uia mutual & together mutual insurance

SUMMARY REPORT 2020

CONTENTS

BOARD OF DIRECTORS

Executive directors:

Jon Craven
Chief Executive Officer

John Nickson
Finance Director & Society Secretary

Non-executive directors:

Peter Dodd
Chair of the Board

Eithne McManus
Chair of the Audit Committee

Bob Abberley
Chair of the Nomination & Remuneration Committee

Oliver Peterken
Chair of the Risk Committee

Tim Holliday
Senior Independent Director

Angie Roberts
UNISON Representative

Lucia McKeever
Former UNISON President

Tony Woodley
Unite Representative

ANNUAL GENERAL MEETING AGENDA

The Annual General Meeting of UIA (Insurance) Limited (the Society) will be held at Kings Court, London Road, Stevenage, Hertfordshire SG1 2TP, with members joining virtually, on Wednesday 23 June at 1.30pm 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 2020.

2. To approve the remuneration report for the year ending 31 December 2020.

3. Following a competitive audit tender process, the board selected BDO LLP to replace Deloitte LLP. To appoint BDO LLP to be 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.

4. To suspend Rule 72 of the Society's rules in respect of Lucia McKeever, and re-elect her as a member of the Board for the period of 23 June 2021 until the Annual General Meeting in 2022.

5. To elect Kathryn Morgan to the Board for a period of 3 years.

6. To re-elect Jon Craven.

7. To re-elect John Nickson.

8. To transact any other business permissible under the rules of the Society.

In addition;

To note the stepping down of Eithne McManus, elected Non-Executive Director from the Board.

Copies of the agenda and a form of proxy will be sent to members of UIA together with a link to access the 2020 Summary Report online. The Annual Report and Financial Statements for the year ending 31 December 2020, together with additional copies of the agenda, are available via www.uia.co.uk or on request from the PA to the Chief Executive Officer, UIA (Insurance) Limited, Kings Court, London Road, Stevenage, Herts, SG1 2TP.

Jon Craven
Chief Executive Officer
1 April 2021

CHAIRPERSON'S STATEMENT

Business overview for 2020

2020 has been a difficult year for our members and the Society. We and our members have faced challenges on many fronts, including Covid-19 working restrictions, the pandemic-induced investment market turbulence which affected the Society and in particular our participation in the pension scheme and the continued delay in the Brexit negotiations, which also had a financial impact. Our members have also suffered from a series of largely weather-related events and claims in 2020. This has included storms, freeze and floods, including two named storms in the summer, which is highly unusual for the UK. Following the long dry period leading up to the autumn, we also saw a rise in the number of subsidence claims later on in 2020.

Covid-19 has also brought many practical challenges to the Society and its members. We moved to remote working in March when the first lockdown was announced and this left only a small number of colleagues working in the office, where the nature of their work meant this could not be carried out remotely. During 2020, as restrictions eased some colleagues moved back into the office, for training and collaboration reasons, but subsequent lockdowns have once again seen most colleagues working remotely. During this period, we have endeavoured to support members and colleagues alike. Members have been granted flexible payment arrangements where these have been sought, and colleagues have been allowed to either take office equipment home with them, or been reimbursed for equipment and furniture to enable remote working. Members also suffered delays in resolving claims issues, as many understandably did not want to progress their claims whilst social distancing measures were being established.

Our results and solvency position reflect all of the above challenges. The actual post tax loss for the year is close to £2m, compared to a £1.2m loss in 2019. The main difference between the two years is due to the better investment income and gains in 2019. This partly reflects the

Claims were expected to be lower in 2020 - however our members have continued to be hit by storm, flood, freeze and subsidence.

fact that 2019 included the reversal of investment losses seen in 2018, and partly the fact that our lower risk investment portfolio will naturally earn a reduced rate of return. Given the ongoing uncertainties in investment and other markets, we have continued to invest in lower risk shorter dated bond and cash funds.

Claims were expected to be lower in 2020. However as noted above, our members have continued to be hit by storm, flood, freeze and subsidence claims in particular. Unlike motor insurance, where less travel means fewer insurance claims, Covid-19 has not seen any significant reduction in overall household claims. We continue to develop the skills within our Claims function so that we can better manage the claims for our members and by holding suppliers to account, can manage down the claims cost to the Society.

The loss for the year also includes £1m transformation costs from our 'once in a generation' IT transformation. This activity is now nearing the end in terms of delivery and our main programme will end with the go-live of our new policy administration system and pricing and underwriting tools in the first part of 2021. Note that depreciation charges of circa £1m pa for the next few years will dampen the results for the Society over this period. The most significant impact during the year on our own funds and solvency cover has been due to the £6.4m increase in the IFRS pension deficit. The main factor leading to this increase is the significant fall in the discount rate applied to the liabilities. During the Covid-19 investment market turmoil, this has reduced from 2.2% at end of 2019 to 1.5%; i.e., a reduction of one third. It is possible that the pandemic, coupled with the government's quantitative easing programme may see interest rates remaining low for some time.

All of the above factors have resulted in a reduced solvency ratio of 139%.

Governance arrangements

There are no significant changes to our governance arrangements, where the Society Board is supported by three Board committees. These are: the Audit Committee, Risk Committee and 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 his duties by the Executive Group. There are also executive working groups covering all aspects of the Society's business.

Business model and outlook

Our business model and strategy remain the same. We are a UK based mutual, offering a range of personal lines products, either underwritten by ourselves or by one of our business partners. Our members are based in the UK and we aim to serve those members from our UK operation in Stevenage.

Our primary focus continues to be working closely with all our union partners to maximise the benefit to them, their members and UIA Mutual. We will also write business in other markets where this can support our primary objective and provide additional scale for the business. Opportunities include working with like-minded organisations to offer our core products to their members.

A good example is when, late in 2020, we signed an agreement with Benenden Wellbeing Limited, to provide our home insurance product to their members.

In terms of business outlook, there are a considerable number of uncertainties still facing the UK insurance industry. As well as Covid-19, aspects of Brexit are still being worked through and there are also factors such as the impact of climate change which remains difficult to predict. We also engage in a number of Environmental, Social and Governance ('ESG') activities and climate change remains a topic on many of our internal and external meeting agendas. A good example of ESG in action can be seen in our discussions with our investment managers regarding their ESG reports and activities.

The FCA has now published its General Insurance Pricing Market Study consultation paper. The findings of this are being considered in all our relevant internal forums as well as through our membership of external trade bodies such as the ABI and AFM.

However, during 2021 the implementation of the latest phase of our IT transformation will facilitate the next stage of our development.

Our plans for 2021 include reducing the business losses through reducing our expenses, refining our pricing, developing further new business opportunities and better management of our claims costs, while continuing to provide a quality service to our existing members.

We have also recently commenced a strategic review of our structure and business. The aim of this review is to provide the Board with options to help address the current profitability and solvency cover issues.

> I would like to thank all of our colleagues who have worked tirelessly to serve our members through the various Covid-19 lockdowns and disruptions.

Supporting our community

Covid-19 restrictions have reduced our participation in national fundraising events such as Comic Relief and Children in Need, as well as other local initiatives during the year. We have, however, continued our charitable giving to our nominated local charities, the Stevenage Community Foodbank and Stevenage Haven, which looks after young homeless people.

Board composition

Although there have not been any changes in Board composition during the period since the last accounts were signed, there are some forthcoming changes in process.

After six years with the Society Eithne McManus is to step down due to other commitments that she has recently taken on. This will be with effect from the 23 June 2021 AGM.

Eithne has, as a Board member and Chair of the Audit Committee provided outstanding service to the Society and we will all miss her contribution greatly.

Our colleagues and members

I would like to thank all of our colleagues who have worked tirelessly to serve our members through the various Covid-19 lockdowns and disruptions. Things are hard for everyone at this current time, but I was very impressed by how seamlessly the organisation moved to remote working, in order to continue delivering excellent service to our members.

Our 2020 member survey once again provided good evidence that our products and services are valued, with 80% of UIA mutual members saying that they 'definitely will' or are 'very likely to', renew their insurance. Our 'how are we doing' surveys elicited a 93% member satisfaction rating across the year.

It is heartening to receive such positive feedback and as always we look forward to continuing to serve the needs of our members in the years ahead.

Chair of the Board
1 April 2021

STRATEGIC STATEMENT

Society purpose

Our continued aim is to be the first choice personal lines provider to members of trade unions, their families and other like-minded organisations and their members, through the provision of first-class service and products.

Business model and strategy

In order to achieve this mission our corporate aim 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 continue to deliver these key targets primarily through the underwriting and administration of household insurance, supported by the provision of other complementary products.

During the year under review, the Society continued to underwrite Home Emergency Assistance (Class 18) business and also Before The Event (BTE) legal expenses insurance.

We also continue to underwrite After The Event (ATE) legal expenses insurance, although this business remains largely in run-off. As a mutual, we have no shareholders to pay and we are thus able to generate long-term value to 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 commercial strategy remains unchanged from previously and is dual focused:

First, to continue extensive engagement with members of our existing key business partners, the trade unions, improving our cost of acquisition through focused direct mail, enhanced digital options, magazines, conferences and contact with key branch, regional and national officials. Through improved communication and products that meet our members' needs we will ensure we deliver insurance products that meet their requirements, enhance their journey from quote to buy, and in some cases to claims notification and settlement, and thus provide the best service to our members. We have recently introduced a revised Motor proposition and we have introduced Gadget Insurance to meet the changing needs of our members.

Second, to offer our products to members of organisations who share our mutual values. To that end we launched Home Insurance for members of the Benenden Healthcare Society in 2020. This is an excellent example of developing a strong "affinity" relationship with a like-minded organisation, demonstrating we have the capability to expand into adjacent markets. Benenden are very positive following their experience of UIA and we are using these new credentials while approaching other opportunities as we move through 2021.

We are solely UK-based with a call centre encompassing the entire operation from sales and policy administration to claims handling services.

Review of the business

2020 saw the Society make a loss of £2.0m before re-measurement of the defined benefit pension liability compared to a loss of £1.2m in 2019. Our underwriting result, a loss of £2.8m was a result of our members continuing to be impacted by storm, flood, freeze and subsidence claims, coupled with £1m of IT transformation costs.

During 2020 we continued to maintain a tight control of our expenses to ensure they were in line with budget.

2020 saw our investments continue to grow, providing a return on investment of 2%, despite the impact Covid-19 has had on the market. In Q4 2019 we de-risked our investments - this has led to a decline in investment income compared to 2019. However it minimised the impact of Covid-19 market volatility on our investments.

Our balance sheet has retained profit of £19.2m (2019: £27.5m) and with a solvency capital ratio of 139% (2019:194%). Our solvency capital ratio has declined primarily due to the increase in our Pension deficit of £6.4m. This increase in the deficit is mainly driven by a significant fall in the liability discount rate during the Covid-19 period. The solvency capital ratio is now a little below our risk appetite of 150% and so is being monitored by the Board and actions such as further investment de-risking are being progressed.

Brexit

As expected, we did not see any significant impact in 2020 due to the transition period. The Society continuously monitors and reviews the impact of Brexit, including the impact on our reinsurance partners.

> During 2020 the Society was able to continue to support our members with limited impact experienced on our financial results before re-measurement of our defined benefit pension liability.

Covid-19

During 2020 the Society was able to continue to support our members with limited impact experienced on our financial results before re-measurement of our defined benefit pension liability. The Society continues to follow government guidelines with the majority of colleagues working remotely with a few roles that cannot be carried out remotely continuing to operate from head office. These roles are focused on providing essential services for our members and colleagues are applying the safe distancing guidelines. Currently, the Senior Management Team meet on a fortnightly basis to monitor how the contingency plan is working and also to amend this plan based on updates from the UK Government. This forum also allows the team to deal with and resolve issues as they arise, to ensure continuity of service for our members.

From a market risk perspective, the Society recovered from the downward impact Covid-19 had on its assets. By the balance sheet date the Society's asset valuations had grown beyond their value pre Covid-19. This is due to the Society's investments being mainly in short-dated bond and cash funds. The Society is also impacted by being part of the UNISON Staff Pension Scheme. Covid-19 initially caused a fall in the value of assets. However, by the end of the year these had grown beyond the 2019 year end valuations. The directors are confident that Covid-19 will not significantly impact the Society's ability to meet all current regulatory reporting requirements. The year-end reporting requirements are ready to be filed and the relevant teams are set up to meet the quarterly business-as-usual requirements remotely.

Key performance indicators (KPIs)

KEY PERFORMANCE INDICATOR	2020	2019
Financial		
Combined operating ratio	122.9%	118.9%
Household loss ratio	57.2%	58.7%
Underlying household expense ratio	60.2%	53.2%
Commission ratio	5.5%	7%
Retention rate	75.3%	80.6%
Investment yield excluding capital gains or losses	2%	3%
Return on capital employed	(-7%)	(-4%)
Solvency II cover	139%	194%
Non-financial		
New business policy count		
– Traditional	5,980	7,950
– Comparison site	0	262
– Together	19	28
Average new business premium	£187	£194
Acquisition cost per policy	£161	£158

* Ratios include IT Transformation costs

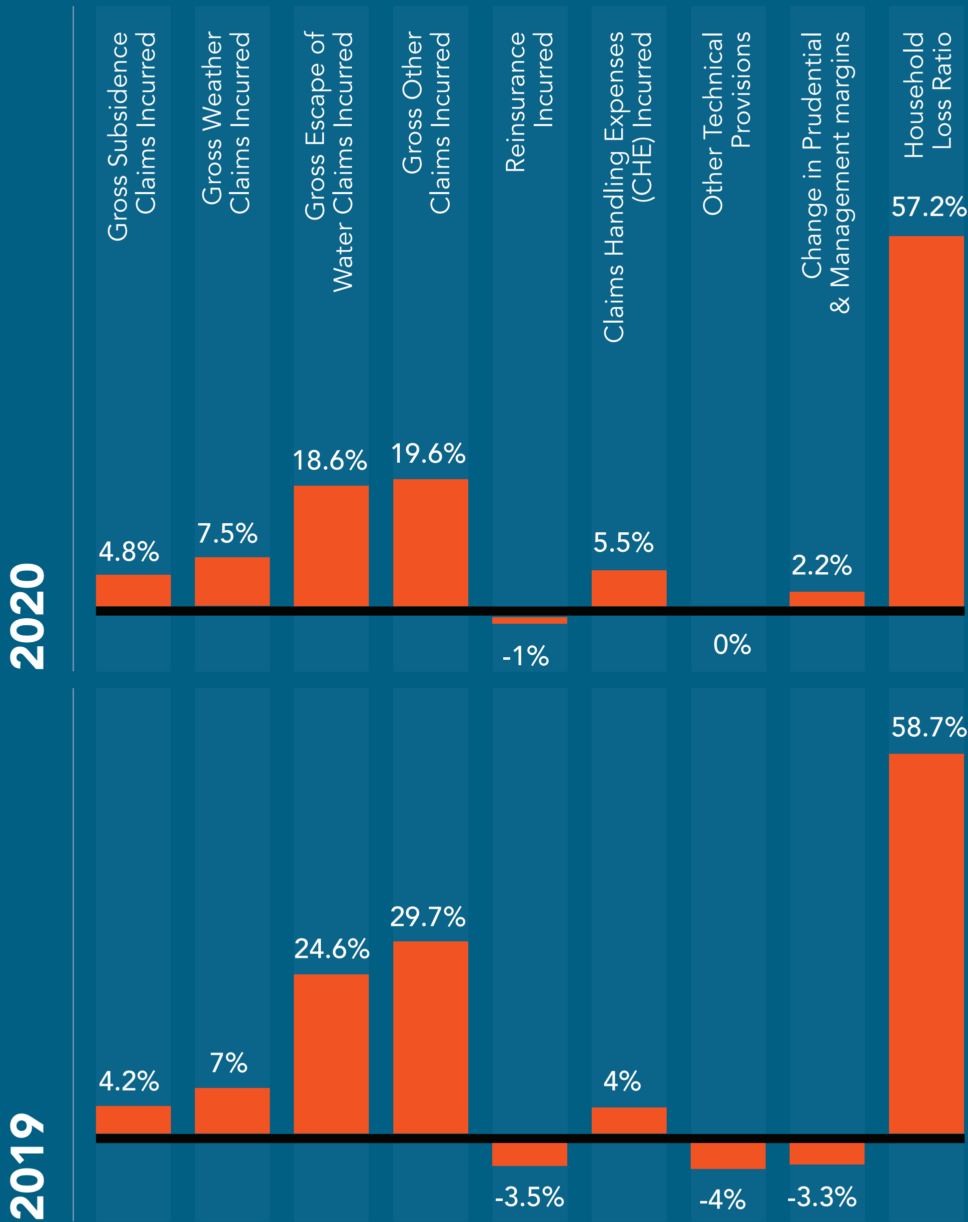
We also make use of alternative performance measures as detailed in the Glossary at the end of our Annual Reports and Financial Statements. Combined operating ratio (COR) is a common measure for insurance companies and is calculated as total costs (claims plus commission and expenses) divided by net earned premium income.

Our retention rate is good in comparison to our peers, particularly in our core affinity group markets, despite intense competition from the comparison site channels and the increasingly soft market in which we applied rate increases.

We have maintained focus on the management of our solvency ratio through management actions to de-risk our investment portfolio leading to reduced Market Risk capital required and significantly re-pricing our business reducing our technical provisions and Insurance Risk capital required. This is unfortunately more than offset by the increase in the pension deficit and costs incurred with renewing our administration systems.

The significant drop in new business particularly through the comparison site and Together web channels, was a direct result of our repricing strategy and in line with expectations. This has also resulted in an increase in our acquisition cost per policy.

The chart below shows the breakdown of our underlying household loss ratio:



Key conduct indicators

One of the ways in which we can continue to 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 mindedness coupled with a high level of member service, are key to what we do.

CONDUCT RISK INDICATOR		DEC 2020	TARGET	DEC 2019
Service levels	Customer services	77.7%	>80%	83.2%
	New business	87.1%	>80%	95.5%
	Claims abandoned calls	5.6%	<5%	5.1%
Not taken up	Not taken up	2.2%	<5%	2.5%
Declined claims	Claims declined	12.1%	<25%	13.9%
Customer satisfaction	Marketing How Are We Doing	93.3%	>90%	97.0%
Reportable complaints to Financial Ombudsman	Claims and customer services (for the year)	20%	<25%	16%

Targets are set internally based on prior experiences as well as looking at industry standards. If a target is missed then this is investigated to see if it is short or long term and what actions need to be taken, if required.

Customer service levels have slightly dropped below target as a result of working remotely. This is expected to return to acceptable levels in 2021. Our claims abandoned calls rate has now reduced to an acceptable level as a result of our restructuring of the claims department.

Executive pay

The Nominations and Remuneration Committee reviews executive pay using external advisers on a tri-annual basis. On an annual basis, subject to the approval of the Committee, executive pay is increased at the same rate as that applied to our colleagues. The Nominations and Remuneration Committee approved a Transformation Incentive Plan covering the period 2018 to 2020 for executive directors. Details are also disclosed in the Directors' Remuneration Report.

Principal risks and uncertainties

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

Impact \ Likelihood	LOW	MEDIUM	HIGH
HIGH	4 Insurance and reserving risk 5 Cyber risk	1 Pension risk	
MEDIUM	6 Market risk 7 Credit risk 8 Climate change	3 Pricing risk	2 Business Transformation risk
LOW			

RISK NO.	RISK HEADING	RISK DESCRIPTION	CONTROLS AND ACTIONS
1	Pension risk	The current employer pension scheme is in a deficit position. The latest triennial valuation took place in 2020 with an overall deficit. This co-deficit is mainly attributable to UNISON, the sponsoring employer of the scheme. This deficit or surplus has changed at each annual re measurement and our share is approximately 5.0%.	A recovery plan is in place and additional deficit repair contributions have been agreed and are disclosed in Note 30 of the Annual Reports and Financial Statements: Retirement benefit obligations. UNISON is carrying out a strategic review of its pension provision and the Society is represented at the review discussions. At the date of the accounts this review is still ongoing.
2	Business transformation risk	Transformation programme failure and/or significant cost overruns.	The transformation programme progress and implementation are reviewed by management, and costs are reviewed by the Board. There has been a delay in implementation, in part due to the impact of Covid-19. Additional external support has been provided and there is increased oversight by the Executive Group and a review by Internal Audit. The delivery is currently estimated as the first half of 2021.

RISK NO.	RISK HEADING	RISK DESCRIPTION	CONTROLS AND ACTIONS
3	Pricing risk	The Society operates in a highly competitive market and there is a risk that the Society either charges an inappropriate price for household insurance or fails to react quickly to changing market circumstances and regulatory changes which could lead to a poor underwriting result.	The Society's pricing team has implemented a number of tactical moves to improve the underwriting result whilst still remaining within the overall strategy of being the first choice personal lines provider to members of trade unions, their families and other like-minded organisations and their members, through the provision of first class service and products. The Society also closely monitors the final pricing remedies that the regulator is due to announce in H2 2021.
4	Insurance and reserving risk	The Group's business is to accept insurance risk which is appropriate to enable the Group 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. There is a possibility that the Group's management does not make sufficient provision for exposures which could affect the Group's earnings and capital.	Within a Board approved underwriting policy and agreed risk appetites, the Group seeks to balance this insurance risk with the pursuit of appropriate reward in the form of sufficient levels of insurance premiums. Particular attention is paid to actual and forecast loss ratios, being claims incurred divided by premiums. The Group's actuarial team uses a range of recognised actuarial techniques to project the gross written premium, monitor claims development patterns and determine claims provisions. The Board of Directors review the reserving position quarterly. In addition, the Society purchases catastrophe reinsurance together with per risk and liability protections on an excess of loss basis. The ability to cede part of the portfolio to Flood-Re has also been utilised.

RISK NO.	RISK HEADING	RISK DESCRIPTION	CONTROLS AND ACTIONS
5	Cyber risk	The risk that our Information Technology systems are attacked by external sources causing loss of proprietary information, personal data breach, or inability to trade. There is some increased risk associated with Covid-19 and working from home arrangements.	The Group continuously monitors for any threats or attempted threats. This form of risk evolves and our response needs to be agile to potential threats. The Society's operational resilience continues to be monitored in this respect and its response to Cyber risk was covered by the internal audit plan for 2019 and resulted in a reasonable assurance rating. When working from home, remote access to systems is obtained via secure VPN connections, and all members of staff have been regularly reminded of the risk of increased threat and to be vigilant.
6	Market risk	Market risk is the risk arising from fluctuations in the values of, or income from, the Group's assets due to fluctuations in equities, interest rates, and/or exchange rates.	Market risk is managed through our assets being diversified, specific mandates being in place to ensure appropriate assets held and regular meetings with our investment fund manager. In quarter 4 2019 we de-risked our investments to minimise volatility.
7	Credit risk	The Group's exposure to credit risk arises from its direct insurance trading activities, the exposure to the reinsurance it purchases and those of its investment activities. The risk is that in the absence of appropriate guidelines and procedures the Group might not be able to limit its credit exposure which could affect earnings and capital.	The Group, through the Board and Risk Committee, seeks to limit, as far as is practical, exposure to credit risk from its investment and reinsurance activities. To achieve this objective it has established guidelines, procedures and monitoring requirements to manage credit risk.

RISK NO.	RISK HEADING	RISK DESCRIPTION	CONTROLS AND ACTIONS
8	Climate change risk	The risk 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 and we believe we can adapt to such changes through our improved pricing and underwriting mechanisms, and appropriate use of reinsurance. A framework for financial risk of climate change has been implemented and will be further embedded during 2021.
9	Covid-19 pandemic risk	The main financial impact so far has been investment volatility and the significant impact of low interest rates on the pension scheme liabilities. Covid-19 has also impacted on our business operations with colleagues moving to remote working from the first lockdown in March 2020.	We have de-risked the insurance investment portfolio, so the assets are now in short term bond and cash funds. Discussions re the pension scheme deficit are ongoing with UNISON the primary employer. Most colleagues have been provided with laptops or desktops at home, with access to company systems through our Virtual Private Network ('VPN') to ensure cyber security. A small number of essential colleagues such as the post room team are still office based. Such colleagues have been protected through screening, extensive PPE and other safe distancing measures. Overall colleague well-being has been maintained through regular contact and where required the provision of additional furniture to enable working from home.

Changes to principal risks

Our principal risks are largely similar to last year with the only changes being the inclusion of the risk associated with the Covid-19 pandemic and an increase in the likelihood rating of the pension risk from medium to high owing to the increased deficit seen in 2020 due to investment market conditions.

Reinsurance arrangements

Our core reinsurance arrangements ran from 1 January 2020 to 31 December 2020. The Board approved purchasing cover in line with our Risk Appetite. In addition, we ceded about 1% of our live policies to Flood Re during the course of 2020. Our core arrangements for 2021 are in place from 1 January 2021, also in line with our Risk Appetite, and we continue to cede policies to Flood Re at a similar rate to 2020. All other aspects of our reinsurance placement (e.g. credit rating of supporting reinsurers) remain in line with our Risk Appetite.

Future development

Our primary focus continues to be to strengthen and broaden our partnerships within the Trade Union market, and to offer our members competitive household, and other quality insurance products, underpinned by outstanding service levels. We operate within the personal lines market which remains both highly competitive and highly regulated, and as a consequence it is becoming dominated by larger players.

During 2021 we will be launching our new policy administration system to help provide a better service to our members.

Our investment aim is to deliver consistent safe returns for our members in the face of ongoing political and economic uncertainty during our plan period.

Finally, we recognise that all our colleagues are the bedrock of our business, and on which our members rely, particularly when claims are made. A key focus for 2021 and beyond is, by continuing to underwrite appropriate risks at an acceptable price, whilst maintaining strict budgetary controls over our expenses and project development costs, to return to long-term financial sustainability.

Jon Craven
Chief Executive Officer
1 April 2021

SUMMARY DIRECTOR'S REMUNERATION REPORT

Remuneration policy for executive directors

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

Salaries

Base salaries are reviewed tri-annually using external consultants. This was last carried out in 2019 and the next review is in 2022. In the intervening years, subject to the approval of the Nominations and Remuneration Committee, the policy is to increase base salaries at the same basic inflationary rate as the Society's colleagues.

Variable pay

Annual bonus

Executive Directors are eligible to participate in an annual performance-based, cash performance award scheme. The Committee reviews and agrees performance award targets and levels of eligibility annually.

The performance award is based on two factors: overall underwriting performance and on achievement of a set of personal objectives, which directly support the business plan. The first factor is designed to pay out a maximum of 5% of base salary and there is a threshold below which no performance award is paid. Total awards for exceptional performance will not exceed 35% for the CEO and 20% for the Finance Director. No awards are to be made in respect of the 2020 financial year.

Transformation Incentive Plan

The Transformation Incentive Plan is a three-year scheme covering the period 2018 to 2020 and is available to executive directors. Non-executive directors are not eligible to participate in the scheme. The scheme was due to be settled at the end of the three-year period in April 2021. The Nominations and Remuneration Committee have agreed that, due to the exceptional social and economic conditions caused by the Coronavirus pandemic, any pay out should be deferred to April 2022 based on 2021 performance.
There are two targets, the bonus target and a higher maximum bonus target. The target bonus and maximum bonus opportunity awards as a % of salary are as follows:

	Bonus target	Maximum bonus target
Chief Executive Officer	40%	80%
Executive directors	24%	48%

There are 4 measures used that are linked to our transformation incentive plan:

- Combined operating ratio
- Solvency capital requirement
- Colleague engagement survey
- Customer satisfaction measures

All measures need to be successfully met before any award is made and the bonus target and bonus opportunity is split equally across all 4 measures. The measurements will be taken for the 2021 financial year. The maximum amount that can be awarded will not exceed 50% of annual salary in any one year over the three year period. No awards have been accrued for in respect of the 2020 financial year.

Pension

Executive directors are eligible to be members of UNISON's Staff Pension Scheme, which is a defined benefit plan with a pension paid on retirement based on salary and length of service. Contributions of 9.1% were made in 2020 by way of salary sacrifice by the directors that elected to join the scheme, and a further 26.8% by the Society. Additionally, social security taxes associated with the salary sacrifice are contributed. A director who doesn't 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 executive directors, either through the scheme or independently.

Other benefits

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, executive directors are eligible to participate in the Society's Healthcare Cash plan arrangement which is run by Westfield Health. All executive directors have contracts of employment incorporating their terms and conditions that are normally terminable by either party giving six months' notice.

	Jon Craven	John Nickson
	£	£
Salary and fees	158,869	132,600
Pension and car allowance	37,599	45,329
Other benefits	560	560
Total 2020	**197,028**	**178,489**
Total 2019	193,175	175,000

Remuneration policy for non-executive directors

Fees for Non-Executive Directors are reviewed annually by the Nominations and Remuneration Committee with changes normally effective from 1 January.

Fees are designed to recognise their responsibilities and are reviewed using external third-parties on a tri-annual basis. This was last carried out in 2019. In the intervening years, 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 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. The basic salary for the Chairperson is £48,376. The basic salary for the Non-Executive Directors is £28,596 (2019: £28,035), with industry specialist Non-Executive Directors receiving £32,250. 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 2020	Salary and fees 2019
	£	£
Peter Dodd	48,376	47,427
Bob Abberley	31,821	31,197
Tim Holliday	35,475	34,780
Lucia McKeever	28,596	28,035
Eithne McManus	35,475	34,780
Oliver Peterken	35,475	34,780
Marion Saunders	-	14,018
Tony Woodley	28,596	28,035
Angie Roberts	25,920	-
Total	**269,734**	**253,052**

OUR 2021 AGM DETAILS

Due to uncertainty over whether restrictions will be lifted in time for us to hold our AGM in person, we have made arrangements to hold this virtually to ensure the safety of our members and staff.

Our members will have the opportunity to join the event, ask questions and hear an update from our CEO online, on **Wednesday 23 June 2021, at 1.30pm**. **Members should register via Eventbrite by Friday 11 June** if they wish to attend.

We do still welcome and encourage participation through your votes and are happy to receive any questions or comments via our AGM@uia.co.uk email.

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