



2013

Summary report
and accounts

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120TH
ANNUAL GENERAL
MEETING

Agenda

The Annual General Meeting of UIA (Insurance) Limited (the Company) will be held in the Albert Room, **De Vere Grand Hotel**, 97-99 King's Road, Brighton BN1 2FW on Tuesday, **17th June 2014** at 1.00pm to consider the following business and, if thought fit, to pass the following resolutions by a simple majority of votes cast:

- 1** To receive the annual report of the Board, the auditors' report and the audited financial statements for the year ended 31st December 2013.
- 2** To approve the remuneration report for the year ended 31st December 2013.
- 3** To re-appoint Deloitte LLP to be auditors of the company, to hold office until the conclusion of the next Annual General Meeting, and to agree their remuneration be determined by the Board.
- 4** To re-elect Robert Newton as a member of the Board.
- 5** To re-elect Tony Woodley* as a member of the Board, having been appointed as a Director since the AGM 2013 and pursuant to rule 71 of the Company.
- 6** To transact any other business permissible under the rules of the Company.

Members are advised that proposed motions for the Annual General Meeting, other than a motion submitted by the Board, must be received by the Company Secretary at the Registered Office shown below by 22nd April 2014.

Copies of the agenda and a form of proxy will be sent to members of UIA together with the summary report and accounts. Additional copies of the agenda will be available via www.uia.co.uk or on request from the Company Secretary, UIA (Insurance) Limited, Kings Court, London Road, Stevenage, Herts, SG1 2TP.



Ian Cracknell
Chief Executive Officer
19th March 2014

*Tony Woodley is elected to the Board of UIA pursuant to rule 77 of the Company. His appointment is subject to FCA/PRA approval.

AGM
2014
Annual General Meeting

Board of Directors

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

EXECUTIVE DIRECTORS

Ian Cracknell	Chief Executive Officer	
Ben Terrett	Finance Director	

NON-EXECUTIVE DIRECTORS

Bob Abberley		
Peter Dodd		
Gerry Gallagher		Resigned 18 June 2013
Mike Hayes		
Lucia McKeever		
Robert Newton		
Marion Saunders		
Geoffrey Shears		Resigned 17 January 2014
Eleanor Smith		
Andrew Wainwright-Brown		
Tony Woodley*		

*Tony Woodley is elected to the Board of UIA pursuant to Rule 77 of the Company. His appointment is subject to FCA/PRA approval.

Chairperson's Statement

2013 has been my first full year as Chair of UIA and it is therefore very pleasing to report that this has been another successful period for the organisation. UIA continues to develop as a modern, independent mutual, with clear goals and a unity of purpose to ensure the company is financially strong and operating profitably.

The senior management team led by Ian Cracknell, our Chief Executive, has continued to ensure that UIA has built on the solid foundations that have been established over the last century, delivering a solid performance for the benefit of our members. As a mutual insurance company, we take our responsibility to you, our members, very seriously and are proud to ensure that UIA remains focussed on superior service so that we can continue to deliver quality household and other general insurance products for your benefit, both now and into the future.

As I write this statement the UK is experiencing some of the worst sustained storms and floods that have been seen for decades and it is at times like these that the true benefit of having a quality household policy is realised.

We have made it our policy to contact members who may be worst affected by the

storms and floods to provide advice and support at this potentially very stressful time.

We have also responded to members who have been affected during this period to ensure that we deal with their claims swiftly and efficiently, making direct payments in cash wherever possible. In essence, to provide them with the high level of service that they rightly demand as UIA policyholders and we can deliver as a mutual insurer.

FINANCIAL PERFORMANCE

We know that the last few years have been a challenge for both businesses and consumers alike but our financial performance has continued to be strong, with growth in the number of members who insure with us from key trade union partnerships. In addition, it is good to welcome new members through the GMB and our new brand Together Mutual Insurance.

We are pleased to report growth in our underwriting result, which has grown from £0.5m last year to £2.2m in 2013 and our overall result has improved from £3.2m in 2012, to £6.1m by the end of this year. This performance has been achieved through the maintenance of firm underwriting discipline, focus on controlling costs and good return on our investment funds. Indeed these excellent results have further strengthened our capital position to help us maintain competitive premiums for our members and support our strategic ambitions to grow the business.

PARTNERSHIPS BUILT ON SOLID FOUNDATIONS

Our foundations are built on the very strong relationships that we enjoy within the trade union movement, in particular the long-standing relationship that we have with UNISON and the firmly established partnership with Unite.

I am also pleased to report that a new agreement to promote our products to members of the GMB was launched during the year. We are rapidly developing a solid relationship with GMB members and are attracting a number of them to take out a policy with us. I am also delighted to announce that following our agreed recruitment process, we have appointed Tony Woodley as the nominee of Unite, to serve

as a Non-Executive Director (subject to FCA/PRA approval). Tony was a General Secretary of Unite and has a wealth of experience within the trade union movement, as well as the public and private sector, and I know that UIA will benefit from the experience and insight that he will bring to the Board. Tony will replace Geoff Shears who has stepped down from the Board, and I would like to thank Geoff for the excellent contribution that he has made to UIA since he was appointed.

TOGETHER MUTUAL INSURANCE

We believe that our status as a mutual insurer translates into providing our members with access to a community based on fairness and superior service. This is something that we strive to provide to our trade union customers but last year we stated that we wanted to offer other like-minded customers the opportunity to enjoy a relationship with us through Together Mutual Insurance.

I am therefore pleased to say that we launched Together during the summer and have been testing the new brand in the North West, within the Granada region.

It will take time to establish the new brand but it is hoped that as Together develops it will allow us to spread our costs more widely, allowing us to continue to provide good value to all our members.

£51,000

DONATED TO CHARITIES IN 2013

INVESTING IN OUR PEOPLE TO MEET MEMBERS' NEEDS

The service that we provide is only as good as the people who provide it and in assessing our capabilities to meet the requirements of our policyholders, I am encouraged that we are providing our staff with the right training and knowledge to allow them to provide members with the right support and guidance.

All our customer-facing teams have undertaken courses during the year to help them 'go the extra mile' in supporting our members, and very importantly, the investment in our staff has been recognised by Investors in People who have awarded us their Gold Standard which places UIA in the top 3% of companies in the UK.

Whilst we are not complacent we believe that this investment is helping us to meet the needs of our members. We are fully aware that they have a choice as to whom they place their insurance with, and are very pleased that more than eight out of every 10 customers choose to stay insured with UIA every year.

RISK MANAGEMENT

We have continued to focus on our risk management processes in 2013; in order to ensure that UIA is prepared for the new Solvency II regime and with the primary objective of ensuring the continued protection of members' needs.

I am pleased to report that our capital position is strong at £38m as at the end of 2013. This compares to £32m in 2012, and is more than £18m in excess of the minimum set by the Regulator. We were also pleased to be given the lowest category of supervision under the new regulatory regime, reflecting the low risk that UIA represents as a business.

GOVERNANCE

During the year, we established a working party of the UIA Board to review the Rules of UIA to ensure that they continue to meet the requirements of a modern, independent mutual insurance company and any proposed changes will be brought to the members at a future AGM.

As a part of this process, we have also looked at the governance of the organisation and have

prepared a Charter to act as a reference point for the responsibilities that we have to our members. This document will be published in summer 2014.

CHARITABLE ENGAGEMENT AND SPONSORSHIP

In 2013, we reviewed the guidelines for the UIA Charitable Foundation to focus on engagement with charities on particular projects where our funding could make a positive difference to the work of grant recipients over a period of time.

We have been particularly interested in supporting causes that are of specific interest to our members, our trade union partners and our staff.

In *Affinity* magazine, which accompanies the summary report and accounts, we are delighted to provide some examples of how the UIA Charitable Foundation has helped organisations tackle particular issues during the year and have either paid or approved grants over £51k to these recipients.

I am also very pleased to announce the continued

"We believe that our status as a mutual insurer translates into providing our members with access to a community based on fairness and superior service."

“UIA is your insurance company and we look forward to working in partnership with you in the future to continue to meet your needs.”

sponsorship of Amy Marren, the young Paralympic swimmer, as she prepares for Rio 2016. Amy is already a world champion and her hard work and dedication to her sport is an inspiration to talented young people living with disabilities and she is a role model for young people. We wish Amy every success for the future.

DEVELOPING A SUSTAINABLE BUSINESS

If we are to have a business that is sustainable, it is of course essential that the organisation is equipped to meet the challenges ahead.

I believe that UIA has a clear strategic path for the future and I have already outlined how we are investing in our people to help us achieve this. However, we have also embarked on a major project to improve our IT systems during the year. The project, known internally as 'Honeycomb' is scheduled to be completed by the end of 2014 and is designed to make it much easier for customers to do business with us and for our members

to manage their policies. The new system will also allow UIA to respond more quickly to take advantage of market opportunities.

ACKNOWLEDGEMENTS

I am pleased to report that my first year as Chair has been such a successful one, although I acknowledge that this would not have been possible without the hard work of our Directors, management and staff.

I would like to thank them all for their on-going commitment and support, and look forward to working with them for continued success. Finally, UIA is your insurance company and we look forward to working in partnership with you in the future to continue to meet your needs. I also hope to meet many of you at our Annual General Meeting in Brighton on 17th June.



Mike Hayes
Chair of the Board
19th March 2014

Strategic Report

INTRODUCTION AND PURPOSE OF REPORT

Certain companies are now required, by law, to produce a Strategic Report which has the following objectives:

- To provide context to the annual accounts;
- To provide members with an analysis of the Group's past performance;
- To provide insight into the Group's main objectives and strategies; and the principal risks it faces and how they might affect future prospects.

While we are not required by law to produce this report, we have decided to adopt this new style of reporting in the interests of good corporate governance and from guidance provided by the Association of Financial Mutuals.

In preparing this report, we have considered what information should be of relevance to our policyholders and to other stakeholders, and it is intended that the

information is presented in a clear and concise way so that it is informative but does not compromise on any of the key information.

BUSINESS MODEL AND STRATEGY

Our mission is to be the first choice personal lines insurance provider to members of trade unions and like-minded members of the general public. In order to achieve this mission, our desire is to remain an independent mutual that is financially strong and operating profitably.

Our strategy is to continue extensive engagement with our key business partners, the trade unions, while also offering our products to like-minded members of the general public through our Together Mutual Insurance brand.

REVIEW OF THE BUSINESS

The results of the Group for the year ended 31st December

2013 and the position at the year-end are set out on page 11.

The Group, led by the performance of the parent company, UIA (Insurance) Limited, has had another successful year, generating profits from underwriting of £2.235 million, and investment returns of £4.034 million.

The parent company generated profits of £2.057 million (2012: £0.159 million) from household underwriting and a further £0.178 million (2012: £0.323 million) from legal expenses underwriting.

Gross written premiums for the year were £26.482 million (2012: £27.858 million); Claims incurred were £8.615 million (2012: £9.848 million); and Net operating expenses were £10.559 million (2012: £11.892 million).

As a result of the changes in the law, legal expenses premiums were £5.014 million for the year, down from £6.201 million in 2012.

At the end of the year, the Group had total assets



KEY PERFORMANCE INDICATORS (KPIs)

The Board consider that, in addition to the overall profits shown in the Review of the business above, the following metrics represent the key financial dynamics of the Group.

KEY PERFORMANCE INDICATOR	2013	2012
Combined operating ratio	90%	92%
Household loss ratio	43%	48%
Underlying household expense ratio	36%	36%
Retention rate	81%	78%
Investment yield	8%	6%
Return on capital employed	19%	16%
Solvency I cover	186%	174%

amounting to £85.385 million (2012: £84.189 million), of which £52.177 million (2012: £45.813 million) were investment fund assets.

The Group had technical provisions arising from insurance operations of £30.337 million (2012: £34.001 million), and other creditors of £16.402 million (2012: £17.628 million).

By the year end, the Group had £33.956 million (2012: £27.825 million) of retained profits.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the business are reviewed regularly by the Board. The key risks are outlined below.

GOVERNANCE/STRATEGIC RISK

Governance/Strategic risk is the risk facing the Company should the strategic direction and governance controls fail.

The Board monitors and evaluates business performance at regular intervals and formally through Board meetings (six times per annum) in addition to two formal strategy sessions held in July and November each year. Business performance is reported monthly in the form of Management Information packs, and Key Performance Indicators are highlighted by a traffic light system, to indicate if the business is on track, exceeding or falling short of these objectives.

INSURANCE RISK

Insurance risk is the risk that we fail to meet our liabilities to our policyholders as a result of uncertainties surrounding the nature, timing and amount of insurance liabilities.

We therefore consider that a significant increase in claims frequency and severity, coupled with no management action, poses a threat to our profitability and our ongoing ability to pay claims.

We mitigate and manage this risk through ensuring that risk pricing is met, through underwriting and claims controls and ensuring that we are adequately reserved at all times.

PENSION RISK

Pension risk is the risk to the Company caused by our contractual or other liabilities to our final salary pension scheme.

We recognise this risk on our Balance Sheet (page 11) in the form of the FRS17 provision but recognise that this provision is stated at a fixed point in time, based upon certain actuarial assumptions, which may or may not be accurate in the future.

We manage and mitigate this risk through active engagement with the scheme trustees, considering our own financial position and that of our employees, who see the pension scheme as a valuable benefit.

FUTURE DEVELOPMENT

Our aim is to grow the business so that we can continue to offer our members competitive household and other quality insurance products in the long term.

We operate in a fiercely competitive market place where there is increasing commoditisation and homogenisation. Therefore, to ensure that the business is sustainable, and that we have a point of differentiation in a crowded market, the organisation is positioned to not only offer our customers competitive premiums but to treat them as members of a community built on fairness, trust and the high level of service they demand from us.

We recognise that to deliver our strategic ambitions, UIA must be capable of not only meeting members' requirements now but meeting their future needs as well. It is for this reason that we are investing in our technological capabilities and the skills of our staff to ensure that UIA continues to prosper as a modern, independent mutual insurance company.



Ian Cracknell
Chief Executive Officer
19th March 2014

These financial statements are aimed at giving members a summary of the progress being made by the Group. They do not, however, contain all the information to allow as complete an understanding of

the Group as would be provided by the full audited Annual Report and Accounts, which are available to members free of charge by writing to the Company Secretary, UIA (Insurance) Limited,

Kings Court, London Road, Stevenage, Herts SG1 2TP or via our website: www.uia.co.uk.

These statements have been prepared on the basis of the accounting policies set out in the 2013 Annual Report and Accounts.

SUMMARY OF GROUP FINANCIAL RESULTS

RESULTS FOR THE YEAR ENDED 31 DECEMBER	NOTES	2013 £m	2012 £m
Earned premiums, net of reinsurance	1	21.4	22.2
Claims incurred, net of reinsurance	2	(8.6)	(9.8)
Expenses	3	(10.6)	(11.9)
Underwriting result		2.2	0.5
Result of subsidiaries	4	0.1	0.2
Net investment return	5	3.8	2.5
Net surplus for the year		6.1	3.2
Actuarial loss on pension scheme	6	-	(1.1)
Total recognised gains and losses for the year		6.1	2.1

FINANCIAL POSITION AT THE END OF THE YEAR

Assets			
Investments	7	52.2	45.8
Other assets	8	33.2	38.4
		85.4	84.2
Liabilities			
Reserves	9	33.9	27.8
Technical provisions	10	30.3	34.0
Other liabilities and provisions	11	16.6	17.7
Pension liability	12	4.6	4.7
		85.4	84.2

TOTAL ASSETS AT THE END OF 2013

£85.4 million

NOTES:

- The premiums payable by members during the year for their policies, net of reinsurance costs.
- Claims incurred represents the amount paid out to members on claims together with movements in associated claims provisions, net of reinsurance recoveries.
- Expenses incurred by the Company, including general administration and acquisition costs.
- The net result of our subsidiary companies.
- Interest and dividends earned on the investments held by the Group together with any increase or decrease in the value of those investments during the year, net of taxation.
- The actuarial gains and losses recognised on the pension scheme.
- The value of financial investments held by the Group including equities, bonds, gilt strips, unit trusts and cash on deposit.
- Other assets include tangible assets, premium and reinsurance debtors, prepayments and cash at bank.
- Reserves represent the accumulated surplus of the Group set aside to cover the operation of the Group in future years.
- Technical provisions represent amounts set aside to cover claims and premiums written but not yet earned.
- Other liabilities include creditors, accruals, reinsurance payable and current and deferred taxation liabilities.
- UIA's share of the liability of the UNISON defined benefit pension scheme in respect of UIA Group employees.

Summary Directors' Remuneration Report

This remuneration report summarises the Group's policy in relation to the remuneration of the Board of Directors. The full report, which can be found in the 2013 Annual Report and Accounts, explains how the Group has applied the Annotated Combined Code for Mutual Insurers as regards the Board of Directors remuneration. No member of the Board is involved in the determination of, or votes on any matter relating to, his or her own salary.

The Group's remuneration policy is structured to facilitate the recruitment, motivation and retention of good quality Executives.

The remuneration of the Executive Directors comprises salary, an annual performance reward, a deferred performance award, defined benefit pension and the provision of a company car. Remuneration reflects individual experience and responsibility. The Company uses external information to validate salary levels.

Fees for the Non-Executive Directors are determined by the Board. The fees for industry experts are set using external benchmarks. No other remuneration is paid apart from these fees, except for authorised expenses incurred while undertaking company business.

The table below sets out the remuneration received by each of the Directors for their services to the Group for the year ended 31st December 2013.

BOARD OF DIRECTORS – REMUNERATION

	SALARY / FEES		PERFORMANCE REWARD		OTHER BENEFITS		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
EXECUTIVES	£	£	£	£	£	£	£	£
Ian Cracknell	131,847	116,142	11,493	16,740	17,315	9,404	160,655	142,286
Ben Terrett	72,780	31,815	5,558	-	8,618	3,745	86,956	35,560

NON-EXECUTIVES

Bob Abberley ¹	10,693	-	-	-	-	-	10,693	-
Peter Dodd	21,000	19,000	-	-	-	-	21,000	19,000
Gerry Gallagher ²	19,300	36,000	-	-	-	-	19,300	36,000
Robert Newton	25,934	25,717	-	-	-	-	25,934	25,717
Marion Saunders	20,667	18,535	-	-	-	-	20,667	18,535
Geoffrey Shears	21,000	12,535	-	-	-	-	21,000	12,535
Andrew Wainwright-Brown	27,351	26,717	-	-	-	-	27,351	26,717

NOTES: 1 Bob Abberley was appointed on 8 October 2013

2 Gerry Gallagher resigned on 18 June 2013

BOARD OF DIRECTORS – PENSIONS

PENSION ENTITLEMENT	YEARS OF SERVICE	ACCRUED PENSION AS AT 31 DECEMBER 2013	INCREASE IN ACCRUED PENSION
EXECUTIVES		£	£
Ian Cracknell	16	38,667	9,645
Ben Terrett	1	10,222	3,514

The increase in accrued pension during the year is the result of both the additional service accrued and the impact of the increase in salary on the past accrual.

The total accrued pension at 31st December 2013 shown above is the pension

to which each director would be entitled on leaving service, but deferred until retirement age.

The increase in accrued pension is the difference between the accrued pension at the start and end of the year.

A copy of the full Remuneration Report is available in the Group's Annual Report and Accounts for the year ended 31st December 2013, which is available from the Company Secretary, UIA (Insurance) Limited, Kings Court, Stevenage, Herts, SG1 2TP or is available via our website: www.uia.co.uk.

Where to find us on the day



The De Vere Grand Hotel is situated on Brighton Sea Front close to Brighton Pier and the main Brighton railway station.

BY CAR: From London and the M25, take the M23 to Brighton and then the A259 Seafront Road. The hotel car park is accessed from Cannon Place and has 40 parking spaces available to guests at £30.00 (Mon-Sun) per night available from 3pm on day of arrival and issued on a first-come, first-served basis.

CAR PARKING: There is also a National Car Park (NCP) directly behind the hotel in Russell Road, which has over 500 spaces and is currently available at the rate of £25.00 for 24 hours.

BY RAIL: The hotel is only 12 minutes' walk from Brighton Railway Station, or a couple of minutes in a taxi, and just one hour from London Victoria.

BY AIR: Gatwick Airport is 28 miles away – 45 minutes by taxi. The train from Gatwick Airport to Brighton takes about 30 minutes.

**The Albert Room
De Vere Grand Hotel
97-99 King's Road
Brighton
BN1 2FW**

**Tel: 08712 224 684
www.devere-hotels.co.uk**

**Tuesday 17th June 2014
at 1.00pm**

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