following procedures: • We tested the full population of reserves held at year end by agreeing the reserve to supporting documentation and through discussions with and challenge of claims handlers. • We tested a sample of claim excess values by agreeing the excess to insurance contracts. • We agreed a sample of paid claims to the movement in notified case reserves to gain assurance over the accuracy of setting case reserves. **Key observations:** Based on our audit procedures performed we consider the judgements and assumptions made in the valuation of these technical provisions to be reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Society financial statements	
	2024 £'000	**2023 £'000**
Materiality	172	170
Basis for determining materiality	2% Net Assets	2% Net Assets
Rationale for the benchmark applied	Net assets are considered to reflect a key measure of the performance of an insurance company in run-off and is used to assess the overall financial strength of the Society and in assessing its ability to meet financial obligations.	
Performance materiality	129	128
Basis for determining performance materiality	We have assessed performance materiality as 75% of the overall materiality for the Society.	
Rationale for the percentage applied for performance materiality	In determining performance materiality, we considered the Society's control environment, the size and complexity of its operations and account balances and our previous experience on the engagement.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £3k (2023: £3k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements for the year ended 31 December 2024 of the Society other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other reporting requirements

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Co-operative and Community Benefit Societies Act 2014, the Companies Act 2006 as applied to insurance undertakings by The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008, and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 and the Companies Act 2006 as applied to insurance undertakings by The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Society or returns adequate for our audit have not been received from branches not visited by us; or • the Society financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibility Statement on page 24, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on our understanding of the Society and the industry in which it operates, discussion with management and those charged with governance and work performed to obtain and understand the Society's policies and procedures regarding compliance with laws and regulations, we consider the most significant laws and regulations with a direct effect on the financial statements to be the United Kingdom Accounting Standards including FRS 102 and FRS 103, the Co-operative and Community Benefit Societies Act 2014 and the Companies Act 2006 as applied to insurance undertakings by The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008.

The Society is regulated by the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA') and is subject to laws and regulations where the consequence of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to include the regulatory solvency requirements, Employment Rights Act 1996, Income Tax Act 2007 and the Health and Safety at Work Act 1974.

Our procedures in respect of the above included:

- review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with the PRA and FCA for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation;
- review of legal expenditure accounts to understand the nature of expenditure incurred;
- enquiry of management and those charged with governance to ascertain if there had been any actual or suspected non-compliance with laws and regulations;
- review of the Society's Own Risk and Solvency Assessment ('ORSA'); and
- review of the Society's breaches and complaints registers for any instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Society's policies and procedures relating to detecting and responding to the risks of fraud and internal controls established to mitigate risks related to fraud;
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team, including forensic specialists, as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- considering remuneration incentive schemes and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be, management override of controls and valuation of technical provisions (gross claims incurred but not reported ("IBNR") and gross notified claim reserves).

Our procedures in respect of the above included:

- remaining sceptical of and alert to the risk of management override of controls and fraud throughout all areas of the audit;
- we addressed the risk of management override of controls by testing a sample of journal entries throughout the year, which met a defined risk criterion, by agreeing to supporting documentation and making enquiries of management; and
- assessing significant estimates made by management for bias. Refer to the key audit matter section for procedures over the valuation of technical provisions (gross claims incurred but not reported ("IBNR") and gross notified claim reserves).

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to Society's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Rupert Livingstone
BA1570E593D7455...

Rupert Livingstone (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
19 May 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

UIA (Insurance) Limited

Statement Profit and Loss Account of the Society
For the year ended 31 December 2024

Technical account - General Business

	Notes	2024 £'000	2023 £'000
Earned premiums net of reinsurance			
Gross earned premiums	5(a)	**(1)**	1,980
Reinsurance premium ceded	5(a)	**91**	(419)
	6	**90**	1,561
Allocated investment return transferred from the non-technical account		**-**	-
Other technical income		**-**	-
Total technical income		**90**	1,561
Claims incurred net of reinsurance			
Gross insurance claims and claims settlement expenses	5(b)	**872**	(1,357)
Insurance claims and claims settlement expenses recoverable from reinsurers	5(b)	**348**	261
		1,220	(1,096)
Other Provision relating to cessation	22	**(465)**	1,764
Net operating expenses	7	**(2,038)**	(7,834)
Total technical charges		**(1,283)**	(7,166)
Balance on technical account for general business		**(1,193)**	(5,605)

Statement Profit and Loss Account of the Society (continued)
For the year ended 31 December 2024

Non-technical account

	Notes	2024 £'000	2023 £'000
Balance on the business technical account		**(1,193)**	(5,605)
Investment income	10	**249**	932
Unrealised gains on investments		**508**	78
Net investment expenses	10	**-**	(1)
Allocated investment return transferred to the technical account.		**-**	-
Other Net Income	11	**910**	1,277
Profit/(Loss) on ordinary activities before taxation		**473**	(3,319)
Tax charge on loss on ordinary activities	12	**-**	-
Profit/(Loss) for the financial year		**473**	(3,319)

All income and expenditure relates to continuing operations and is attributable to the members.

UIA (Insurance) Limited

Statement of Comprehensive Income of the Society

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Profit/(Loss) for the financial year		**473**	(3,319)
Total comprehensive income/(expense) for the year		**473**	(3,319)

All results are derived from continuing operations and are attributable to the members.

UIA (Insurance) Limited

Balance Sheet of the Society

for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Assets			
Intangible Assets	13	**-**	-
Investments			
Investment in group undertakings	14	**-**	-
Other financial investments	15	**13,240**	15,583
		13,240	15,583
Reinsurers' share of technical provisions			
Unearned premiums	16(a)	**-**	-
Outstanding claims	16(b)	**235**	304
		235	304
Debtors			
Arising out of direct insurance operations	17(a)	**-**	75
Arising out of direct reinsurance operations		**450**	600
Other debtors	17(b)	**11**	73
		461	748
Other assets			
Tangible assets	18	**-**	-
Cash at bank and in hand		**235**	1,270
		235	1,270
Prepayments and accrued income			
Deferred acquisition costs	19	**-**	-
Other prepayments and accrued income		**71**	178
		71	178
Total Assets		**14,241**	18,083

Balance Sheet of the Society (continued)

for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Liabilities			
Capital and reserves			
Share capital	20	**-**	-
Profit and loss account		**8,344**	7,871
Total equity		**8,344**	7,871
Technical provisions			
Gross unearned premiums	21(a)	**-**	-
Gross outstanding claims	21(b)	**2,833**	7,403
Unearned commission	21(c)	**-**	-
		2,833	7,403
Provisions for other risks			
Cessation provisions	22	**1,087**	622
Other provisions	23	**350**	-
		1,437	622
Creditors			
Arising out of direct insurance operations		**1,149**	1,198
Arising out of reinsurance operations		**117**	290
Other creditors including taxation and social security	24	**103**	109
		1,369	1,597
Accruals and deferred income		**257**	590
Total equity, reserves and liabilities		**14,241**	18,083

Approved by the Board of Directors and authorised for issue on 16th May 2024 and signed on behalf by:

Chair and Director

Kathryn Morgan

Director

Caroline Gilchrist Estella

UIA (Insurance) Limited

Statements of Changes in Equity

for the year ended 31 December 2024

Statement of Changes in Equity of the Society	**Share capital**	**Profit and loss account**	**Total**
	£'000	£'000	£'000
At 1 January 2023	-	11,191	11,191
Deficit for the financial year	-	(3,319)	(3,319)
At 31 December 2023	-	7,871	7,871
Profit for the financial year	-	473	473
At 31 December 2024	-	8,344	8,344

UIA (Insurance) Limited

Statement of Cash Flows of the Society

for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Cash generated from operating activities			
Net cash flow used by operating activities before investment of insurance assets	25	**(3,379)**	(8,477)
Cash flow from investing activities			
Cash generated from investment of insurance assets	25	**-**	889
Purchase / Disposal of intangible and tangible assets		**-**	-
Net cash used in investing activities		**-**	889
Net cash increase/decrease in cash and cash equivalents		**(3,379)**	(7,588)
Cash and cash equivalents at beginning of year		**16,853**	24,441
Cash and cash equivalents at end of year		**13,474**	16,853
Cash at bank and in hand		**235**	1,270
Short term deposits presented within other financial instruments		**13,240**	15,583
Cash and cash equivalents		**13,474**	16,853

Notes to the Financial Statements (continued)
for the year ended 31 December 2024

1. General information

UIA (Insurance) Limited is a Registered Society ("the Society") under the Co-operative and Community Benefit Societies Act 2014 and is authorised and regulated by the Prudential Regulation Authority and Financial Conduct Authority to carry out non-life insurance business. The address of the registered office is given on page 1. The nature of the Society's operations and its principal activities are set out in the strategic report on pages 4 to 10.

2. Accounting policies

2.1 Basis of preparation, subsequent events, going concern and sustainability information

The financial statements have been prepared under the historical cost convention, modified to include the valuation of investments at fair value or at amortised cost, and in accordance with Financial Reporting Standards 102 & 103 (FRS 102 & 103) issued by the Financial Reporting Council. The Society is subject to the requirements of the Companies Act 2006 as modified by the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 and the Co-operative and Community Benefit Societies Act 2014.

In accordance with FRS 103, the Society has applied existing accounting policies for insurance contracts.

The Society's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairperson's Statement and the Strategic Report. The Strategic Report also describes the financial position of the Society, its cash flows and liquidity position, the Society's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposure to credit and liquidity risk.

All intangible assets were written off during 2023. These consisted primarily of the policy administration and claims system. These two systems continued in operation until mid 2023 when claims data was migrated to the Davies Group Limited ('Davies Group') claims system and policy data was archived. All other intangible assets were written off during the year.

2.1.1 Key developments since the 2023 accounts were published

During 2024 the Society's board of directors have continued to implement the changes agreed in the strategic review of the Society's business undertaken in late 2021 and 2022.

Key developments during the year have been:

- Continued closure of household claims.
- The after the event (ATE) legal expense policies have now been cancelled and alternative cover provided by another insurer.
- The project to cancel the few remaining before the event (BTE) policies is making good progress and alternative cover has been sourced for policyholders with another insurer.
- In December 2024 the Society was advised by the regulator that they would not be granting a non-objection decision in relation to a strategy to place a specific contingent liability with another insurer. This means that the Society will now continue in existence until 2030 or until all risks and claims are extinguished.

The cessation provision was recognised in the financial statement in 2022 and has been amortised in line with cessation costs incurred, see note 22. Given the extended time to closure this has been revised for costs out to 2030. It covers only future costs that are directly related to the restructuring of the Society's run-off process and its run-off until cessation should be completed.

As part of the FAA, subsequent payments will be made into the Scheme, depending on certain "affordability criteria" being met.

2.1.2 Going Concern

The Directors have a reasonable expectation that the Society has adequate resources to complete a solvent run-off of the business by the end of 2030. This expectation is based on the Scheme of Operations that was prepared on a closed book basis and filed with the Society's regulators in April 2023. The Board had anticipated that the Society would be placed into liquidation during late 2025. This timing was dependent on settlement of all claims and obtaining a non-objection decision from the regulator in relation to a strategy to place a specific contingent liability with another insurer. In December 2024, the regulator advised that this non-objection would not be granted and as a result, the Society will continue in existence until 2030. Residual capital will pass to UNISON/the

Scheme as required by the FAA. The progress of the run-off is being monitored on a monthly basis against the Scheme of Operations.

The most significant part of the run-off exercise was completed during 2023 and 2024 and thereafter there will be a continuation of any claims run-off until all member claims have been met. Some of the claim categories tend to have a somewhat longer run-off period. This includes claims for, ancillary liability, subsidence, large fires, large/complicated escape of water or oil, and legal expenses where the Society has written both before the event and after the event legal expenses insurance.

Transition away from going concern status

This year end the Board note that there is no uncertainty over the Society being deemed a going concern for the next 12 months. Conversely, last year there was some uncertainty about the timing of closure. The regulator's decision to reject the strategy to place a specific contingent liability with another insurer removed this uncertainty as this results in the Society being forced to continue through to 2030. The Board are confident that the Society will maintain a solvent run-off throughout the extended closure timeline until liquidation in 2030.

Uncertainty of events within the next 12 months

As noted above the Board do not consider there to be any uncertainty over the next 12 months.

The Board has considered realistic stress scenarios that could reasonably occur in the next 12 months and are performing stress tests to measure the financial impact thereof. Of these scenarios the Board are of the view that there are none which would result in the Society being unable to meet its liabilities over the next 12 months.

We have adopted the going concern basis in respect of the preparation of the accounts for the year ended 31 December 2024 as we have adequate financial resources to meet our liabilities as they fall due and there is no uncertainty around the point at which the Society can longer be deemed a going concern over the next 12 months. We have net assets of £8.3m (2023: £7.9m).

The Board has considered both positive and negative ramifications of the strategic actions taken and the financial impacts.

Positive aspects which support the going concern basis include:

Changes to investments

In 2022 the Society de-risked its insurance assets by moving them into shorter dated bond and cash funds, this reduces the impact of market volatility. There have been no changes to the investment strategy in 2024.

Freezing of pension liabilities

The FAA was signed on 13th September 2022 thus removing market volatility on pension liabilities.

Low liability risk

Due to the nature of our lines of business, the Society does not anticipate any significant exposure to liability risk from climate change.

Risk exposure

The Society is no longer on risk as its last remaining policies expired in July 2023. There has been benign claims experience during 2023 and 2024 up to date of signing the financial statements. The only risk remaining is the specific contingent liability which remains until 2030 due to the regulator's rejected of the strategy to remove this. The risk is considered so remote as to be discounted.

Solvency cover

The Society has GAAP net assets of £8.3m (2023: £7.9m) and there is a healthy surplus over minimum capital requirement (MCR) and SII solvency capital requirement (SCR). As noted in last year's financial statements, the Society's SII calculated SCR was expected to reduce below MCR and it did, therefore the Society's capital is now measured against MCR.

The Board's target appetite is shown below and the solvency cover is well in excess of target appetite.

The Greater Of	Green	Amber	Red
SCR plus Closure Risk	>100% + £1.5m	80-100% + £1.5m	<80% + £1.5m
MCR	>100%	90-100%	<90%

Should the estimates made for the claims and the SII run-off provision hold true, the SII net assets position for the Society should remain broadly static throughout the run-off period.

These circumstances surrounding the solvency cover indicate that the Society has adequate financial resources to discharge their liabilities as they fall due in the normal course of business.

Solvency projections have been prepared to end 2026 and these demonstrate solvency cover far exceeding the target appetite shown above if the current held assumptions on net assets are maintained.

2.1.3 Sustainability information statement

The above sections highlight that the focus of the Directors has been on protecting key stakeholder groups. Further sustainability details are included in the Strategic report (page 10) and Climate Change Risk (page 9) sections.

2.2 Insurance classification

The Society's contracts are classified at inception, for accounting purposes, as insurance contracts. A contract that is classified as an insurance contract remains an insurance contract until all rights and obligations due under it are extinguished or expire. Insurance contracts are those contracts that transfer significant insurance risk, if, and only if, an insured event could cause an insurer to make significant additional benefits or incur losses in any scenario, excluding scenarios that lack commercial substance. Such contracts may also transfer financial risk.

2.3 Revenue recognition

Premiums written
Insurance and reinsurance premiums written comprise the total premiums receivable for the whole period of cover provided by contracts incepted during the financial year, adjusted by an unearned premium provision, which represents the proportion of premiums incepted in prior periods and that relate to periods of insurance cover after the balance sheet date.

Unearned premiums are calculated over the period of exposure under the policy, on a daily basis, 24ths basis or allowing for the estimated incidence of exposure under policies. All premiums have been fully earned and there are no longer any unearned premiums in the balance sheet.

Premiums collected by intermediaries or other parties, but not yet received, are assessed based on estimates from underwriting or past experience, and are included in insurance premiums. Insurance premiums exclude insurance premium tax or equivalent local taxes and are shown gross of any commission payable to intermediaries or other parties.

Overriding Commission Income

Overriding Commissions represent reinsurers commission receivables for the whole period of cover provided by contracts incepted during the financial year, adjusted for an unearned commission provision, recognised within technical provisions.

Unearned commissions are calculated over the policy period on a 24th basis. The methodology fits to our current portfolio, as our insurance policies spread evenly through the policy period. All commissions have been fully earned and there are no longer any unearned commission in the balance sheet.

Overriding commission income have been historically identified within 'Other Technical income' within our profit and loss account. This has now been reclassified within 'Net Operating Expenses' to clarify the treatment and disclosures of the balance. The resulting overriding commission income will also be disclosed in note 7.

Investment return
Investment return consists of dividends, interest, movements in amortised cost on debt securities, realised gains and losses, and unrealised gains and losses on fair value assets. Investment return is allocated between the technical and non-technical accounts based on the return on assets and liabilities attributable to insurance and non-insurance activity.

At the beginning of 2024 the Society changed the basis for treatment of income generated from its unit trusts. The Society moved from an income unit basis to an accumulation unit basis. This means that the Society no longer receives quarterly investment returns in cash, these are retained within the fund increasing the Society's holding and reinvested raising the value of its investment.

Interest income
Interest income is recognised by applying the effective interest rate method, except for short-term receivables when recognition of interest would be immaterial.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Realised gains and losses
The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate.

Unrealised gains and losses
Unrealised gains or losses represent the difference between the carrying value at the financial year-end and the carrying value at the previous financial year-end or purchase value during the financial year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the financial year.

2.4 Taxation

Current tax including United Kingdom Corporation Tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The taxation expense represents the sum of the tax currently payable and deferred tax.

United Kingdom taxation charged in the non-technical account is based on profits and losses for the year as determined in accordance with the relevant tax legislation, together with adjustments in respect of earlier years. The Society's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in the future have occurred at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded are more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or that asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Society intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Intangible assets

Software expenditure
An internally-generated intangible asset arising from the Society's software development is recognised only if all the following conditions are met:

- an asset is created that can be identified (such as software);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Assets resulting from the purchase of software are initially measured at cost. Software is amortised on a straight-line basis over its estimated useful life, which is typically three to five financial years. Where no internally-generated asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

There are no intangible fixed assets at the balance sheet date.

The impairment policy is set out in note 2.10 below.

2.8 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Computer equipment	50%
Plant and machinery	20% - 50%
Fixtures and fittings	20% - 50%

There are no tangible fixed assets at the balance sheet date.

2.9 Retirement benefit costs

The UNISON Staff Pension Scheme is a multi-employer scheme. Up until 13 September 2022 the Society's employees were eligible to join the defined benefit scheme of UNISON. However, due to the Flexible Apportionment Agreement with UNISON, employees are no longer eligible to be members of the scheme effective from 13th September 2022. As part of the Flexible Apportionment Agreement with UNISON and the Trustees of the scheme, future accrual for employees have ceased from the date of the Agreement. On signing of the Flexible Apportionment Agreement the Society paid an initial £10m contribution into the pension scheme and any surplus remaining after run-off of the Society's liabilities will also be paid in. The signing of the agreement was key to ensuring the solvent run-off of the Society's claims by eliminating future exposure to market volatility and potential pension fund deficits.
On the same date, UIA (Call Centres) Limited was sold to UNISON for £1 and UIA (Insurance) Ltd. have no further liability.

2.10 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicator of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of profit and loss account as described below.

Non-financial assets
As a result of the strategic review, non-financial assets have been amortised or depreciated using accelerated method in accordance with their new useful life. They have all been amortised completely at the balance sheet date.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value if no impairment had been recognised.

Financial assets
For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of its estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for the decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value if no impairment had been recognised.

2.11 Financial assets and liabilities

The Society's investments comprise debt securities, cash and cash equivalents and receivables.

Recognition
Financial assets and liabilities are recognised when the Society enters into the contractual provisions of the instrument.

Initial measurement
All financial assets and liabilities are initially recognised at the transaction price (including transactional costs), with the exception of any financial assets and liabilities that are measured at fair value through the profit and loss account (which is normally the transaction price less the transaction cost), or if the arrangement constitutes a financing transaction. If the arrangement constitutes a financing transaction, then the financial asset or liability is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Fair value measurement
Where available, fair value is taken as a quoted price of an identical asset in an active market. If a quoted price is not available, the price of a recent transaction for an identical asset is used as long as there has not been a change in economic circumstances. If there is no active market and no recent transactions and an identical asset on its own is not a good estimate of fair

value, an estimate of the fair value is made using another valuation technique.

Fair value estimate

The fair value measurement used to value financial assets and financial liabilities held at fair value is categorised into a fair value hierarchy as follows:

FRS102 – Appendix to Section 2 – Fair Value Measurement establishes a fair value hierarchy that prioritises the inputs to valuation methods used to measure fair value. The hierarchy is as follows:

Level 1: Fair value is measured using quoted prices of an identical asset in an active market. An active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions at an arm's length basis;

Level 2: When quoted shares are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g., because it reflects the amount an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted; and

Level 3: If the market of the asset is not active and recent transactions of an identical asset on their own are not good estimates of fair value, the fair value is estimated using a valuation technique.

All our financial assets are held at Level 1 and there have been no transfers in or out of this level during the current year.

Subsequent measurement

Non-current debt instruments that are directly held which meet the following criteria set out under FRS 102 section 11.9 are measured at amortised cost using the effective interest method:

a) Returns to the holder are a fixed amount, or a fixed rate of return over the life of the instrument, or a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate, or some combination of such fixed and variable rates as long as both are positive;
b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods;
c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put back to the issuer before maturity are not contingent on future events other than to protect the holder against credit deterioration of the issuer, or a change in control of the issuer, or the holder or issuer, against changes in relevant taxation or law; and
d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provision described in (c).

Debt instruments that are payable and receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received net of impairment. Other debt instruments not meeting these conditions are measured at fair value through the profit and loss account.

Shares and other variable securities in unit trusts are measured at fair value through profit and loss.

Commitments to make and receive a loan that meet the conditions above are measured at cost less impairment.

Investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are measured at their fair value with changes in fair value being recognised in the statement of profit and loss when the shares are publicly traded or if their fair value can be measured reliably. All other such investments are measured at cost less impairment.

Impairment of financial instruments measured at amortised cost or cost

For a directly held instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For an instrument measured at cost less impairment the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the entity shall reverse the previously recognised impairment loss either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. The Society recognises the amount of the reversal in the profit and loss account immediately.

Cash and cash equivalents
Cash and cash equivalents comprise of cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities three months or less and bank overdrafts.

2.12 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease.

Where the Society has a legal obligation, a dilapidations provision is created over the period of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease.'

There are no leases at the balance sheet date.

2.13 Insurance contracts

Claims

Claims consist of claims paid to policyholders, changes in the valuation of the liabilities arising on policyholder contracts and internal and external claims handling expenses, net of salvage and subrogation recoveries.

Acquisition costs
Acquisition costs comprise all direct and indirect costs arising from the sale of insurance contracts. Deferred acquisition costs are those proportions of costs which relate to periods after the balance sheet date. The deferred acquisition costs are calculated on the same basis as the unearned premium. All acquisition costs have been fully earned and there are no longer any deferred acquisition costs in the balance sheet.

Provision for outstanding claims

Provision for the liabilities of non-life insurance contracts is made for outstanding claims and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. The provisions are not discounted. Included in the provision is an estimate of the internal and external costs of the handling of the outstanding claims. Material salvage and other recoveries including reinsurance recoveries and recoveries from third parties where liability for loss exists are presented as assets.

Where significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business and subsidence claims, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claims provisions established in prior financial years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material.

Liability adequacy
At each reporting date the Society performs a liability adequacy test on its insurance liabilities less related intangible assets to ensure that the carrying value is adequate, using current estimates of cash flows, taking into account the relevant investment return. If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense in the profit and loss account initially by writing off the intangible assets and subsequently by recognising an additional liability for claims provisions or recognising a provision for unexpired risks. The unexpired risks provision is assessed in aggregate for business classes which are managed together.

2.14 Reinsurance

The Society entered into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards insurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contract and in accordance with the terms of the reinsurance contract.

Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the profit and loss account. The asset is impaired if objective evidence is available to suggest that it is probable that the Society will not be able to collect the amounts due from reinsurers.

2.15 Insurance receivables and payables

Receivables and payables arising under insurance contracts are recognised when due and measured at cost. No discounting is applied due to their short-term nature.

2.16 Investment in subsidiaries

In the Society balance sheet, investments in subsidiaries are measured at cost less impairment.

At the balance sheet date the Society had no investments in subsidiaries.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Society's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period only or in the period of the revision and future periods if the revision affects both current and future periods.

Technical provisions

Reserving for outstanding claims, claims incurred but not reported, and whether any management risk margins should be applied is a critical judgement and is described in note 2.13 above.

Cessation provision

In accordance with the cessation process, in 2022 the Society recognised a provision to meet its legal and operational obligations. The cessation provision funds all anticipated future expenses which were identifiable as being specific to the restructure of the UIA (Insurance) Ltd.'s operational and run-off steps. Cessation provisions set out the probable direct costs of restructuring, estimated expenses allotted for specific expenses, e.g., legal and consulting expenses; contractors and third parties' fees who work directly in cessation restructuring; former colleagues' incentives to ensure the business continuity; the closure of the office and IT expenses, and other necessary entailed by restructuring expenses.

The cessation provision was recognised in the financial statements and has been partly utilised during 2023 and 2024 in line with anticipated expenses incurred. The cessation provision was increased in 2024 to take into account the additional costs of closure being extended out to 2030, see note 22.

Key sources of estimation uncertainty

The estimates and associated assumption are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimations.

Cessation provision

The determination of the cessation provision was based on existing contracts, reasonable costs derived from past experience, and in accordance with the run-off procedures that are highly likely to occur, and as decided by management. However, there could be additional uncertainties regarding the timing and projected amount of the provision which may result in reasonable discrepancies.

Technical provisions

Reserving for outstanding claims, claims incurred but not reported, provision for future claims handling costs and the level of any management risk margin are areas of estimation uncertainty and is described in note 2.13 above.

Details of sensitivities are described in note 4.1.

4. Management of insurance and financial risk

The Society monitors and manages the risks relating to it through the Audit and Risk Committee and Board. A quarterly management information pack covering matters such as operational risks, complaints data, compliance monitoring plans and an update on regulatory matters and developments is presented to the Audit and Risk Committee and Board. Additionally, the Society maintains risk registers which are reviewed by the Audit and Risk Committee, and other reports are produced on an ad hoc basis as and when necessary for the Audit and Risk Committee and Board.

The Society considered its largest risk exposure for 2024 accounts to be the reserve risk element of insurance risk, which captures the potential deteriorations in historical claims which could increase ultimate claims costs above what is provisioned. This is particularly relevant for longer-tailed elements of the business such as liability and subsidence.
There are several risks and mitigations associated to the run-off to highlight:

- Household claims longevity risk is key at a time when the Directors are seeking to close the Society quickly to ensure a solvent run-off. Activities have been transferred to Davies Group - a specialist in third party claims administration. Davies Group are incentivised to accelerate in an appropriate manner the management of claims for the benefit of members and the Society.

- Expense risk could impact the balance sheet should the run-off take longer or shorter than expected. This is mitigated by the Davies Group outsourcing, which means that the Society does not have to maintain a fully resourced insurer as the book runs down. The Scheme of Operations also includes a full set of stress tests covering claims, expenses and investment stresses.

- The Davies Group outsourcing also helps to manage skills risks in run-off. The ability to draw on a group employing more than 5,000 colleagues provides greater security compared to the Society seeking to resource all activities itself.

- Investment risk could impact capital available for the run-off. This has been mitigated by the move to short-dated cash and bond funds. The funds themselves contain a spread of underlying investments, which are largely high-security short term bonds or cash of low or zero duration.

4.1 Insurance risk

The Society accepted insurance risk through its previously written insurance contracts. The Society is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Society managed its risk via its underwriting and reinsurance strategy. Pricing was based on assumptions made by looking at trends and past experiences. Exposures were managed by having documented underwriting limits and criteria. Reinsurance was used to reduce the effect of potential loss from individual large losses or events.

The main control against insurance risk was the careful underwriting and pricing of policies, and the effective management of claims. Moreover, the portfolios are heavily dominated by policies that renew regularly, so that historic data is relevant in assessing premium rates. Now that the business is fully run off, there is no further opportunity for future pricing and underwriting to impact the portfolio. As such, the remaining control is the effective management of claims.

As the Society is a relatively small insurer, its results are prone to volatility and the reinsurance programmes are designed to protect against individual large claims and collections of claims.

The main business of the Society is Household insurance. Other insurance exposures are 100% reinsured. For Household, the 2023 reinsurance programme protects against individual large claims (over £250,000 up to £1m) and against Catastrophe losses (above £1.5m, up to £15m in total per “Loss occurrence”, i.e. Catastrophe, subject to an hours clause). The programme is designed with advice from the brokers Guy Carpenter and placed with a panel of well-rated reinsurers. The 2023 programme has not been placed fully, due to a hardening in the market and lack of appetite from reinsurers due to Society’s run-off; however, the magnitude of the shortfall is relatively small (on the order of 5-10% of the cat programme and 30% of the risk XL programme). There have been no catastrophe events over 2023, so the only relevant shortfall is the risk XL. The maximum impact of this 30% shortfall is £525k in the case of two £1m gross claims and one £500k gross claim. Given that there have only been two claims over £500k in the last 15 years (both approximately £650k in size) and that £1m is larger than most policy limits, we consider this extremely unlikely. This is made even more remote by the reduced exposure over 2023. There have been no 2023 or 2024 claims which utilise the reinsurance to date. XL reinsurance cover expired in line with the Society coming off risk in 2023 and no further cover has been purchased thereafter as the Society is off risk.

In addition, the Society ceded its highest Flood risks to Flood Re via the Flood Re scheme.

Earned reinsurance premium in 2023 was £0.42m and recoveries were £0.26m. This represented a loss on reinsurance of £0.16m. It is to be expected that a reinsurance programme designed to protect against very large claims or catastrophes will produce a loss in most years. This reinsurance data also includes earned premium and claims on the legal After The Event, Before The Event and Home Emergency business, which is reinsured at 100% as noted above and has been profitable this year. As such, this increases the loss on reinsurance from the perspective of the accounts, but is offset by a corresponding gross profit.

Capital management

The Society has GAAP net assets of £8.3m (2023: £7.9m) and has maintained a healthy unaudited surplus throughout the year over unaudited minimum capital requirement (MCR) of 175% (unaudited 2023: 208%) and unaudited SII solvency capital requirement (SCR) of 740% (unaudited 2023: 321%). As noted in last year’s financial statements, the Society’s SII calculated SCR was expected to reduce below MCR and it did, therefore the Society’s capital is now measured against absolute floor MCR.

The Society manages and has complied with external capital requirements which include the Solvency II regime in accordance with the Prudential Regulation Authority (“PRA”) Solvency UK framework.

The Board’s target appetite is shown below and the solvency cover is well in excess of target appetite.

The Greater Of	Green	Amber	Red
Unaudited SCR plus Closure Risk	>100% + £1.5m	80-100% + £1.5m	<80% + £1.5m
Unaudited MCR	>100%	90-100%	<90%

Should the estimates made for the claims and the SII run-off provision hold true, the SII net assets position for the Society should remain broadly static throughout the run-off period.

These circumstances surrounding the solvency cover indicate that the Society has adequate financial resources to discharge their liabilities as they fall due in the normal course of business.

Solvency projections have been prepared to end 2026 and these demonstrate solvency cover far exceeding the target appetite shown above if the current held assumptions on net assets are maintained.

Assumptions and sensitivities

The risks associated with the household insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis.

Open claims volumes have reduced to the level where a claim by claims approach is now taken in actuarial reserving, rather than more general development pattern methods based on historical data. The remaining open claims are mostly subsidence claims, which can develop in unpredictable ways.

We consider that the liability for claims recognised in the balance sheet is adequate but actual experience will differ from the expected outcome. In order to mitigate this risk, we hold a prudential margin of reserves above the Best Estimate, and set the Board's risk appetite for solvency cover described above.

A thorough assessment of sensitivities in the final results was performed for the updated Scheme of Operations and the ORSA during 2024, so we have not repeated this sensitivity testing here.

Claims development tables

The following tables show the historical development of our claims excluding non-specific prudential and management margins, and claims handling expense reserves, on both a gross and net of reinsurance basis.

Estimates of ultimate claims Gross of RI	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015 and prior**	**Total**
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
End of accident year	0	803	9,422	7,532	9,677	11,764	16,581	14,474	10,984		
One year later		584	8,697	7,433	9,693	11,122	16,652	13,384	10,151		
Two years later			9,584	7,299	10,045	11,364	16,835	13,413	9,539		
Three years later				6,911	9,971	11,726	16,794	13,971	9,464		
Four years later					9,467	12,267	17,139	14,163	9,488		
Five years later						11,745	17,529	14,117	9,548		
Six years later							16,905	14,169	9,463		
Seven Years Later								13,687	9,426		
Eight Years Later									9,238		
Current Estimate Of Ultimate Claims	-	584	9,584	6,911	9,467	11,745	16,905	13,687	9,238	102,322	180,444
Cumulative Payments To Date	0	(494)	(7,868)	(6,817)	(9,354)	(11,362)	(16,836)	(13,639)	(9,238)	(102,322)	(177,930)
In Balance Sheet	-	89	1,716	95	112	383	69	49	-	-	2,513

Prudential Margin	315
Management Margin: TP rec booked	-
Management Margin: Potential higher use of advisers	-
RI IBNR included in Balance Sheet IBNR	5
	2,833
Liability in balance sheet	2,833

For Household, earned premium and ultimate claims are zero in 2024 due to policy runoff completion in 2023. Claims notified throughout 2024 have been relatively benign with the exception of a large, ex-gratia fire claim.

2022 has increased most notably with most other years reducing. Non-household continues to be small.

Estimates of ultimate claims net of RI	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015 and prior	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
End of accident year	-	741	8,995	7,229	9,222	11,237	16,105	13,882	10,814		
One year later		583	8,474	7,202	9,309	10,487	16,187	13,269	9,953		
Two years later			9,493	7,092	9,592	10,792	15,842	13,383	9,474		
Three years later				6,854	9,639	11,109	15,770	13,406	9,476		
Four years later					9,400	11,754	16,156	13,529	9,271		
Five years later						11,665	16,518	13,527	9,285		
Six years later							16,722	13,620	9,294		
Seven Years Later								13,624	9,261		
									9,232		
Current Estimate Of Ultimate Claims	-	583	9,493	6,854	9,400	11,665	16,722	13,624	9,232	102,319	179,891
Cumulative Payments To Date	-	- 493	- 7,840	- 6,779	- 9,305	- 11,349	- 16,672	- 13,624	- 9,232	- 102,319	- 177,612
In Balance Sheet	-	89	1,653	75	95	317	50	-	-	-	2,279
Prudential Margin											315
Management Margin: TP rec booked											-
Management Margin: Potential higher use of advisers											-
RI IBNR included in Balance Sheet IBNR											5
Liability in balance sheet											2,598
Gross Claims Provisions in Balance Sheet											2,833
Reinsurers' share											235
Net Claims Liabilities											2,598

The net performance is broadly in line with the gross.

4.2 Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as interest rates. Market risk arises due to fluctuations in both the value of the assets held and the value of liabilities. Risk is managed in line with the Society's risk appetite. The Society has established policies and procedures in order to manage market risk and methods to measure it.

The market values of the asset categories are included in Note 15.

The Society is invested in a collective investment scheme of short-term fixed income securities.

The financial investments are valued at market value in the financial statements:

4.2.1 Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk from movements on financial investments that have a fixed interest rate within the collective investment scheme portfolio. The Board does not consider this to be a significant risk to the Society.

4.2.2 Equity risk

At the year-end we held £0m (2023: £0m) in equities or equity-based investments, the Society's last remaining subsidiary was dissolved during 2023.

4.3 Credit risk

The Society has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts owing in full when due. Areas where the Society is exposed to credit risk are:

- Reinsurers' share of insurance liability and amounts due from reinsurers in respect of claims already made;
- The risk of default in underlying bond holdings with the collective investment scheme subscribed to;
- Amounts due from policyholders; and
- Deposits held with banks.

The carrying amount of financial and reinsurance assets represents the Society's maximum exposure to credit risk. There are no loans and receivables or insurance debtors due past 90 days and therefore none are considered impaired. No collateral is held or issued in respect of any financial assets or liabilities.

The Society monitors the credit risk in relation to its collective investment scheme and reinsurance programme by monitoring external credit ratings for the investment and reinsurance assets held.

Reinsurance assets are reinsurers' share of outstanding claims and IBNR and reinsurance receivables. All reinsurers on the household programme are contracted to have a credit rating of A- or better. The investment credit rating applies Standard & Poor's ratings. These are allocated below:

2024	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC***	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debt securities	6,176	1,881	4,838	69				12,964
Other investments								-
Deposits								-
Cash and cash equivalents		106	276				129	510
Reinsurance share on Claims outstanding			235					235
Debtors arising out of Direct Insurance operations							0	0
Other debtors							11	11
Other prepayments							71	71
Debtors arising out of Direct reinsurance operations			450					450
	6,176	1,987	5,798	69	-	-	211	14,241

*includes unrated

2023	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC***	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debt securities	6,019	2,378	7,124	-	-	-	-	15,521
Other investments								-
Deposits								-
Cash and cash equivalents			62				1,270	1,332
Reinsurance share on Claims outstanding			304					304
Debtors arising out of Direct Insurance operations							75	75
Other debtors							73	73
Other prepayments							178	178
Debtors arising out of Direct reinsurance operations			600					600
	6,019	2,378	8,091	-	-	-	1,596	18,084

*includes unrated

Notes to the Financial Statements (continued)
for the year ended 31 December 2024

4.4 Liquidity risk

Liquidity risk is the risk that the Society cannot meet its obligations associated with its financial liabilities as they fall due. The Society has in place a liquidity management framework for the management of the Society's requirements.

The Society is exposed to liquidity risk from client insurance contacts. With regard to a catastrophic event (now much less likely given nil unearned exposure) there is liquidity risk arising from the timing difference between claim payment and recoveries from reinsurers. All claims are considered to be payable within one year from the balance sheet date, albeit we recognise some claims may in practice take longer to settle.

The Society has sufficient funds to cover insurance claims and in practice most of the Society's assets are marketable securities which can be converted into cash when required.

This disposition of assets provides the Society with a strong level of liquidity.

	Short term assets £'000	Within 1 year £'000	Within 1-2 years £'000	Within 2-5 years £'000	Over 5 years £'000	Total £'000
As at 31 December 2024						
Shares and other variable-yield securities and units in unit trusts						
Debt securities and other fixed-income securities	12,728	205	31			**12,964**
Forward currency contracts						-
Cash balances	510					**510**
Debtors		461				**461**
Reinsurers' share of claims outstanding		235				**235**
	13,238	**901**	**31**	-	-	**14,170**
As at 31 December 2023						
Shares and other variable-yield securities and units in unit trusts						
Debt securities and other fixed-income securities	15,238	246	37			**15,521**
Forward currency contracts						-
Cash balances	1,332					**1,332**
Debtors		749				**749**
Reinsurers'share of claims outstanding		191	52	48	13	**304**
	16,570	1,186	89	48	13	**17,906**

	Within 1 year £'000	Within 1-2 years £'000	Within 2-5 years £'000	Over 5 years £'000	Total £'000
As at 31 December 2024					
Gross outstanding claims	2,833				**2,833**
Creditors	1,369				**1,369**
Accruals and deferred income	257				**257**
	4,460	-	-	-	**4,460**
As at 31 December 2023					
Gross outstanding claims	3,527	1,548	2,022	306	**7,403**
Creditors	1,597				**1,597**
Accruals and deferred income	590				**590**
	5,714	**1,548**	**2,022**	**306**	**9,590**

The assets with a duration shorter than three years represent a surplus over the current estimate of the insurance liabilities and those with durations beyond three years will be required only if the insurance or expense liabilities increase beyond current expectations. Although some of the debt securities durations above have 1-2 year duration the fund units can be sold and realised in a matter of days.

The liquidity duration for the gross and reinsurers share of claims have been shortened in line with the current forecasting. The prior year comparatives used historic settlement patterns.

Notes to the Financial Statements (continued)
for the year ended 31 December 2024

5 Underwriting Activities

5(a) Net earned premium

Gross earned premium	2024 £'000	2023 £'000
Gross written premium	**(1)**	(205)
Change in unearned premium	**-**	2,185
Gross earned premium	**(1)**	1,980
Reinsurance premium ceded		
Reinsurance premium payable	**91**	(244)
Change in reinsurers share of unearned premium	**-**	(175)
Reinsurance premium ceded	**91**	(419)
Net earned premium	**90**	1,561

5(b) Net insurance claims settlement expenses

Insurance claims and claims settlement expenses	2024 £'000	2023 £'000
Gross insurance claims and claims settlement expenses paid	**(3,698)**	(5,676)
Gross change in provision for claims	**4,570**	4,319
Gross incurred insurance claims and claims settlement expenses	**872**	(1,357)
Insurance claims and claims settlement expenses recoverable from reinsurers		
Gross claims and claims settlement expenses paid recoverable from reinsurers	**262**	209
Gross change in provision for claims and claims settlement expenses recoverable from reinsurers	**(70)**	(197)
Adjustments in prior year liabilities / reinsurance assets	**156**	249
Gross claims and claims settlement expenses recoverable from reinsurers	**348**	261
Net incurred claims and claims settlement expenses	**1,220**	(1,096)

Notes to the Financial Statements (continued)
for the year ended 31 December 2024

6 Segmental analysis

Technical account 2024	Household £'000	Home Emergency £'000	Legal £'000	Legal expenses £'000	Total £'000
Net earned premium					
Gross written premium	-	-	-	(1)	(1)
Change in gross unearned premium	-	-	-	-	-
Gross earned premium	-	-	-	(1)	(1)
Reinsurance premium ceded	90	-	-	1	91
Net earned premium	90	-	-	-	90
Allocated investment return transferred from the non-technical account	-	-	-	-	-
Total technical income	90	-	-	-	90
Net claims incurred					
Gross insurance claims and claims settlement expenses	1,118	-	(105)	(140)	873
Insurance claims and claims settlement expenses recoverable from reinsurance	102	-	105	140	347
Net claims incurred	1,220	-	-	-	1,220
Other provision relating to cessation	(465)	-	-	-	(465)
Gross operating expenses	(2,088)	-	-	54	(2,034)
Overriding commission	-	-	-	(4)	(4)
Net operating expenses	(2,088)	-	-	50	(2,038)
Change in other technical provisions	-	-	-	-	-
Total technical charges	(1,333)	-	-	50	(1,284)
Balance on technical account	(1,243)	-	-	50	(1,194)

All insurance underwritten by the Society is in respect of risks located in the United Kingdom. Note 7 includes the breakdown of the Net Operating Expenses, and the total commissions are recognised as the total acquisition costs and detailed in Note 7.

Notes to the Financial Statements (continued)
for the year ended 31 December 2024

Segmental analysis (continued)

Technical account 2023	**Household**	**Home Emergency**	**Legal**	**Legal expenses**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Net earned premium					
Gross written premium	(22)	(1)	(1)	(181)	(205)
Change in gross unearned premium	2,029	72	84	-	2,185
Gross earned premium	2,007	71	83	(181)	1,980
Reinsurance premium ceded	(446)	(71)	(83)	181	(419)
Net earned premium	1,561	-	-	-	1,561
Allocated investment return transferred from the non-technical account	-	-	-	-	-
Total technical income	1,561	-	-	-	1,561
Net claims incurred					
Gross insurance claims and claims settlement expenses	(1,345)	(15)	(72)	75	(1,357)
Insurance claims and claims settlement expenses recoverable from reinsurance	249	15	72	(75)	261
Net claims incurred	(1,096)	-	-	-	(1,096)
Other provision relating to cessation	1,764	-	-	-	1,764
Gross operating expenses	(7,921)	-	-	33	(7,888)
Overriding commission	-	44	49	(39)	54
Net operating expenses	(7,921)	44	49	(6)	(7,834)
Change in other technical provisions	-	-	-	-	-
Total technical charges	(7,253)	44	49	(6)	(7,166)
Balance on technical account	(5,692)	44	49	(6)	(5,605)

All insurance underwritten by the Society is in respect of risks located in the United Kingdom.

7 Net Operating Expenses

(a) Net Operating Expenses	**2024 £'000**	2023 £'000
Acquisition costs	**-**	-
Changes in deferred acquisition costs	**-**	68
Administrative expenses including amortisation	**2,034**	7,820
Gross Operating Expenses	**2,034**	7,888
Overriding commission	**4**	(54)
Net Operating Expenses	**2,038**	7,834

(b) Auditor's remuneration

Fees payable to the auditor for the audit of the annual accounts		
Prior financial year	**-**	81
Current financial year	**144**	137
	144	218

(c) Operating lease payments		
Rental of buildings	**-**	270
Hire of plant and machinery	**-**	88
	-	358

8 Colleague information

The average monthly number of colleagues (including Executive Directors) employed by the Society during the year was as follows:

	2024 Number	2023 Number
Administration and finance	**2**	2
	2	2

Colleague costs were as follows	**2024 £'000**	2023 £'000
Wages and Salaries	**457**	400
Social Security cost	**45**	49
Pension costs	**25**	24
	527	473

Colleague costs include the Non Executive Directors fees. Directors' Remuneration report provides more detailed information on page 23.

9 Directors' emoluments

The remuneration of the Executive Directors who served during the year is detailed below:

	2024	2023
	£'000	£'000
Aggregate emoluments	**216**	161
Employer's Pension Contribution	**16**	15
Contractor's fees	**160**	161
Total Directors' emoluments	**392**	337

Disclosures on Directors' remuneration, long-term incentive schemes, pension contributions and pension entitlements, including those of the highest paid Director, as required by the Companies Act 2006, are contained in the Directors' Remuneration report on page 23.

10 Net investment return

2024	**Net Investment income**	**Net realised gains / (losses)**	**Total Investment Income**	**Net Investment expenses**	**Net unrealised gains / (losses)**	**Net investment result**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Unit trusts	-	-	-	-	-	-
Term deposit	-	-	-	-	-	-
Cash and cash equivalents	-	**249**	**249**	-	**508**	**757**
Other investment income	-	-	-	-	-	-
Other investment expenses	-	-	-	-	-	-
Investment income		**249**	**249**		**508**	**757**

2023	Net Investment income	Net realised gains / (losses)	Total Investment Income	Net Investment expenses	Net unrealised gains / (losses)	Net investment result
	£'000	£'000	£'000	£'000	£'000	£'000
Unit trusts	-	-	-	-	-	-
Term deposit	-	-	-	-	-	-
Cash and cash equivalents	806	49	855	-	77	932
Other investment income	78	-	78	-	-	78
Other investment expenses	-	-	-	(1)	-	(1)
Investment income	884	49	933	(1)	77	1,009

At the beginning of the year the Society changed the basis for treatment of income generated from its unit trusts. The Society moved from an income unit basis to an accumulation unit basis. This means that the Society no longer receives quarterly investment returns in cash, these are retained within the fund increasing the Society's holding and reinvested raising the value of its investment.

11 Net result of non-underwriting activities

	2024 £'000	2023 £'000
Other non-technical income	**1,440**	**1,423**
Other non-technical expenses	**(530)**	**(146)**
Other net income	**910**	**1,277**

12 Taxation on profit on ordinary activities

	2024 £'000	2023 £'000
(a) Analysis of the tax charge		
UK corporation tax:		
Adjustment in respect of previous periods	-	-
Current tax	**-**	-
Changes in deferred tax balances	**-**	-
Total corporation tax charge for the year	**-**	-

(b) Factors affecting tax charge for the year
The tax credit for the year is lower than 23.5% (2023: lower than 23.5%) of taxable income of the year. The differences are explained below:

	2024 £'000	2023 £'000
Profit/(Loss) on ordinary activities before tax	**473**	(3,319)
Tax on ordinary activities at 25% (2023: 23.5% weighted average)	**118**	(780)
Effects of		
Loss on technical account	**-**	1,628
Return on other income	**(118)**	(290)
Pension spreading deduction	**-**	(539)
Income not taxable	**-**	(20)
Expenses not deductible	**-**	1
Total current tax charge for the year	**-**	-

There is no corporation tax charge for the year due to underwriting and operating losses exceeding net investment returns. The Society prepares its tax returns on the basis that it is not carrying on a mutual trade for tax purposes.

No provision has been made for a deferred tax asset on trade losses incurred. Such an asset would only become recoverable if sufficient future trading profits were made, against which the trading losses could be offset. It is not envisaged that any trading profits will be made in the future because the company is no longer underwriting any insurance policies. Theoretically, the trading losses can be carried forward indefinitely for offset against future profits arising from the same trade.

The total amount of unprovided deferred tax asset is £3,213k (31 December 2023: £6,799k) based upon carried forward tax losses of £10,558k (31 December 2023: £22,607k) and deferred pension scheme contributions of

£2,295k (31 December 2023: £4,589k) at a corporation tax rate of 25%.

13 Intangible assets

	Software development £'000
Cost	
At 1 January 2024	**8,573**
Disposals	**(8,573)**
At 31 December 2024	**-**
Accumulated amortisation	
At 1 January 2024	**(8,573)**
Eliminated on disposal	**8,573**
At 31 December 2024	**-**
Net book value at 31 December 2024	**-**
Net book value at 31 December 2023	-

14 Investment in subsidiaries

The Society had no subsidiaries as at 31 December 2024. The Society's last subsidiary UIA (Insurance Services) Limited was dissolved on 19 December 2023.

Notes to the Financial Statements (continued)
for the year ended 31 December 2024

15 Financial Investments

The carrying values of the Society's financial assets and liabilities are summarised by category below:

	2024 Fair Value £'000	**2024 Cost £'000**
Financial assets		
Debt securities and other fixed-income securities	**12,964**	**12,303**
Cash and cash equivalents	**276**	**276**
Total	**13,240**	**12,579**

	2023 Fair Value £'000	2023 Cost £'000
Financial assets		
Debt securities and other fixed-income securities	15,521	15,368
Cash and cash equivalents	62	62
Total	15,583	15,430

The highly liquid financial instruments, including Debt securities and other fixed-income securities (Fair Value: £13,240k), can be easily converted within 2 working days into cash at the fair market value. Consequently, it has been categorised under "Short term deposits presented within other financial instruments" (£13,240k) in Statements of Cash-Flow.

Note 15 solely presents financial assets (£13,240k) of the Debt securities and other fixed income securities of £12,964k and Cash and Cash equivalent of £276k. This Cash and Cash equivalent balance represents the cash balance within the RLAM fund the Society holds units in. Meanwhile, the statement of Cash-Flow includes the Cash at bank amount of £235k and the total Financial assets of £13,240 for the reason above.

The total investment portfolio of £13,240k includes a short term fixed income fund (2023: £15,583k). It consists of 95.7% corporate bonds (2023: 98.5%), 2.2% government bonds (2023: 1.1%), 0% collateralized securities (2023: 0%) and 2% cash and cash equivalents (2023: 0.4%). The assets can be converted into cash immediately.

The financial instruments held at fair value in the statement of financial position are categorised into "Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date", as the asset includes an investment fund that have a regular mark-to-market mechanism for setting a fair market value.

16 Technical provisions - assets

		2024 £'000	2023 £'000
a)	Reinsurers share of unearned premium		
	At 1 January	**-**	175
	Movement in Provision	**-**	(175)
	Reinsurers share of unearned premiums at 31 December	**-**	-
b)	Reinsurers share of outstanding claims		
	At 1 January	**304**	501
	Movement in Provision	**(70)**	(197)
	Reinsurers share of outstanding claims at 31 December	**235**	304

17 (a) Debtors arising out of Direct Insurance Operations

	2024 £'000	2023 £'000
Receivables from policyholders	**-**	75
Receivables from Agents and intermediaries	**-**	-
Debtors arising out of Direct Insurance Operations	**-**	75

17 (b) Other debtors

	2024 £'000	2023 £'000
Amounts owed by other parties	**11**	73
	11	73

Notes to the Financial Statements (continued)
for the year ended 31 December 2024

18 Tangible assets

	Computer equipment & Systems £'000	Furniture, fixtures & fittings £'000	Total £'000
Cost			
At 1 January 2024	**450**	**251**	**701**
Additions	**-**	**-**	**-**
Disposals	**(450)**	**(251)**	**(701)**
At 31 December 2024	**-**	**-**	**-**
Accumulated Depreciation			
At 1 January 2024	**(450)**	**(251)**	**(701)**
Charge for the year	**-**	**-**	**-**
Disposals	**450**	**251**	**701**
At 31 December 2024	**-**	**-**	**-**
Net book value at 31 December 2024	**-**	**-**	**-**
Net book value at 31 December 2023	-	-	-

19 Deferred Acquisition costs

	2024 £'000	2023 £'000
At 1 January	**-**	68
Additions	**-**	-
Amortisation	**-**	(68)
Deferred acquisition costs at 31 December	**-**	-

20 Share capital

	2024 **£'000**	2023 £'000
Issued and fully paid up		
5 ordinary shares of 1p (2023: 5)	**-**	-

Policyholders and joint policyholders of home insurance policies are also members of the Society along with employees and directors. A 1p share is allocated to each member when they first take out a home insurance policy and the share or shares are cancelled upon cessation of their policy. As such, the number of ordinary shares in issue changes each year in line with the number of members being the remaining directors and employees.

21 Technical provisions - liabilities

	2024 **£'000**	2023 £'000
(a) Provision for gross unearned premium		
At 1 January	**-**	2,185
Movement in provision	**-**	(2,185)
Unearned premium at 31 December	**-**	-

	2024 £'000	2023 £'000
(b) Provision for gross outstanding claims		
Notified claims at 1 January	**3,914**	6,138
Movement in provision	**(2,133)**	(2,224)
Notified at 31 December	**1,781**	3,914
Claims incurred but not yet reported: IBNR at 1 January	**3,489**	5,584
Movement in provision	**(2,437)**	(2,095)
Claims incurred but not yet reported: IBNR at 31 December	**1,052**	3,489
Gross outstanding claims at 31 December	**2,833**	7,403

21 Technical provisions - liabilities (continued)

(c) Unearned commissions

	2024 £'000	2023 £'000
At 1 January	**-**	94
Movement in the provision	**-**	(94)
Unearned commission at 31 December	**-**	-

22 Cessation provisions

	2024 £'000	2023 £'000
At 1 January	**622**	2,386
Movement in the provision	**465**	(1,764)
Cessation provision 31 December	**1,087**	622

The anticipated restructuring expenses for the run-off years, amounting to £2.386m, were included in the 2022 financial statements and has been amortised in line with cessation costs incurred. Given the extended time to closure this has been revised for costs out to 2030.

When determining the value of the cessation provision, only those future costs which are directly related to the restructuring of the Society's run-off process and its run-off until cessation have been included. This means that regular business expenses related to the normal course of business servicing claims have not been included. For further details, see pages 2, 4 and 48.

23 Provisions for other risks

Legal provision

	2024	2023
	£'000	£'000
At 1 January	**-**	-
Movement in the provision	**350**	-
Provision 31 December	**350**	-

This is a provision made in relation to a legal dispute and is expected to be extinguished within the next year. The quantum and timing are however subjective and dependent on the outcome of negotiations.

24 Other creditors

	2024	2023
	£'000	£'000
Amounts owed to other parties	**103**	103
Payables to agents and intermediaries	**-**	6
	103	109

25 Reconciliation of Loss before taxation to Cash generated by Operations

	2024	2023
	£'000	£'000
Operating profit/(loss) before taxation	**473**	(3,319)
Adjustment for:		
Investment income (see note 10)	**(1)**	(807)
Pension expense recognised through the P&L	**-**	-
Depreciation	**-**	5
Amortisation	**-**	1,756
Disposals of fixed assets	**-**	(6)
Loss on disposal of subsidiary	**-**	250
Impairment of subsidiary	**-**	-
Operating cash flows before movements in working capital	**472**	(2,121)
Decrease / (Increase) in reinsurance assets	**220**	201
(Increase) / Decrease in deferred acquisition costs	**-**	68
(Decrease) in provision for unearned commission	**-**	(94)
(Decrease) / Increase in insurance contract liabilities	**(4,570)**	(4,319)
(Decrease) / Increase in cessation liabilities	**465**	(1,764)
(Increase) / Decrease in receivables	**137**	2,119
Decrease in accrued interest and prepayments	**107**	621
(Decrease) in unearned premiums	**-**	(2,185)
(Decrease) in payables	**(210)**	(1,041)
(Decrease) in other technical provisions	**-**	-
Cash generated by operations	**(3,379)**	(8,515)
Taxes received / (paid)	**-**	38
Net cash flow used by operating activities before investment of insurance assets	**(3,379)**	(8,477)
Interest and dividends received (see note 10)	**-**	884
Sales of financial investments	**-**	-
Purchase of financial investments	**-**	-
Other investment income	**-**	-
Net investment expenses	**-**	(1)
Sales of fixed assets	**-**	6
Cash generated from investment of insurance assets	**-**	889

26 Operating Lease Commitments

A term of 10 years lease commencing on 29th September 2020 and terminating on and including 28th September 2030. However, the early break clause was agreed in 2022, effective 28th September 2023.

The annual lease payments payable on operating leases expiring in the years shown below, are as follows:

	Land and Buildings	
	2024	2023
	£'000	£'000
Operating leases which expire:		
- within one year	**-**	-
- in two to five years	**-**	-
- after more than five years	**-**	-
	-	-
Operating lease rentals charged to profit and loss in the year	**-**	270

27 Related Parties

Directors

Members of the Board of Directors and employees are also members of the Society. Directors' emoluments are disclosed in note 9.

Transactions
The Society transacted with other group companies in the normal course of business before entering run-off. There are no remaining group companies as at 31 December 2024 (31 December 2023: nil).

UIA (Insurance Services) Limited was a 100% subsidiary of UIA (Insurance) Limited. Its principal activity was the provision of insurance broking services to the Society's policyholders. When the Society ceased writing new business in 2022 it no longer had a use for this subsidiary, and it ceased trading and was dissolved on 19 December 2023.

Management fees of £nil were charged by the Society to UIA (Insurance Services) Limited in 2024 (2023: £10k). The balance due as at 31 December 2024 was £nil (31 December 2023: £nil). The Society recorded the management fees as a reduction in expenses.

28 Capital Commitments

The Society has no capital commitments for tangible or intangible assets contracted for and payable within 12 months (2023: nil).

29 Retirement benefit obligations

Defined benefit scheme

The Society historically participated in a funded pension scheme, the UNISON Staff Pension Scheme which provided benefits for some of its employees based on final pensionable pay. The scheme is administered by trustees and is independent of the Society's finances.

On 13 September 2022 the scheme closed to new members from the Society as part of the Flexible Apportionments Arrangement (FAA) and it has eliminated any future liability for the Society to the Scheme.

Under the FAA the Society's share of the pension assets, liabilities and deficit passed on to UNISON in exchange for an upfront payment of £10m made by the Society in 2022.

As part of the FAA, subsequent payments will be made into the Scheme in the future, depending on certain "affordability criteria" being met. The affordability criteria are as follows:

Each of the following are satisfied in respect of the Society immediately after the relevant payment is to be made:

a) The Society has at least 150% of the solvency capital requirement (as calculated using standard formula in place at the time, applied to the Solvency II balance sheet calculated in accordance with guidance at that time);
b) The Society has at least three times the minimum capital requirement (as calculated using guidance at the time); and
c) The Society has sufficient capital to satisfy its obligations if the scenario envisaged by the most significant stress test occurs, where such stress tests are based on the versions of the stress tests already applied in relation to the making upfront initial payment of £10m.

On conclusion of the Society's affairs any surplus remaining will be paid to the benefit of Defined Benefit Pension scheme.

Defined contribution scheme

The Society's defined contribution scheme is administered by a third party. The Society pays contributions along with participating colleagues, and benefits are linked to the total level of contributions paid, the performance of each colleague's chosen investment fund and the form in which colleagues chose to take their benefits. The contributions paid to the scheme by the Society during 2024 is £25k (2023: £24k).

30 Subsequent events

The Society has no subsequent events to note.

UIA (Insurance) Limited

Glossary

For the year ended 31 December 2024

Strategic Report

Key performance indicators

$$\text{Solvency II cover} = \frac{\text{Total eligible own funds}}{\text{MCR}}$$