



Sustainability Report 2020

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Introduction

About this report

We, Union Insurance company, are pleased to issue our first Sustainability report for the year 2020. Through this report, we are highlighting our capabilities and achievements that comply with the ESG values and objectives.

This report has been issued in compliance with the disclosure guidance set by the Abu Dhabi Securities Exchange on Environmental, Social & Governance (ESG) Disclosures for listed companies.

About us

Union Insurance was established in 1998 with a paid-up capital of over AED 330 million. It is licensed by the Central Bank of UAE and listed on the Abu Dhabi Securities Exchange, with its corporate office located in Dubai.

At Union Insurance, we provide a comprehensive range of retail and commercial insurance products to clients in the UAE, as well as the Middle East. Led by some of the most experienced and respected professionals in the industry, we make it a point to offer innovative, superior-value insurance coverage.

This includes both standard and customised policies to help individuals; small, medium, and large enterprises; and government entities, obtain reliable and cost-effective insurance covers. We offer additional insurance services as well. They include risk assessment and gap analysis of insurance coverage, conducted by professionals with decades of experience.

Our comprehensive coverage in areas including (but not limited to) life, health, automobiles, property, engineering, liability and maritime, frees our clients to focus on their core operations, and gives them the surety of having robust insurance policies to manage various risks.

We have obtained ISO 14001, OHSAS 18001, ISO 9001 and ISO 10002 certification.

Mission

To deliver innovative, high-value insurance products that provide better risk management solutions to individuals, companies and governments.

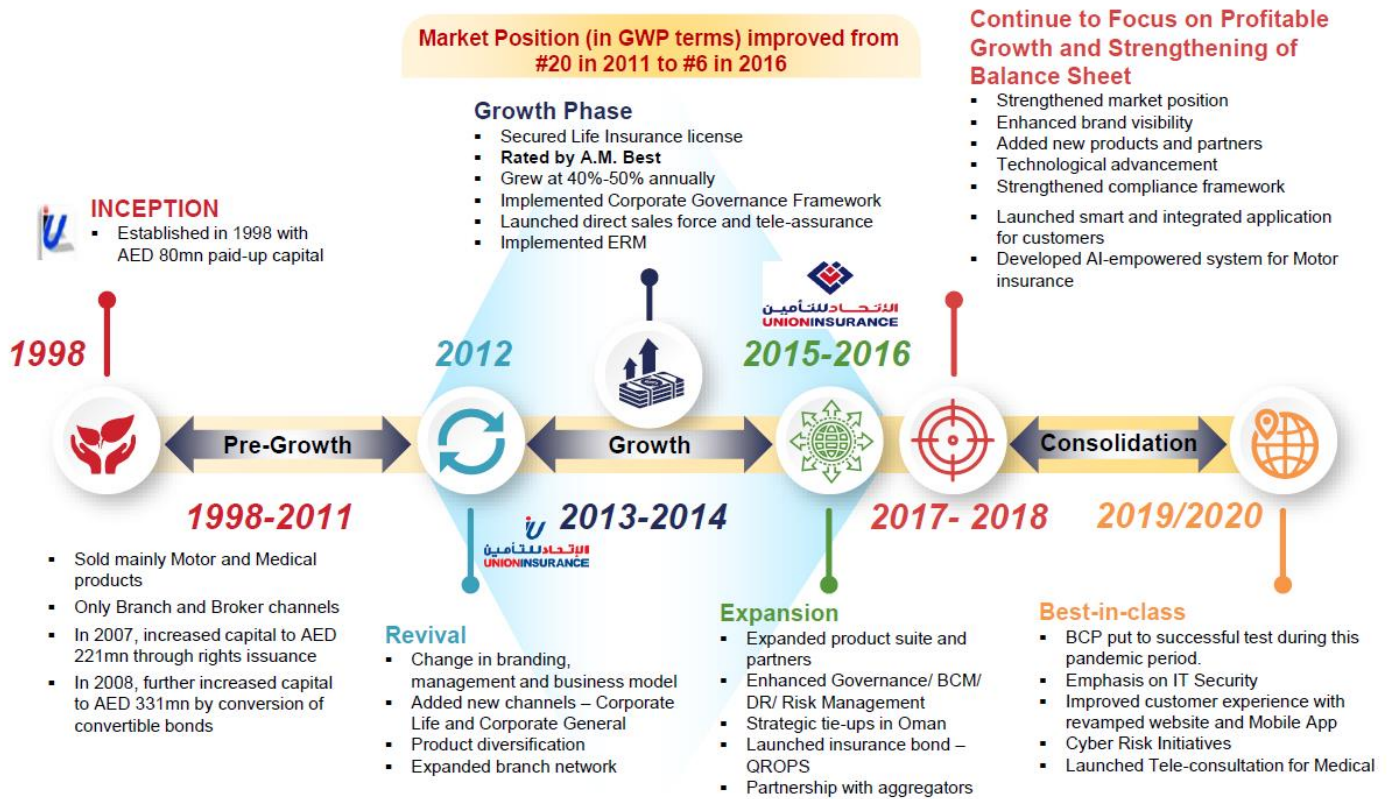
Vision

To be the trusted insurance provider in the United Arab Emirates and wider Middle East region.

Values

Empowerment- Equal Opportunity- Friendship- Innovation- Quality- Reliability-
Social Responsibility- Teamwork- Trust

A Successful Growth Story



Financial Stability

Key Performance Indicators	2019	2020
	AED'000	AED'000
Gross Written Premium	927,343	867,911
Net Earned Premium	370,991	316,081
Reinsurance Ratio	51.1%	52.2%
Net Claims Incurred Ratio	48.6%	41.2%
Combined Ratio	98.1%	100.6%
Return on Average Equity	6.9%	-2.1%
SCR Solvency Margin Surplus	19,236	21,186
Solvency Ratio	111%	113%

Highlights

Management

Union Insurance management's collective experience and its low turnover for the past decade has positively impacted the company progress and instilled confidence in its direction and business strategy.

Union management team comprises well experienced and qualified senior professionals. All the key positions such as in Underwriting, Finance and Accounting, Legal, Actuary, IT and Business are filled with professionally qualified personnel.

Reinsurance Arrangements

Union is supported by a panel of leading reinsurers who have long standing arrangements with the company. This has helped in sustaining the financial stability of Union.

Solvency and Investments

UIC's solvency position remains healthy. During the pandemic, the solvency position of the company was stable, with a regulatory solvency margin surplus of AED 21.2 million.

The company monitors its solvency position regularly.

As at 31st December 2020, the company has total invested assets of AED 411.0 million with 54% invested in Cash and Deposits.

Rating

Union Insurance has a B++ rating from AM Best which reflects the company's financial stability and capability to pay the claims based on its balance sheet strength, operating performance, business profile and enterprise risk management.

Claims Management

We are committed to settling claims quickly and efficiently to ensure that the insured, who suffered financial losses, is able to come back to business quickly. The claims we pay towards Healthcare, Credit, Property and Liability are examples of where our company has helped individuals and companies, suffering from financial losses, by providing them with payments, either on indemnity basis or fixed sum assured and thereby contributing to the welfare of the economy.

The table below summarises our claims payments over each of the last 5 years. Our experience has been consistent over all years, with loss ratios between 50 – 65%, demonstrating our stability and sustainability.

CLAIMS ANALYSIS (AED'000s) – ALL LINES OF BUSINESS

YEAR	INCURRED	EARNED PREMIUM	LOSS RATIO
2016	448,419	686,291	65%
2017	525,402	802,744	65%
2018	438,368	816,784	54%
2019	404,673	737,289	55%
2020	432,109	704,310	61%
TOTAL	3,134,696	5,319,010	59%

This demonstrates our commitment to ensuring that policyholder liabilities are met appropriately. Our Ultimate claims represent the total claims expected, including claims already paid. Our future estimates are based on recent experience and these are updated on a quarterly basis in case of any adverse experience. This is done to minimize unexpected claims and ensure sustainability in the long term.

Further, our efficient underwriting processes result in healthy loss ratios, ensuring that we have sufficient funds to cover the fixed and variable expenses associated with the business. This is vital to ensure our business remains sustainable.

COVID-19

With regards to COVID-19 claims, we have been covering the financial costs with respect to the impact of Covid-19 on health, even before the government capped hospital costs, we were fulfilling our obligations and covering the costs, and we're projecting expected covid-related claims costs based on realistic assumptions, monitoring and updating the analysis every quarter.

In Health insurance, we have responded to 100% of the suspected and reported Covid -19 cases and paid total claims of AED5,512,761 till 31 December 2020.

In Life insurance, we have also contributed towards the welfare of the society and the economic growth by compensating people for their losses incurred by the pandemic. In 2020, we paid a total AED5,088,828 in Covid-19 related life insurance claims.

Corporate Governance

Business Continuity

Our business continuity plan ensured that we were prepared for any disruption.

During the pandemic's lockdown period (March-June 2020), our services were fully operational, and we continued to serve our customers. 70% of our staff were working remotely and we smoothly transitioned to online mode with all transactions, including financial, were conducted without any delay.

Compliance & Governance

The Compliance and Corporate ethics policies have been implemented and these are our enabler in sustainability framework.

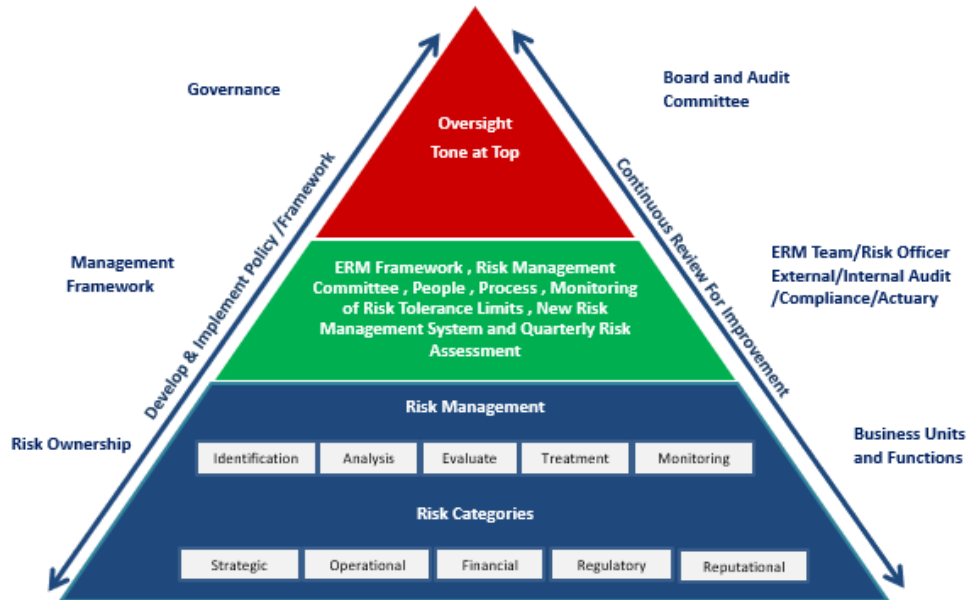
The Regulatory areas are given uppermost priority and adherence to regulatory Compliance requirements are always ensured. The Corporate Code of Conduct policy has been implemented Since 2014 in UIC for employees and Board of Directors and the compliance to this is being monitored. We have robust and comprehensive process for handling all relevant regulatory and compliance requirements including submission to the Regulatory bodies. The dedicated Compliance team as part of UIC line of defense is formed to Liaise with Regulatory bodies and responsible for Compliance Monitoring framework.

Additionally, as per the Corporate Governance requirements the Board Committees have been formed including the Audit Committee, Nominations and Remunerations Committee and Investment Committee.

Risk Management

The Risk Management principles are embedded in UIC Operational and Financial Processes and further mitigation/controls are implemented for effective Internal Risk Management framework in the Functional processes.

The following provides the complete details on the risk function of the company



Distribution Channels

In addition to our 8 offices and branches across the UAE, Union utilises a number of diversified channels ensuring sustainability, reduction in costs and continued growth.

Digitalization & Transformation

- Our digital transformation strategy ensures that technology is harnessed to cater to our customers evolving needs and enhance our operational efficiencies.
- We enable our stakeholders to engage with us through various digital platforms which ensures sustainability in the digital era.
- With digitization rises the need of data security and customer data protection. We adhere to NESA, ADHICS Standards and have a comprehensive Information Security policy.
- We also have ISO27001, NESA, PCI DSS, SOC Compliant Data Center. Our multi-layered security architecture protects from cyber-attacks and Intrusion attempts.
- We have an efficient approach to data backup and recovery. We keep a secure storage of data that prevents loss and permits timely restoration.



USER EXPERIENCE

- Corporate Website and Applications revamped using UI/UX Study with consideration of Mobile First approach.
- Website optimized for Search Engines with Analytics on user navigation patterns.
- Enhanced Customer Communication.

SELF SERVICING

- Increase in Servicing Touchpoints for Individuals and Partners using Portals, Mobile App and plan for Web / WhatsApp Bot.
- On the fly Quote generated by Customer/Partners/Sales.
- Customers can buy Policy Online, Renew Policy, Register Claims and Track their claims.

PROCESS AUTOMATION

- End-End Automation of various processes like;
- Motor Bidding, Claims, Garage and Surveyor.
 - Enabling technology like eSign to eliminate paper documents.
 - Use Cases identified for technologies like RPA, OCR for automating routine task in areas of Finance, Health, Life and Regulatory.

TECHNICAL UPLIFTS

- Keeping up the curve with the latest technology and business needs; upgrades/revamp of Health, Finance and Life Core systems
- Technical Refresh of Network Devices, Software, OS and Laptops/Desktops

BI/ANALYTICS

- Using advance analytical solutions like Power BI, various Operational and Management MIS have been published.
- Roadmap is towards Single view of customer and predictive analysis

Social Responsibility

Social Initiatives by UIC

Donation Campaigns and Initiatives

Prior to the pandemic, Union organized a blood donation campaign in collaboration with DHA for the employees.

Under our value-added service, Balsam, we provided our clients with an opportunity to benefit from a health awareness session conducted in collaboration with leading healthcare providers.

However, in 2020, because of the lockdown and health and safety measures, such activities were put on hold.

Employees

Employee Wellness Program

Ensuring employee wellness is an important objective at Union Insurance. The management is actively involved in identifying and adopting/implementing policy changes that benefit our employees.

COVID-19

Policy changes were made to allow employees to work from home if they or their family members are affected by Covid19.

Over 70% of our staff across our various offices were working from home. They were provided with the right collaboration tools and equipment to enable them to serve customers without any interruption.

On returning to the office, we have provided personal protective equipment like masks, gloves and hand sanitizers across all offices.

All employees were subjected to a daily temperature check and any incidents were reported immediately to HR to take necessary action.

Also, regular office sanitizing procedures were in place to mitigate potential risks.

Diversity and Inclusion

Our Diversity and Inclusion framework helps UIC to target initiatives and improve diversity and inclusion across the corporate. UIC is committed to developing policies, practices, and ways of working that support diversity. Employees from over 20 different nationalities are currently working at UIC.

Equal opportunity is offered at UIC and women form 35% of the workforce vs men at 65%

All employees are evaluated basis their contribution to their respective teams and the organization. The organization also complies with all the statutory requirements listed by the Ministry of Labor.

Women in Leadership

Over the years we have emphasized on identifying female successors for leadership roles and provide development opportunities. The female member of the board constitutes 14% of total members.

As an organization, we help nurture and grow individuals to lead senior positions like Branch Managers, Actuarial Services, etc...

Emiratisation

Inspired by the UAE Vision 2021 that aims to empower UAE nationals to drive economic growth by increasing their participation in the labour market, we are firmly committed to nurturing and developing the local Emirati community for the long-term benefit of our business and the national economy. In 2020, 9.8% Of our workforce are UAE nationals and we continue to develop Emirati talent and to meet the regulatory requirements of Emiratisation.

Training and Career development

A New Joiner Orientation (NJO) is the first training session that all employees go through. This session is aimed to help the employees get better acquainted with the organization structure and technical areas/departments.

Post the NJO, each department head puts the employee through a training program/period. This is managed directly by the department and is customized basis the role and career level of the individual. The objective is to ensure that the employees is coached by experienced team members on the tasks and process using real life examples and situations. This also allows the employees to understand their role, responsibilities, and key performance areas.

We also provide annual online training for AML and IT Security via our inhouse training platform.

Employee engagement

UIC has a Social Events Team (**SET**) where a group of employees plan extracurricular activities for the staff.

The team was inactive in 2020 due to the pandemic situation but we are committed to increasing employee engagement as it can increase feelings of inclusion in diverse teams.

UIC has another employee engagement initiative: **AIM** (All Ideas Matter). This initiative provides an opportunity to all UIC employees to suggest ideas that will add value to our clients, customers, or the business or will increase productivity. If their idea is implemented, the nominee is rewarded. It motivates our employees to creatively identify solutions that can improve current processes and operations. Thriving in a collaborative environment where UIC employees can share their ideas helps pave the way for career development and promotes the right kind of behavior for our company.

Union also issues a bi-monthly staff magazine, Al Nabaa, to facilitate employee engagement where they learn about each other's achievements and personal milestones.

Environmental Responsibility

Energy Efficiency

We aim to be energy efficient at Union in line with the UAE's direction to reduce emission.

We have LED energy efficient lights in our local offices and the air conditioning is programmed to switch off when no one is in the office. We have also instilled a culture where our staff switch off the lights before they leave.

Paper

We are continuously introducing initiatives that help reduce our environmental footprint across our local offices. We also engage employees through eco-friendly awareness and education to be more environmentally responsible.

We strive to conduct our business in a manner that causes no harm to the surrounding living environment. As we are taking significant steps in our digital transformation process, we are reducing the use of paper. Our customers can buy policies online as well as submit their claims. This has also helped in reducing air pollution as fewer customers find it necessary to visit our offices for insurance services.

We have tied-up with Greenbox to recycle paper across our offices. In 2020, we have recycled 695 kg of paper, down 20% from 2019.

Ink cartridges

We are a member of HP Planet Partners for recycling used ink cartridges and till 31 December 2020 we have recycled 2336 ink cartridges.

In some select departments, black and white printers have replaced color printing for a more environmental-friendly printing as it reduces consumption of ink.