

# OUR BUSINESS OUR COMMUNITIES OUR PERFORMANCE



See what we've achieved  
together in 2018



**NFU Mutual**  
INSURANCE | PENSIONS | INVESTMENTS

“The volatility in financial markets towards the end of the year negatively impacted the value of our investment portfolio, resulting in an overall Group loss. This shouldn’t overshadow the strong performance of our core insurance business. We take a long-term view of our investments and ensure we are financially resilient to such short-term changes to the paper value of our assets.”

Richard Percy, Chairman



## IT MATTERS TO US WHAT YOU THINK

The opinions and concerns of our members influence how we operate at NFU Mutual. Our Board maintains close links with members through a network of Regional Advisory Boards and Member Forums. These regular meetings provide valuable feedback on our performance and can help shape our business at the highest level.



### MUTUAL VOICE

Another way we get closer to your ideas is through our online customer community, Mutual Voice. Mutual Voice allows you to share your views and participate in valuable polls, surveys and discussions. If you’d like to get involved, visit:

[nfumutual.co.uk/mutualvoice](https://nfumutual.co.uk/mutualvoice)



### SOCIAL CHANNELS

You can also use our various social media channels to contact us and share your opinions and experiences. We’re always interested to know what you’re thinking.



Twitter: @nfum



Facebook: NFU Mutual



Instagram: NFU\_Mutual



LinkedIn: NFU Mutual



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# INTRODUCTION

At NFU Mutual we insure a wide variety of people and businesses. As well as being known for supporting farmers and those living in the countryside, our membership now extends to those in villages, towns and cities across the UK. But it doesn't stop there – we also provide services to a range of commercial sectors such as retail, hospitality and food and drink.

As a mutual, we're driven by a desire to deliver products and services that best meet the needs of our members. It's always been this way, but last year we formalised our long-standing ethos into four distinct aims:

1

## DELIVERING VALUE

Offering members the valued products and services they need

2

## BUILDING LONG-TERM RELATIONSHIPS

Developing relationships and understanding our members' needs

3

## ALWAYS BEING THERE

Sustaining our business for current and future generations of members

4

## SUPPORTING OUR COMMUNITIES

Making a difference to people's lives

We also pride ourselves on our local, personal service, and we continue to be present through our network of over 300 agency offices. Against a background of uncertainty on the high street, this seems more important than ever.

Throughout this booklet you'll discover more of what's important to us, and what we've done to benefit our members and our communities over the last 12 months.



For a full review of our 2018 activity, view or download our complete annual report and accounts at [nfumutual.co.uk/agm](https://nfumutual.co.uk/agm)



Our AGM will be held on 27th June. On 28th June the results will be available to view online at [nfumutual.co.uk/agm](https://nfumutual.co.uk/agm)

# OUR FINANCIAL PERFORMANCE

The General Insurance (GI) business delivered a strong performance in 2018, resulting in an underwriting profit of £142m. Our pensions and investments business also performed well, and achieved an Annual Premium Equivalent (APE) of £68.3m, our second highest sales performance in this area.

Throughout 2018 there was global political, social and economic uncertainty, which led to instability in investment markets. As a result of this, the value of our investment portfolio has been significantly impacted, leading to an overall Group loss of £290m. Despite this loss, our financial position remains in excellent shape, our solvency levels are very strong, and we are well positioned for 2019.

Our core insurance business continues to flourish and we saw members renew their policies with us more than ever before. We also saw a healthy growth in new members.



## £290M OVERALL LOSS

Due to losses in our investment portfolio, our overall financial performance was a loss of £290m. We have always taken a long-term view on our investments and our great financial strength means we are resilient to short-term changes in the market.



## £142M UNDERWRITING PROFIT

Performance of our General Insurance business remained strong, achieving a profit of £142m with a combination of higher earned premiums and lower levels of claims incurred.

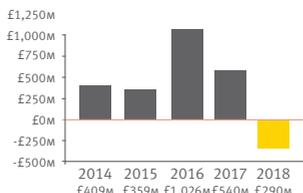


## 95.5% PERSISTENCY

We've seen exceptional ongoing persistency levels – the percentage of members renewing their policies with us – and 2018 was no different with a GI persistency rate of 95.5%.

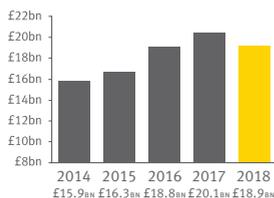
# BUSINESS REVIEW

## GROUP RESULTS



## FINANCIAL PERFORMANCE<sup>1</sup>

The Group made a loss in 2018 of £290m, reflecting unrealised losses following the downturn in investment markets in the final quarter of the year. Strong operating performance within our core insurance business was seen in the year with both solid premium growth and good underwriting performance overall.



## FUNDS UNDER MANAGEMENT<sup>2</sup>

The Group's funds under management reduced to £18.9bn reflecting the market downturn. However, as a company we utilise our financial strength and long-term view to ensure we are resilient to short-term changes in performance to deliver and maximise long-term benefits. The General Business fund performance on a 3 year annualised return was a healthy 7.3%.



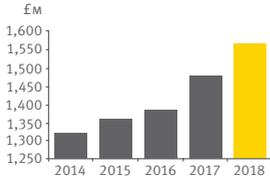
- NFU Mutual General £7.6bn (2017: £8.2bn)
- NFU Mutual Life £9.2bn (2017: £9.7bn)
- OEIC Funds £1.1bn (2017: £1.1bn)
- NFUMIS Pension Fund £1.0bn (2017: £1.1bn)

“Despite a challenging year across the investment markets, leading to an overall Group loss, our core insurance business continued to perform strongly in 2018. Because of our solid financial position, we gave back a total of £253m in Mutual Bonus discounts, the largest amount we have ever returned. We expect to deliver high rates of Mutual Bonus again during 2019.”

Lindsay Sinclair, Group Chief Executive

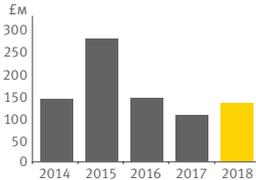


## GENERAL INSURANCE BUSINESS



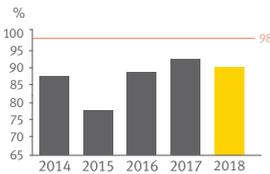
### GROSS WRITTEN PREMIUM INCOME (GWPI)<sup>3</sup>

Our Gross Written Premium Income of £1,568m showed a 5.7% increase over the last year with record levels of members renewing their policies.



### UNDERWRITING PROFIT AND LOSS<sup>4</sup>

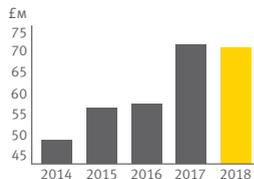
The General Insurance business delivered another strong performance in 2018, resulting in an underwriting profit of £142m with a combination of higher earned premiums and lower levels of claims incurred.



### COMBINED OPERATING RATIO (COR)<sup>5</sup>

The combination of continued positive underwriting performance, together with strong premium growth has contributed to a COR of 90.1%. On a longer-term 10 year basis the average COR continues to be within our 98% target.

## LIFE BUSINESS



### ANNUAL PREMIUM EQUIVALENT (APE)<sup>6</sup>

Our APE of £68.3m maintains the growth momentum achieved last year, with only a modest 4% reduction despite tough market conditions and reduced investor confidence during the year.

<sup>1</sup> Balance on the Non-Technical Account. <sup>2</sup> Value of assets covering Life and General business funds. Funds under Management represents the value of investment on the Balance Sheet made up of General Insurance Business of £7.6bn and Life Business of £9.2bn plus policyholder investment OEICS of £1.1bn and the assets of the Company's Retirement Benefit Scheme of £1.0bn. <sup>3</sup> Overall total premium income underwritten in the year. <sup>4</sup> The balance on the Technical Account adjusted for earned Mutual Bonus, allocated investment return and other income. <sup>5</sup> Proportion of Total Technical Charges as a percentage of earned premiums before earned Mutual Bonus and after allowing for reinsurance. Earned Mutual Bonus takes into account the net movement of unearned Mutual Bonus which amounts to a decrease of £24m (2017: £57m decrease) in the year. <sup>6</sup> Industry measure equal to new regular annualised premium plus 10% of new single premium.

# PROVIDING VALUE FOR OUR MEMBERS

Acting in the interests of our members will always be our priority. We do it in a number of ways, from developing practical new products and providing excellent value for money, to being there whenever you need us.



## MUTUAL BONUS

We also believe in recognising loyalty and sharing our success. One way we achieve this is through Mutual Bonus - a discount applied to your General Insurance premium when you renew.

Following a strong, profitable performance across our GI products, last year we gave back a total of £253m in Mutual Bonus discounts, compared to £168.3m in 2017 and £79m in 2016. We expect to deliver high rates of Mutual Bonus during 2019.

“NFU Mutual has a personal touch that is extremely rare in the modern world. Their people are based in the UK and there is usually a ‘bricks and mortar’ office locally. They pay out quickly and fairly at the time you most need that reassurance and support.”

Alison Meehan, North West (NFU Mutual customer)





## WHICH? INSURANCE PROVIDER OF THE YEAR 2018

In 2018, Which? once again honoured us with their top accolade, Insurance Provider of the Year. The Which? Awards are completely independent and recognise brands that deliver exemplary products and customer service. Winners are chosen by an expert panel, based on Which?'s independent research and testing as well as the views of Which? members and the general public. We've also been a Which? Recommended Provider for home and car insurance since they started awarding these in 2010.

Awards such as these mean a great deal to us as they show that we're providing our members with the kind of cover and customer service they're looking for.

We're continually developing new products and services to better meet the diverse needs of our members.



### FLOOD RESILIENCE: UNDERSTANDING OUR MEMBERS' NEEDS

Being flooded can be devastating. To help protect our members from the consequences of it happening again, we signed up to Flood Re. We go the extra mile for individual members to repair their flood-damaged homes without the member having to fund all the extra cost themselves. This means we pay up to £5,000 towards putting flood resilience measures in place if the repair or replacement costs excluding these measures is over £10,000.



### NATIONAL INTERMEDIARY SERVICES: GOING THE EXTRA MILE

From commercial drones to cover against cyber risk, sometimes the things our members want to insure can fall outside of our usual areas of expertise. National Intermediary Services is a network of partners that we can call on to ensure we're always able to offer our members the right insurance cover supported by the right expertise.



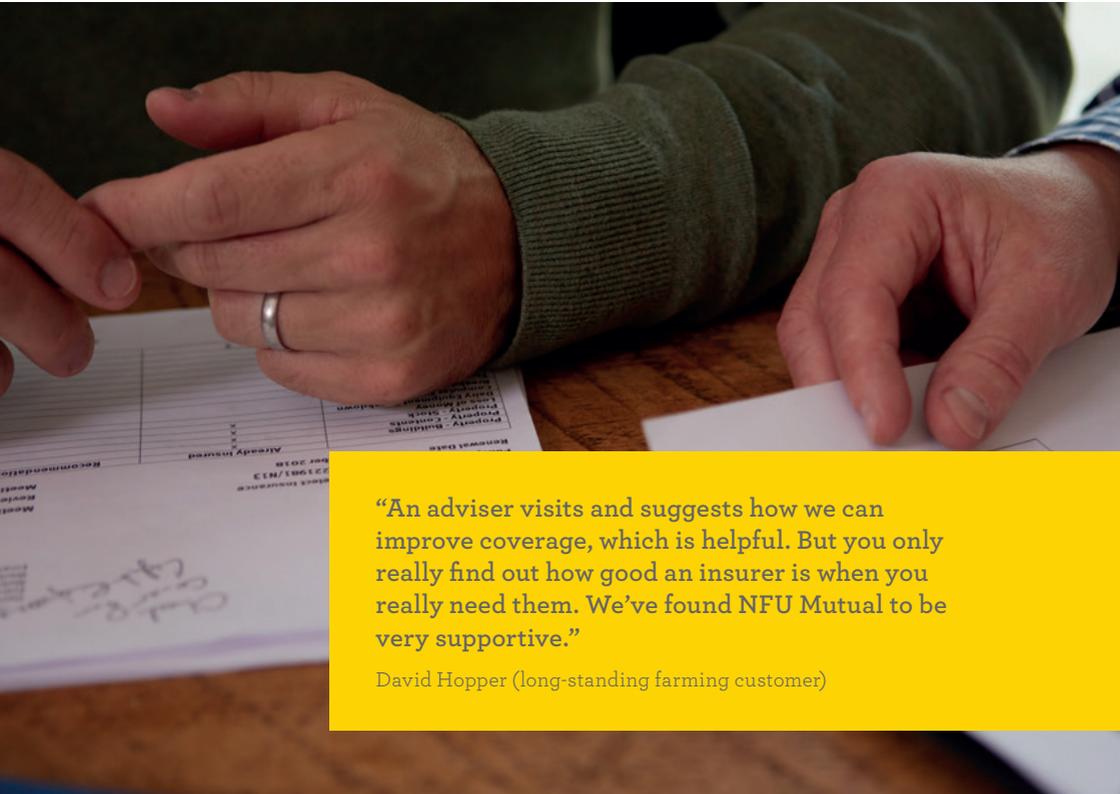
### RISK MANAGEMENT SERVICES: HELPING TO KEEP YOUR BUSINESS SAFE

NFU Mutual Risk Management Services Ltd helps farmers and other business owners become more aware of the dangers and safety risks within their operation. For smaller businesses there is guidance available on our website. Larger or more complex businesses may prefer visits from our risk management experts.

# OUR FOCUS ON THE RURAL COMMUNITY

We started out as a farming insurer, and for over 100 years we've been true to our roots and have continued to play our part in rural communities up and down the country. Our experience has given us a unique and valuable understanding of the needs of people who live and work in the countryside, and supporting them will always be a part of who we are.

We take our community responsibility seriously. It's for this reason we continue to invest in our network of offices in rural towns and villages. It means people in the countryside can easily pay us a visit, or call us and have a conversation with a local person who understands their needs.



“An adviser visits and suggests how we can improve coverage, which is helpful. But you only really find out how good an insurer is when you really need them. We've found NFU Mutual to be very supportive.”

David Hopper (long-standing farming customer)



### TACKLING RURAL CRIME

Rural crime is a source of deep anxiety for many living and working in the countryside. Since 2010 we've invested more than £1.2m into initiatives to tackle the issue. In Scotland our support for SPARC, the Scottish Partnership Against Rural Crime, has seen a 48% decrease in the cost of farm vehicle theft between 2014 and 2017 and so far we've provided more than £135,000 to help train police officers and support operations.



### DIVERSIFYING FOR THE FUTURE

UK farmers have always led from the front when diversifying their businesses and we aim to be with them every step of the way. In our recent Diversification Report we provided farmers with videos, podcasts, trend analysis and insights to help them better understand the challenges and opportunities diversification could bring.



### SUPPORTING FUTURE FARMERS

Developing young people is important for the future of farming and our rural communities and we've been working with Young Farmers' Clubs, both at a national level and across the UK. One example is our work with Cornwall YFC and their drive to achieve 1,000 members by 2020. Since the launch of Project 1000, membership has already grown to 850, so they're well on the way.



### CHAMPIONING FARMING INNOVATION

Advances in technology are helping UK farmers to work more productively and efficiently. We have been working alongside industry experts at the cutting edge of agritech, including those at Harper Adams University, to champion the benefits of drones within the farming sector.



### EDUCATING YOUNG DRIVERS

Keeping young drivers safe is a priority for us. Delivered in partnership with Drive Doctors, our Young Drivers Scheme works to change driver attitudes to rural driving. So far more than 1,600 young people have taken the advanced training course. As a result, we've seen a reduction in both the level and frequency of claims made by the young drivers we insure.

# DOING BUSINESS RESPONSIBLY

At NFU Mutual we believe that being responsible and doing the right thing matters. Supporting our communities is central to who we are.

We're always trying to do our bit and improve things, whenever and wherever we can. Not just for our members, but for our neighbours and for the environment. Because when we do, everyone benefits.

The NFU Mutual Charitable Trust supports good causes across the country. Last year we donated £218,300. See the accompanying leaflet for details.



“Stratford-upon-Avon Foodbank has been fortunate to work with volunteers from NFU Mutual on several occasions. There are times across the year when we need extra help, and this support makes all the difference when the pressure is really on. The volunteers are always so willing, and are a brilliant extension to our team!”

Marion Homer, Manager of Stratford-upon-Avon Foodbank





### **INVESTING IN DEMENTIA RESEARCH**

It is estimated that the number of people living with dementia in the UK by 2025 will rise to over one million. We are part of 'Insurance United Against Dementia' that hopes to raise £10m to fund research and better care. In the last year over 40 of our staff members have been trained to become 'Dementia Friends'.



### **REDUCING ENERGY CONSUMPTION**

Using less energy is good for everyone. When our members need to replace white goods as part of an insurance claim, we can offer up to £500 per claim to help them upgrade through our supplier network to a more energy efficient appliance from the same brand.



### **REPLACING LIKE FOR ETHICAL**

We work closely with our suppliers to ensure they share our values, something we know is important to our members. For instance, when we replace diamond jewellery in an insurance claim, it only comes from suppliers who sign up to the Kimberly Process, an international commitment to remove conflict diamonds from the market.



### **SUPPORTING LOCAL CAUSES**

Our Community Giving Fund provides grants to support local initiatives that need a helping hand. In 2018 we donated £12,271 to 70 groups and charities that do good in local communities across the UK.



### **EMPOWERING OUR STAFF TO DO GOOD**

Our Employee Volunteering Scheme allows staff time off from work to help good causes in their local community. Last year 345 employees gave 2,415 hours to make a difference at schools and playgroups, hospices, foodbanks and the National Trust.

# CHAMPIONING FARM SAFETY

Farming is crucial to both the UK economy and the conservation of our countryside. But farmers face unique pressures and a variety of risks. Even though UK practices are amongst the best in the world, agriculture remains one of our most hazardous industries, accounting for just 1% of the working population but nearly 20% of workplace fatalities.

At NFU Mutual we've cared about farmers and their families for over a century. We're well aware of the devastating effect farming accidents can have on families and rural communities, and we're ideally placed to do something about it.

In 2014 we set up the Farm Safety Foundation, an independent charity that works closely with industry partners to tackle farming's risk-taking culture and poor mental health record. By engaging and educating the next generation of farmers, we ensure they're informed and equipped with the skills to live well and farm well.

Over the past five years, the Foundation's unique farm safety training has been delivered to over 5,000 agriculture students in 41 land-based colleges, and to more than 1,600 Young Farmers' Club members.

We believe this work is crucial. Through the Foundation we have an opportunity to shape attitudes and make farming safer for generations of young people coming into the industry.



"NFYFC is proud to work closely with the Farm Safety Foundation on campaigns such as Farm Safety Week and Mind Your Head to highlight the importance of physical and mental wellbeing to our 24,500 members. We've also been able to bring their educational outreach to over 100 local YFCs with the new interactive Farm Safety Curve module."

Edward Ford, Young Farmer and Chair of Council,  
National Federation of Young Farmers' Clubs, 2018



# A CLOSER LOOK AT OUR BOARD

For our AGM on 27th June, we're asking you to vote to elect and re-elect Directors on our Board.

Over the following pages we'll introduce you to our Board members and explain a little more about what they do, how they're selected, and how they contribute to our success. Details of how to vote for them are fully explained in the accompanying letter and proxy form.

## THE ROLE OF OUR BOARD OF DIRECTORS

Our Board of Directors is responsible for the overall direction of NFU Mutual. They have a clear overview of the whole business, and we look to them to set our strategic aims and appetite for risk, review and approve our commercial strategy, oversee our conduct and continuously monitor our performance.

Our Directors must also make sure we're adequately resourced and have the financial controls and risk management systems in place to operate responsibly. Ultimately, it's their role to ensure the long-term success of NFU Mutual for the benefit of you, our members.

All of our Directors adhere to the Senior Insurance Managers Regime (SIMR), which includes a regulatory code of conduct. Observance of these conduct standards forms part of an ongoing assessment that ensures senior personnel in our industry are fit to hold their positions and carry out their roles appropriately.



## DIRECTORS' COMMITMENTS

Our Directors come together throughout the year for regular Board and Committee meetings. Their individual commitments also include Continuing Professional Development and attending regulatory briefings, as well as taking frequent opportunities to meet members, staff and agents at shows and events, farming union conferences and Regional Advisory Board meetings, both locally and nationally.

## OUR STRUCTURE

Our Board comprises four Executive and eight Non-Executive Directors. Together they bring with them a diverse but complementary range of skills and knowledge. Some come from farming backgrounds, while others have wider financial services experience from fields such as asset management and insurance. We believe this provides the balance that allows us to operate successfully and effectively across all business areas while remaining connected to our farming roots. You can read about each Director's individual experience over the next few pages.

## SELECTING OUR BOARD

When a position on our Board becomes available, the Nomination Committee considers the specific skills and experience required to fill the role. During 2018, we appointed a new Finance Director and two new Non-Executive Directors joined the Board – one from a financial services background and another with a background in farming.

For these Director appointments, the Committee enlisted the help of an external search firm. Shortlisted candidates were then subjected to a rigorous interview process conducted by current Board members.

Once appointed, all new and existing Directors undergo a formal annual evaluation process to determine if they're effective in their role, demonstrate the required commitment, and have sufficient time to perform their duties. It's on this basis that their fellow Directors recommend they be elected or re-elected at our AGM.

## THE EXECUTIVE COMMITTEE

The Executive Committee, led by our Group Chief Executive, Lindsay Sinclair, has the responsibility of managing the Group's operations and executing plans in pursuit of our long-term objectives:

- To deliver sustainable, profitable growth
- To be a great company to do business with
- To be a great place to work

The Committee prepares proposals and presents them to the Board who, under the guidance of Chairman Richard Percy, then review and discuss the plans. This rigorous discussion and debate is essential to ensuring the decisions we make are effective, and that we remain on the correct path.

Our Executive Committee is made up of:



Lindsay Sinclair  
Group Chief  
Executive



Iain Baker  
Risk Director



Steve Bower  
Customer Services  
Director



Gina Fusco  
Strategy &  
Marketing Director



Trisha Jones  
HR Director



Tim Mann  
IT Director



Richard Morley  
Finance Director



Nick Turner  
Sales & Agency  
Director

# OUR BOARD OF DIRECTORS



## **RICHARD PERCY** **CHAIRMAN**

Richard was appointed to the Board in 2003 and appointed Chairman in 2012. A farmer for more than 30 years, he has contributed to a number of DEFRA working groups, including those tackling farming regulation and farm business resilience. He was an NFU Council Delegate for 10 years, and for six years was a member of the Board of the Environment Agency. He is also a Director of Apsley Developments Limited.



## **JON BAILIE** **NON-EXECUTIVE DIRECTOR**

Jon was appointed to the Board in 2018. He has extensive investment management experience, having held senior positions at Pioneer Investments, AXA Investment Managers and Russell Investments. He is a Non-Executive Director of Openwork Wealth Management and a Board member of the Pensions Infrastructure Platform. He was previously Chairman of the Management Committee of Pantheon Ventures, a global private equity business.



## **STEVE BOWER** **CUSTOMER SERVICES DIRECTOR**

Steve became a Director in July 2010 and is responsible for General Insurance Customer Services, which includes Underwriting, Claims and Re-insurance, at our Head Office and our seven regional centres. Steve's career at NFU Mutual spans three decades and during that time he has held a variety of roles including Sales Manager, Regional Manager and Chief Manager - Life Services.



**LINDSAY SINCLAIR**  
**GROUP CHIEF EXECUTIVE**

Lindsay was appointed Group Chief Executive in 2008 and is responsible for managing the conduct of the Group's business. During his career he has run retail businesses around the world for Barclays, ING and Standard Chartered. He is a Board member of ICMIF and sits on the General Insurance Committee of the Association of British Insurers. He also sits on the steering group of The Prince's Farm Resilience Programme.



**ALI CAPPER**  
**NON-EXECUTIVE DIRECTOR**

Ali was appointed to the Board in 2018. She is Chair of the NFU National Horticulture Board, a director of the British Hop Association, Wye Hops Limited and Wye Fruit Limited, Executive Chair of English Apples & Pears and a Trustee of Nuffield Farming Scholarship Trust. She is a previous Board member of Cargill Growers Association. Ali worked in advertising for 16 years where she progressed to Client Services Director before becoming a farmer.



**BRIAN DUFFIN**  
**NON-EXECUTIVE DIRECTOR**

Brian was appointed to the Board in 2014. He is an Actuary with extensive financial services experience. Brian was previously Group Chief Executive of Scottish Life and an Executive Director of Royal London Group. He is a Non-Executive Director of the Debt Management Office, Chairman of Scottish Equitable Policyholder's Trust, of the GEC 1972 Pension Plan, and of Aviva's With Profits Committee. Brian is also the Deputy Chairman of the Church of Scotland Investors Trust. He is also Chairman of Trustees of the Group's Staff Retirement Benefit Scheme.



**CHRISTINE KENNEDY**  
**NON-EXECUTIVE DIRECTOR**

Christine was appointed to the Board in 2014. A partner in her family's County Down beef farm for nearly 30 years, Christine was previously the Director of Commodities and Food for the Ulster Farmers Union and a co-opted member of the UFU Board. She has been an Independent Panel Member for the Department of Agriculture and Rural Development, and is a Director of Countryside Services Ltd, a member of the NI Food Advisory Committee for the FSA, and also a Trustee of Donaghadee YFC.



**EILEEN MCCUSKER**  
**NON-EXECUTIVE DIRECTOR**

Eileen was appointed to the Board in 2012. She has over 30 years' domestic and international insurance industry experience across underwriting, regional and operational management and sales. Previously the CEO of XL International Property and Casualty, she has also worked with Commercial Union and Winterthur International. Eileen was previously a Non-Executive Director of Allied World Syndicate 2232, which is a Lloyds syndicate.



**JIM MCLAREN**  
**NON-EXECUTIVE DIRECTOR**

Jim was appointed to the Board in 2012. He served as President of NFU Scotland from 2007 to 2011, having served previously as the organisation's Milk Committee Chairman before becoming Vice President in 2006. Jim was Chairman of Quality Meat Scotland Limited and is a former Director of Scotland's Rural College (SRUC). Jim is a mixed beef and arable farmer from Perthshire in Central Scotland.



**RICHARD MORLEY**  
**FINANCE DIRECTOR**

Richard was appointed to the Board in 2018 as Finance Director. His responsibilities include Financial & Regulatory Reporting, Planning & Analysis, Actuarial Finance, Property and Procurement. He joined NFU Mutual in 2011 as Head of Finance. Prior to that he held a variety of Finance leadership roles for Thames Water, BNP-Paribas and Lloyds Banking Group. He is a qualified accountant and Fellow of the Chartered Institute of Management Accountants (FCMA).



**CHRISTOPHER STOOKE**  
**NON-EXECUTIVE DIRECTOR**

Chris was appointed to the Board in 2011 and appointed Senior Independent Director in 2014. A Chartered Accountant, Chris has extensive insurance experience, having held a number of practice and management positions at PwC and been Chief Financial Officer of Catlin Group. He is Chairman of Chaucer Syndicates and a Non-Executive Director at both King's College Hospital and South London Theatre Centre. Chris was previously Chairman of Miles Smith.



**NICK TURNER**  
**SALES & AGENCY DIRECTOR**

Nick was appointed to the Board in 2013 as the Sales and Agency Director. He is responsible for the growth of the General Insurance and Life sides of the business. Nick joined NFU Mutual from AXA where he was Managing Director, Intermediary & Partnerships – Personal Lines. His career spans more than 25 years, largely in the fields of Life and Wealth Management. Nick is Deputy President of the Chartered Insurance Institute and was previously President of the Personal Finance Society.



**KIM ARIF**

In April 2018, we were shocked and saddened by the death of our Finance Director, Kim Arif. He joined us as an Assistant Actuary in 1990, and subsequently moved up within the Life division to become Life Financial Controller in 1998. In 2001 Kim was appointed Assistant General Manager, Finance. On the 1st January 2007 he took up his position as a main Board Director. Kim is greatly missed by all of his colleagues at NFU Mutual.

# DIRECTOR REMUNERATION

NFU Mutual's remuneration policies are designed to attract and retain the management talent needed to run the business successfully. The annual and long-term incentives help to align the total remuneration package directly to the performance delivered for our members and other stakeholders.

The performance of NFU Mutual during 2018 was strong across both our General Insurance and Life Insurance business areas, delivering good outcomes across the key financial performance indicators linked to bonus payments for all staff. All of this was achieved in an environment of increased political and economic uncertainty.

Approval will be sought at the AGM for Non-Executive Directors' fees, relating to a 12-month period ending 31st May 2020, not exceeding £750,000. These fees are to be allocated, at the Board's discretion, between the Non-Executive Directors serving during that period.



Further details of our remuneration policy are set out in the Directors' Remuneration Report contained in our annual report. Download your copy at [nfumutual.co.uk/agm](https://nfumutual.co.uk/agm)



NFU Mutual's Gender Pay Report, which measures the difference between the average pay of all men and women in the company, is available to download at [nfumutual.co.uk/about-us](https://nfumutual.co.uk/about-us)

**“The performance of NFU Mutual during 2018 was strong across both our General Insurance and Life Insurance business areas, delivering good outcomes across the key financial performance indicators linked to bonus payments for all staff.”**

Jim McLaren, Remuneration Committee Chair



## EXECUTIVE DIRECTORS' TOTAL REMUNERATION

Executive Directors	2018 (£)						2017 (£)	
	Base Pay	Benefits	Company Pension Contribution <sup>1</sup>	Annual Bonus	2016-2018 LTIP	2018 Total	Base Pay	2017 Total
Lindsay Sinclair	577,458	108,407	86,619	619,005	699,966	<b>2,091,454</b>	558,497	<b>2,123,111</b>
Kim Arif	112,972	4,380	16,294	61,708	220,100	<b>415,454</b>	334,677	<b>989,344</b>
Steve Bower	231,797	13,519	34,770	177,149	209,828	<b>667,063</b>	225,773	<b>692,574</b>
Richard Morley	37,500	1,767	5,625	28,403	80,803	<b>154,098</b>	-	-
Nick Turner	235,849	17,828	35,377	180,388	208,447	<b>677,890</b>	229,787	<b>698,451</b>

<sup>1</sup> Cash allowance in lieu of company pension contribution.

## NON-EXECUTIVE DIRECTORS' TOTAL FEES AND TAXABLE EXPENSES

Non-Executive Directors	Responsibilities	2018 Total Fees (£)	Taxable Expenses from 1st Jan 2018 - 31st Dec 2018	2017 Total Fees (£)	Taxable Expenses from 1st Jan 2017 - 31st Dec 2017
Jon Bailie	Investment Committee Chair	40,894	3,041	-	-
Ali Capper		38,008	1,010	-	-
Brian Duffin	With-Profits Committee Chair, Chair of the Company's Pension Scheme Trustee	78,000	4,696	72,500	5,578
Sally-Ann Hibberd <sup>1</sup>		3,623	1,658	48,750	879
Christine Kennedy		54,500	4,863	48,750	2,870
Eileen McCusker	Board Risk Committee Chair	66,500	4,271	62,562	3,684
Jim McLaren	Remuneration Committee Chair	64,500	8,038	58,750	5,503
Richard Percy	Chairman, Nomination Committee Chair	185,000	3,570	181,250	4,464
Chris Stooke	Senior Independent Director, Audit Committee Chair	71,450	3,140	65,188	1,660

<sup>1</sup>Resigned from the Board 29th January 2018

# NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of The National Farmers Union Mutual Insurance Society Limited (NFU Mutual) will be held at the National Conference Centre, part of the National Motorcycle Museum, Coventry Road, Bickenhill, Solihull, West Midlands, B92 0EJ at 2.30pm on Thursday 27th June 2019 for the following purposes:

1. To receive the annual accounts and the reports of the Directors and the Auditors for the year ended 31st December 2018
2. To re-elect Jon Bailie as a Director
3. To re-elect Steve Bower as a Director
4. To re-elect Ali Capper as a Director
5. To re-elect Brian Duffin as a Director
6. To re-elect Christine Kennedy as a Director
7. To re-elect Eileen McCusker as a Director
8. To re-elect Jim McLaren as a Director
9. To elect Richard Morley as a Director
10. To re-elect Richard Percy as a Director
11. To re-elect Lindsay Sinclair as a Director
12. To re-elect Chris Stooke as a Director
13. To re-elect Nick Turner as a Director
14. To fix the remuneration of the Directors
15. To approve the Directors' Remuneration Report, as set out in the Annual Report and Accounts, for the year ended 31st December 2018
16. To appoint Deloitte LLP as auditors for the financial year ending 31st December 2019
17. To authorise the Directors to fix the auditors' remuneration

## **Special Business**

18. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

THAT the regulations contained in the document produced to the meeting and initialled by the Chairman for the purposes of identification be adopted as NFU Mutual's new Articles of Association in substitution for and to the exclusion of NFU Mutual's existing Articles of Association.

and for the purposes of any other business which may properly come before the meeting.

**By Order of the Board, JD Creechan, Company Secretary 25th April 2019**

## **Notes**

1. Copies of the following documents are available on NFU Mutual's website [www.nfumutual.co.uk](http://www.nfumutual.co.uk), or can be obtained by a member by ringing 0800 072 1065 or by writing to the Company Secretary, NFU Mutual, Tiddington Road, Stratford-upon-Avon, Warwickshire, CV37 7BJ, namely:

- a) the annual accounts and the reports of the Directors and the Auditors for the year ended 31st December 2018;
- b) the proposed new Articles of Association of NFU Mutual; and
- c) the proposed new Articles of Association of NFU Mutual marked up to highlight the amendments from the existing Articles of Association.

2. A member entitled to attend, speak and vote at this meeting may appoint any person as his/her proxy to attend, speak and to vote on his/her behalf at the meeting.

The National Farmers Union Mutual Insurance Society Limited (No.111982). Registered in England. Registered Office: Tiddington Road, Stratford-upon-Avon, Warwickshire CV37 7BJ.

# NEW ARTICLES OF ASSOCIATION

At this year's AGM we are proposing a number of changes to NFU Mutual's Articles of Association. Many of these changes are to bring NFU Mutual in line with other companies with a large membership. The principal changes are summarised below.

## DIRECTORS

We are proposing updates to the Articles concerning Directors:

- to reflect NFU Mutual's current practice of all Directors standing for re-election at each AGM and to address the possibility of no Directors being re-elected;
- to introduce more detailed provisions regarding delegation by the Directors and regarding Board Committees, including allowing such Committees to have members who are not Directors;
- to remove the existing long list of specific powers granted to Directors which are no longer required given the wide general powers granted to Directors; and
- to amend the provision which enables members to nominate a candidate as Director so as to set the level of support required for the notice of such a nomination at not less than 500 members representing at least 1% of total voting rights; to extend the time period required for such notice; and to allow the Directors to set a record date which will be used to calculate voting rights and whether the required level of support has been obtained.

# NEW ARTICLES OF ASSOCIATION CONT...

## GENERAL MEETINGS

We are also proposing changes to the provisions which enable members to requisition a general meeting, and to requisition a resolution to be put to the AGM, including changes:

- to set the level of support required to exercise these powers at not less than 500 members representing at least 1% of total voting rights;
- to extend the time periods to convene and hold a requisitioned general meeting and introduce a cut-off date for the receipt of a requisition for a resolution to be put to an AGM; and
- to allow the Directors to set a record date which will be used to calculate voting rights and determine whether the required level of support has been obtained.

Under the Companies Act 2006, members have a separate power to requisition a general meeting; the threshold to exercise this power is 5% of total voting rights.

Other changes include:

- enabling the holding of general meetings in which members would be able to participate by electronic means as well as by being physically present (should the Directors wish to hold general meetings in this manner);
- giving the Directors flexibility to re-arrange a general meeting in the event of, for example, threatened disruption or other circumstances affecting the comfort, health, safety, or wellbeing of attendees; and
- aligning the quorum for AGMs and all other general meetings (save for those convened upon member requisition) at 13 members.

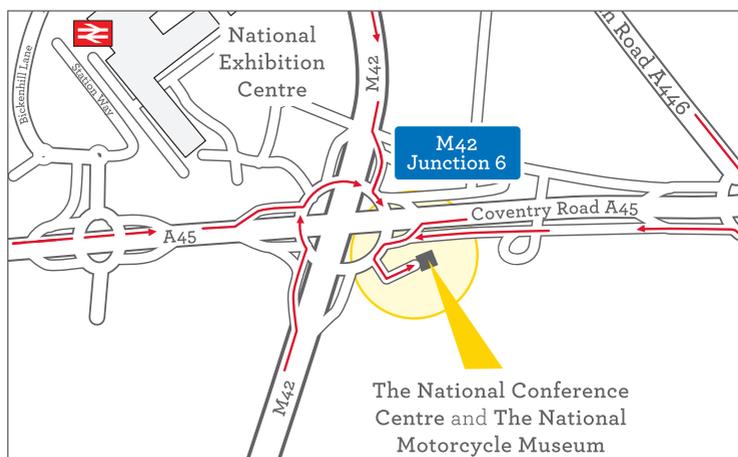


A more detailed description of the changes, together with a copy of the Articles of Association setting out the changes in full, can be found at [nfmutual.co.uk/agm](https://nfmutual.co.uk/agm)

# HOW TO GET THERE

Our 2019 AGM will be held at The National Conference Centre. The NCC is part of The National Motorcycle Museum in Solihull in the West Midlands.

The Museum is located just off the island at J6 of the M42, on the opposite side to the NEC.



## ADDRESS

The National Conference Centre,  
Coventry Road, Bickenhill, Solihull,  
West Midlands. B92 0EJ.



## USING YOUR SATNAV

Some systems incorrectly place the conference centre postcode miles from its actual location. If your SatNav doesn't show the NCC or National Motorcycle Museum as a destination, you may prefer to **use nearby postcode B92 0ED**. Once on the A45 and in the vicinity of the NEC and Airport, The National Motorcycle Museum is clearly signposted.

To find out more about how we use your personal information and your rights, please go to the Privacy Policy on our website [nfumutual.co.uk/privacy](https://nfumutual.co.uk/privacy)

If you would like this document in large print, braille or audio, please contact us on **0800 072 1065**.



**NFU Mutual**

[nfumutual.co.uk](https://nfumutual.co.uk)

The National Farmers Union Mutual Insurance Society Limited (No.111982). Registered in England. Registered Office: Tiddington Road, Stratford-upon-Avon, Warwickshire CV37 7BJ. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. For security and training purposes, telephone calls may be recorded and monitored.

Printed on environmentally friendly paper  
AGM-BRO-0419