



# 2015

Summary report

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## 122<sup>ND</sup> ANNUAL GENERAL MEETING

# Agenda

The Annual General Meeting of UIA (Insurance) Limited (the Company) will be held in the Codicote Suite, Holiday Inn Stevenage, St. Georges Way, Stevenage, Hertfordshire, SG1 1HS on Tuesday, 28 June 2016 at 1.00pm to consider the following business and, if thought fit, 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 31 December 2015.
- 2** To approve the remuneration report for the year ended 31 December 2015.
- 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 will be determined by the Board.
- 4** To re-elect Marion Saunders as a member of the Board.
- 5** To re-elect Eleanor Smith as a member of the Board.
- 6** To re-elect Lucia McKeever as a member of the Board.
- 7** To re-elect Bob Abberley as a member of the Board.
- 8** To re-elect Ben Terrett as a member of the Board.
- 9** To re-elect Chris McElligott\* as a member of the Board, having been appointed as a Director since the AGM 2015 and pursuant to Rule 71 of the Company.
- 10** To transact any other business permissible under the rules of the Company.

Copies of the agenda and a form of proxy will be sent to members of UIA together with the summary report. The annual report and financial statements for the year ended 31 December 2015, together with additional copies of the agenda, are available via [www.uia.co.uk](http://www.uia.co.uk) or on request from the Company Secretary, UIA (Insurance) Limited, Kings Court, London Road, Stevenage, Herts, SG1 2TP.



**Ben Terrett**  
Company Secretary & Finance Director  
16 March 2016

# AGM 2016

Annual General Meeting

*\*Chris McElligott, being elected by the Board pursuant to Rule 77 as an additional Director, retires from office and, being eligible, offers himself for re-election.*

# Board of Directors

The Board of Directors is as follows:

## EXECUTIVE DIRECTORS

<b>Jon Craven</b>	Chief Executive Officer*
<b>Ben Terrett</b>	Finance Director
<b>Chris McElligott</b>	Marketing Director

## NON-EXECUTIVE DIRECTORS

<b>Bob Abberley</b>	
<b>Peter Dodd</b>	Chair
<b>Tim Holliday*</b>	
<b>Lucia McKeever</b>	
<b>Eithne McManus</b>	
<b>Oliver Peterken*</b>	
<b>Marion Saunders</b>	
<b>Eleanor Smith</b>	
<b>Tony Woodley</b>	

\*Awaiting regulatory approval.

# Chairperson's Statement

“ 2015 saw UIA celebrate the milestone of 125 years protecting our members. Like our trade union partners, we use the strength of the many to protect the few. We can proudly reflect on our great history and roots, but we must also continue to look forward to ensure we have a sustainable, modern, thriving organisation for the future.

It is an honour and a privilege to be the Chairperson of your insurance company. As a lifelong trades unionist I am well placed to uphold the fine values and traditions that are the embodiment of UIA.

Our mutual status means there are no shareholders or investors expecting a share of the profits. Instead, profits are reinvested in the company, keeping premiums low while providing members and their families with a wide range of real value for money products – all backed by our fast and friendly service. It is the team at UIA that makes us stand out from the crowd and the Board is immensely proud of the work we do to help our members put things right at their time of need.

2015 saw UIA celebrate the milestone of 125 years protecting our members. Like our trade union partners we use the strength of the many to protect the few. We can proudly reflect on our great

history and roots but we must also continue to look forward to ensure we have a sustainable, modern, thriving organisation for the future.

## FINANCIAL PERFORMANCE

The end of 2015 brought severe wet weather and the teams at UIA worked incredibly hard handling the large number of claims that resulted from these events.

The financial markets saw another volatile year in 2015, both in the UK and worldwide, but we continue to invest wisely to ensure the greatest possible return whilst balancing the security of our investment portfolio.

Elsewhere in this report you will find the detail of our 2015 financial results so I do not intend to dwell on the finer points here. The headline figures are an underwriting profit before exceptional items of £1.033 million, the total group assets are £79.093 million

and our Capital and Reserves amount to £36.246 million.

## FUTURE STRATEGY

Our roots are embedded in the trade union movement. We continue to be proud of the bonds that define our past and shape our future. The growth in membership from Unite and GMB has been particularly strong and we continue to work with all our union partners to optimise our potential. I am pleased with the growth of Together Mutual Insurance which is aimed at like-minded customers and helps build a sustainable business in the future. In 2015 UIA launched its 'Aggregator in the Cloud' solution, a proposition that enables sale of products on sites such as GoCompare.com and Confused.com. This additional channel will greatly help underpin our future business strategy by ensuring we have a growing policy base while also reducing our cost per acquisition.

## Chairperson's Statement (continued)

**“** We made a substantial donation to the CWU

*Humanitarian Aid and continued to support the Paralympic swimmer Amy Marren. We hope to see her compete in Rio and wish her the best of luck.*

### OUR PEOPLE

There is absolutely no doubt that our key asset is our staff. I believe the service that they provide to our members is second to none and I thank them for their dedication. I am pleased that we maintain our Investors in People Gold Standard, an important outside recognition that we value our staff and they have the level of skills and training to provide the service we demand. I am also pleased that as an organisation we pay all our staff above the living wage and none of our staff are on zero hours contracts.

### WORKING WITH THE COMMUNITY

UIA isn't just about insurance. Through our Charitable Foundation we work with local,

national and international projects that support and develop the social aims and aspirations of our trade union colleagues.

In 2015 our charitable programmes included supporting a GMB co-funded project empowering women workers in the Ecuadorian Banana and Sugar industries by building capacity and raising awareness on labour rights and the key roles that women can play in union organisation and leadership.

We also supported a Unite Children International application to refurbish an apartment in Helios, Craiova to improve the quality of living for a number of young orphans to lead an independent life.

We made a substantial donation to the CWU

Humanitarian Aid and continued to support the Paralympic swimmer Amy Marren. We hope to see her compete in Rio and wish her the best of luck.


Closer to home we've supported local charities in the Stevenage area. Two donations were made to TRACKS Autism: one to help build an external play area and sensory garden; and another to support a social communication and integration initiative for pre-school children.

A further donation was made to Stevenage Haven to equip a new training suite with laptop computers.

### THANKS

I'd like to conclude by thanking the staff, management team and board for their hard work during 2015. A year which has not been without its challenges but which has built upon the success of the past 125 years and will enable us to grow into the future.

Finally, thanks to you for being a member of this great organisation.



**Peter Dodd**  
Chair of the Board  
16 March 2016

## Strategic Report

### 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 key measures of strength and profitability are our Solvency Ratio and our Combined Operating Ratio, and we aim to deliver these key targets primarily through the underwriting and administration of household insurance, supported by the sale of other complementary products. We also continue to underwrite after the event legal expenses insurance, although this business is largely in run off. As a mutual, we have no shareholders to pay and we are thus able to generate long-term value for our policyholders. We aim to do this through a combination of excellent customer service, competitive premiums and the prompt payment of all valid claims.

### Our strategy is dual focused:

Firstly, to continue extensive engagement with members of our key business partners (the trade unions) through a number of different communication channels, including direct mail, digital,

# £36.246m

## OF CAPITAL AND RESERVES

magazines, conferences and face-to-face contact with key branch, regional and national secretaries.

Secondly, to offer our products to like-minded members of the general public through our Together Mutual Insurance brand, largely through digital routes.

We are solely UK-based, with a call centre encompassing the entire operation from sales and policy administration to claims handling and payment in Stevenage and an out-of-hours 24/7 claims service operating from Cardiff.

### REVIEW OF THE BUSINESS

The Group, led by the performance of the parent company, UIA (Insurance) Limited, has had a satisfactory year, generating profits from underwriting, before deduction of exceptional items, of £1.033 million, net investment losses after corporate taxation of £0.078 million and a contribution from subsidiaries of £0.223 million. The results of the Group were impacted heavily by the flooding events of December, as shown in the Loss

Ratio chart on page 8. As noted below, we have also written off technology development expenditure of £0.269 million, as a major project to replace our core IT system came to a close on 31 March 2015. After deducting the exceptional item, the net underwriting profits are £0.764 million. Of the net underwriting profits, £0.582 million (2014: £0.724 million) was derived from household underwriting and £0.182 million (2014: £0.167 million) from legal expenses underwriting.

### EXCEPTIONAL ITEM

As noted in the 2014 Annual Report, during the early part of 2015 the Board took the decision to terminate the IT project and to re-evaluate our core requirements. The 2015 costs associated with terminating the project amounted to an additional £0.269 million.

At the end of the year, the Group had total assets amounting to £79.093 million (2014: £81.562 million) of which £55.703 million (2014: £53.520 million) were investment fund assets. The

## Strategic Report (continued)

reduction in total assets is due to the fall in legal expenses debtors as a result of this business being ostensibly in run off. In addition, we have a provision of £5.476 million (2014: £6.404 million) against our final salary pension scheme liability. The primary reason for this significant decrease is an increase in the Discount Rate (from 3.6% to 3.8%) used to value our liabilities under this scheme.

By the year end, the Group had £36.245 million (2014: £34.228 million) of retained profits, an increase of £2.017 million.

### KEY PERFORMANCE INDICATORS (KPIs)

The Board consider that, in addition to the overall profits shown in the Review of the

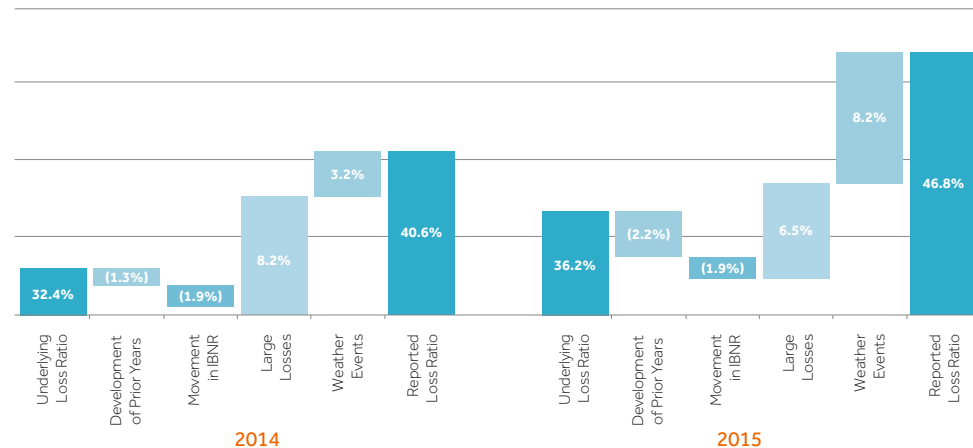
KEY PERFORMANCE INDICATOR	2015 ACTUAL	2015 BUDGET	2014 ACTUAL
Combined Operating Ratio	96%	99%	95%
Household Loss Ratio	47%	43%	41%
Underlying Household Expense Ratio	44%	45%	34%
Retention Rate	82%	77%	82%
Investment Yield	0%	2%	2%
Return on Capital Employed	4%	4%	7%
Solvency I Cover	188%	188%	185%

business above, the following metrics represent the key financial dynamics of the Group.

Combined Operating Ratio (COR) is a common measure for insurance companies and is calculated as Total Costs (Claims plus Commission and Expenses) divided by Net

Earned Premium Income. Our long-term target in respect of this measure is to operate in non-event years at between 92% and 98%. We have performed to target during 2015, despite the flooding events in December adding £1.5 million to our claims costs

### HOUSEHOLD LOSS RATIO – 2014 v 2015



by the year end.

Our Retention Rate is also holding up well, despite intense competition from aggregator routes and the increasingly soft market.

Finally, our Solvency Ratio has increased over the year as a result of the surplus, offset by a Board decision to seek enhanced returns from our investment portfolio. In the year, we invested our Liquidity Fund into an equity-based fund with Rathbone Brothers plc, which should enhance long-term value for our policyholders.

The chart on page 8 shows

how our underlying Loss Ratio is comprised. In last year's annual report, we noted that ordinarily we would expect at least 5% of our Loss Ratio to be derived from flood claims, and the December flood events added 7% alone to our Loss Ratio.

### KEY CONDUCT INDICATORS

It is not sufficient, in a modern, forward-thinking insurance company, to consider performance indicators alone. One of the ways in which we can differentiate ourselves as a mutual is to display those

attributes that a customer-centric organisation has at its heart. Those attributes of fairness, trust and community, coupled with a high level service, are key to what we do.

During 2015, we enhanced our monthly reporting in this area to show the trend on a month-by-month basis in order to properly assess which areas needed to be addressed by operational management.

The table below shows the position taken from the December 2015 monthly Management Information pack.

CONDUCT RISK INDICATOR	MANAGEMENT INFORMATION	ACTUAL	TARGET	RAG STATUS
Service Levels	Customer Services	82.1%	>80%	GREEN
	New Business	88.5%	>80%	GREEN
	Claims Abandoned Calls (12 month rolling)	3.3%	<2%	AMBER
NTU	NTU rate	2.5%	<5%	GREEN
Declined claims	Percentage of Claims Declined	17.3%	<25%	GREEN
Customer satisfaction	Marketing HAWD	96.0%	>90%	GREEN
	Claims CSS	96.0%	>88%	GREEN
	Propensity to Renew Claims CSS	100%	>90%	GREEN
Reportable complaints	Claims	12	<20	GREEN
	Customer Services	2	<5	GREEN

RAG – Red/Amber/Green

NTU – Not Taken Up – Policies cancelled during cooling-off period

HAWD – How Are We Doing? – Questionnaire sent to members

CSS – Customer Satisfaction Score – Questionnaire sent to members after making a claim

### EXECUTIVE PAY

Members of the Senior Management Team (SMT) are rewarded for exceeding both performance and conduct risk indicators. The Long Term Incentive Plan (detailed within

the Directors' Remuneration Report) has been recalibrated during 2015 to ensure that the reward structure is tied in to the long-term viability of the business and also includes measures of customer

satisfaction. The Nominations and Remuneration Committee agree the metrics at the start of the year, and these measures have to be exceeded by a minimum of 5%, otherwise no bonus accrues.

### PRINCIPAL RISKS AND UNCERTAINTIES

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

RISK HEADING	RISK DESCRIPTION	CONTROLS/ACTIONS
Governance – Inappropriate strategic direction	Failure to identify opportunities and negate threats	The Board monitor and evaluate business performance at regular intervals and formally through six Board meetings per annum, in addition to two formal strategy sessions. Business performance is reported monthly in the form of Management Information packs and KPIs are highlighted by a traffic light system, to indicate if the business is on track or exceeding or falling short of the objectives set.
Insurance – Risks to profitability of the risks underwritten	Significant increase in claims frequency and severity	Risk pricing is met through reinsurance, underwriting and claims controls, and by ensuring that we are adequately reserved at all times. Root and branch reviews of risk accumulations regularly take place within the Pricing and Actuarial Function. In addition, the Board have an overview through the review of MI and the production of a Claims/Premium Index chart on a quarterly basis.
Market risk – Risks from fluctuations in the value of assets	Loss in market value of investments	Assets are diversified by type and class and Values at Risk are measured on a monthly basis. Daily monitoring of prices is undertaken by the Finance Director and regular meetings with investment fund managers.
Pension – Inability of Board to take action to control the growth in the pension scheme deficit	Triennial valuation has recently taken place with an overall deficit of £123 million, of which UIA's share is approximately 4.5%	We have recognised a provision of £5.5 million on our Balance Sheet and also hold an additional £2 million in our Solvency Capital Requirement (SCR) calculation. We have a Working Group of the Board set up to address this issue.

### 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 also treat them as members of a community built on fairness, trust and the high level of service they demand from us.

In order to achieve, this we

have embarked on strategic partnerships in early 2016, most notably with Bought By Many – who have identified a key market opportunity with “insurance made social”, which builds upon communities who have similar interests through social media. We firmly believe that this ethos translates well into UIA, and ourselves and Bought By Many have many synergies that match our companies well.

In 2016, we will begin to report formally to the regulator under the new regime of Solvency II. This is a Europe-wide insurance directive designed to harmonise the insurance industry. It's been a long time in the making but UIA is well equipped to deal with the

requirements across all three “Pillars” of Governance, Capital Requirements and Reporting.

We recognise that UIA has to be capable of not only meeting members' requirements now but also meeting their future needs. We therefore continue to invest in product enhancements and in the skills of our staff and operational capability to ensure that UIA prospers as a modern, independent mutual insurance company.



**Ben Terrett**  
Finance Director  
16 March 2016

# Summary Directors' Remuneration Report

The 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 2015 Annual Report and Financial Statements, 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 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 or car allowance. 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 on the Board for their services to the Group for the year ended 31 December 2015.

## BOARD OF DIRECTORS – REMUNERATION

	SALARY / FEES		PERFORMANCE REWARD		OTHER BENEFITS		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
	£	£	£	£	£	£	£	£
<b>EXECUTIVES</b>								
Ian Cracknell <sup>1</sup>	346,439	141,168	25,871	23,050	54,194	17,260	426,504	181,478
Ben Terrett	95,445	86,355	22,600	8,000	9,761	9,143	127,806	103,498
<b>NON-EXECUTIVES</b>								
Bob Abberley	26,525	20,600	-	-	-	-	26,525	20,600
Peter Dodd	29,600	21,600	-	-	-	-	29,600	21,600
Mike Hayes <sup>2</sup>	45,000	39,758	-	-	-	-	45,000	39,758
Eithne McManus	32,833	5,000	-	-	-	-	32,833	5,000
Bob Newton	-	24,486	-	-	-	-	-	24,486
Marion Saunders	26,600	20,600	-	-	-	-	26,600	20,600
Geoffrey Shears	-	1,750	-	-	-	-	-	1,750
Andrew Wainwright-Brown	36,000	28,796	-	-	-	-	36,000	28,796
Tony Woodley	26,600	18,883	-	-	-	-	26,600	18,883

- NOTES:** 1 Ian Cracknell resigned on 18 December 2015. Included in the amounts above for Ian Cracknell are salary and fees of £191,000 and benefits of £38,300 relating to a payment for loss of office.  
2 Mike Hayes resigned on 14 March 2016.

## BOARD OF DIRECTORS – PENSIONS

PENSION ENTITLEMENT	YEARS OF SERVICE	ACCRUED PENSION AS AT 31 DECEMBER 2015	INCREASE IN ACCRUED PENSION
		£	£
<b>EXECUTIVES</b>			
Ian Cracknell	18	51,300	7,298
Ben Terrett	3	16,917	3,194

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.

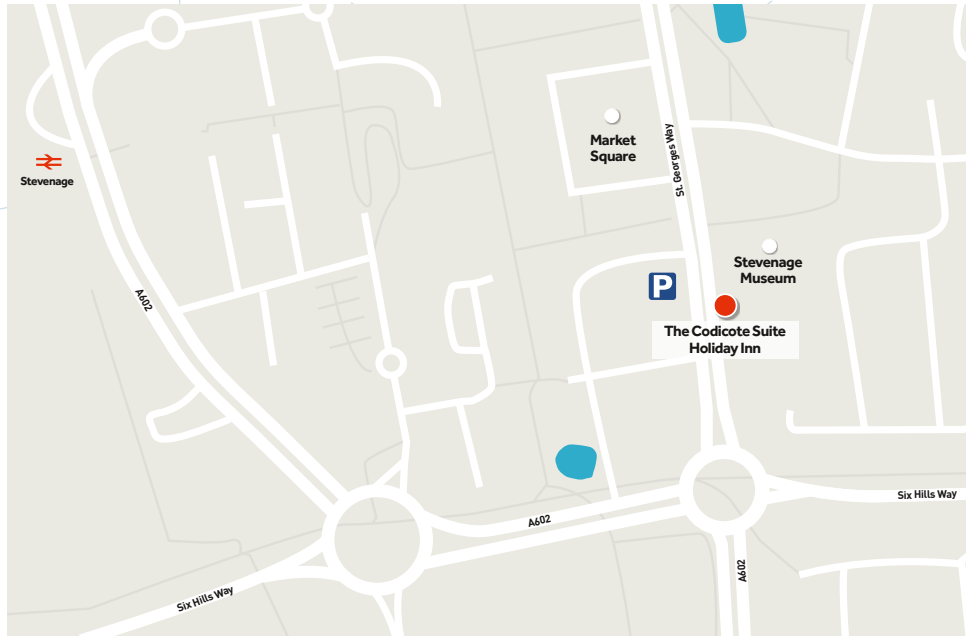
The total accrued pension at 31 December 2015 shown above is the pension to which each Director would be entitled

on leaving service, but deferred to retirement age. The years of service figures are those while serving in the capacity of Director.

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 Financial Statements for the year ended 31 December 2015, which is available from the Company Secretary, UIA (Insurance) Limited, Kings Court, Stevenage, Herts., SG1 2TP or via our website: [www.uia.co.uk](http://www.uia.co.uk).

## Where to find us on the day



Situated in the very heart of the busy business hub of Stevenage, the Holiday Inn is within easy walking distance of Stevenage railway station and a 20-minute train journey from London Kings Cross. This 4-star location has capacity for up to 400 delegates and offers free Wi-Fi, a restaurant and bar, and even an on-site gym.

**BY CAR:** From the A1(M) motorway, exit at Junction 7 and take the A602 exit to Stevenage. Follow the A602 to St George's Way, Holiday Inn Stevenage will be on your right.

**CAR PARKING:** A public car park is located opposite the hotel at Southgate, Stevenage, SG1 1EW. Alternative parking can be found at Westgate Multi Storey. Both offer a reduced rate of £3.70 to hotel guests. Validate your token at the hotel reception. Accessible parking is available at the hotel.

**BY RAIL:** Stevenage train station is an eight-minute walk away through the town centre. Trains connect regularly with London Kings Cross and the north.

**BY AIR:** London Luton Airport is 30 minutes away by taxi. National Express coaches take around 50 minutes.

**The Codicote Suite  
Holiday Inn Stevenage  
St Georges Way  
Stevenage  
Hertfordshire  
SG1 1HS**

**Tel: 01438 722 727**

**[www.histevenage.com](http://www.histevenage.com)**

**Tuesday 28 June 2016 at  
1.00pm**





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