



UMAL NEWS

WINTER 2010

Allan Guest appointed as Chairman of U M Association Ltd & U M Services Ltd



Allan Guest, who joined the UM companies as a director earlier this year, has been appointed as Chairman of the Boards.

Allan is a well-known figure in the insurance market and brings a wealth of experience to his new role. Until his retirement in March 2009, he was Chief Executive of Mitsui Sumitomo Insurance Group Holdings (Europe).

He began his career with Sun Alliance Group rising to London Market Underwriting Director. During this time he was instrumental in providing the initial support for the establishment of UMAL. He is an FSA Approved Person and is a past Vice President of the Insurance Institute of London. He was also a Director of Nuclear Risk Insurers Ltd, the body responsible for providing insurance for civil nuclear sites in the UK.

"I am delighted to take on the role of Chairman and have the opportunity to contribute to the continuing successful development of the mutual, UMAL and its partner intermediary UMSL," he said. "The current economic climate presents a real opportunity for mutual organisations, which can offer stability, value for money and a high level of service."

"Building on the work of the previous board, I believe UMAL, going forward, is well-placed to step in where the more traditional elements of the insurance market are not able to. We

must continue to demonstrate what it is that makes us the provider of choice for the higher and further education sector," he said.

"Commercial insurers are driven by their shareholders, but UMAL, as a mutual, operates in the interests of its members, and as such we are undoubtedly an organisation in the sector that has the 'here to stay' factor. This is our sole focus, so our activities don't subsidise any other activities."

Referring to UMAL's place as the longest-serving provider of cover to the higher education sector, he said great uncertainty was caused by insurance companies dipping in and out of the sector, and moving off-shore to gain tax breaks.

Allan also believes that UMAL's attitude to lowering risk by consistently giving free risk management advice sets it apart from the competition, and is another factor in driving down costs for members.

"The all-round service that UMAL provides is far greater than the sum of its parts. Our coverage is more wide-ranging, and we have demonstrated our ability to respond more quickly to claims than our competitors. This year we were able, once again, to return funds to our members, and overall we have, in the aggregate, repaid a substantial sum to our members, in excess of the equivalent of one years' contribution" he said.

Allan points out UMAL has a unique position within the sector

as a provider of risk solutions which does not charge fees and operates at a much lower administrative cost base than other alternative traditional insurance providers to the sector. Equally, unlike a broker intermediary, neither UMAL or UMSL are recipients of undisclosed commission from insurers who are also engaged within the sector.

"Importantly the Coalition Government is focused on measures to restructure the UK financial services industry. Their published aim is to create greater customer choice, to curb domination by the very large financial services companies and to reduce volatility by encouraging a lower risk appetite.

"In particular they are supportive of mutuals, and have indicated the intention to make regulation proportionate to the specific business of a company, and not a one-size-fits-all which has favoured the big battalions.

"This can only be good news for the continued development of UMAL and hopefully will create a more level playing field for us to compete for the overall benefit of the tertiary education sector," he said.



NEW DIRECTORS

New Director of UMAL and UMSL:

Mike Davies, Director of Finance, Bangor University

Qualified as a Chartered Certified Accountant in 1982, Mike was appointed to Bangor University as Director of Finance in 2009 following 30 years of commercial experience. He held a number of senior finance roles in the power industry, leading several major projects, notably corporate disposals and restructuring group pension funds. Mike is a member of the Executive and a Director of the University's subsidiary, the North West Wales Management Development Centre. In addition to leading the University's central finance team, he works closely with the Director of Planning and Deputy Vice-Chancellor in developing financial strategy, planning and control.

New Director of UMAL:

Graham Gilbert, Finance Director, University of York

After graduating from Bristol University with a degree in Philosophy and Economics, Graham Gilbert worked initially in the City and then as an economist and corporate planner for Unilever PLC. He qualified as a Chartered Management Accountant in the late 1980's and for the last 20 years has been Finance Director at the University of York. During this period he has been instrumental in developing the University's Science Park, in setting up the University's trading subsidiaries and in raising funding both on and off the balance sheet. He is currently engaged with colleagues in funding and developing the University's new £500m campus expansion programme.

UMAL faces Olympic challenge

UMAL is forming a Special Interest Group for Members that are to host Olympic teams in 2012. "Providing training facilities, accommodation and other services poses a number of unique challenges," says Susan Wilkinson "and we are keen to give those Members all the support they need." Several institutions have won contracts including the Universities of Loughborough (Team GB, Japan), Birmingham (Jamaica), and York (The Gambia), while many others are involved in bids.

Although they will be held over a relatively short period, risk management will be high on the agenda at the training camps. So too will be balancing the priorities of the Olympians, Para-Olympians and administrators, all in the glare of the world's media. Initiated at a meeting of UMAL's Affinity Group on 17th November, support for the Special Interest Group is to include a dedicated web-based forum, and a series of Q&A papers on specific issues.

Members interested in joining the Olympics Special Interest Group should register their interest by getting in touch by email with emma.walker@umal.co.uk



Gold medalist Christine Ohuruogu may train with the rest of Team GB at the University of Loughborough

Interview with Richard Shortland University of Birmingham



Richard Shortland is Assistant Director of Finance at the University of Birmingham, and has worked with UMAL since the university became a member in 1995.

Q: What sort of challenges does the University of Birmingham present in terms of risk?

A: There are many strands to the University. We are a university of national eminence and global reach. We teach and support over 26,500 students from all parts of the world, and accommodate over 4,500 in university residences. We have a high quality research programme working with many different sponsors in various fields, ranging from cancer studies through to fuel cell research and clinical trials.

Q: What are the advantages of working with a mutual organisation?

A: The University of Birmingham has been around for more than 100 years. We are not a commercial business, so in that sense it is more fitting we work with a mutual, because we want to work in partnership with our

providers towards a common goal. For us, choosing a mutual is a long-term proposition. Of course, there is also the opportunity for the mutual to return funds to the members which is an added bonus.

Q: What elements of service do you receive from UMAL that you might not find elsewhere?

One of the main benefits we receive from UMAL is the massive amount of support they provide, both on the claims side and the underwriting side. We have so many different business streams and UMAL understand those business streams. They meet us here on site twice a year and we attend their affinity group meetings, so there is continual contact whether we have claims to deal with or not.

Q: How do you see Birmingham's relationship with UMAL developing in the future?

We see UMAL as having the benefit of experience, not only with our needs but with the education sector more widely. Personally, I would like to see more higher and further education institutions coming together, and UMAL's membership expanding. The more Members there are, the more efficient the delivery of service will become, and the greater the returns. This is something that is in the interest of all Members, present and future.



Volcanic ash cloud claims get fast response from UMAL

The disruption caused to air travel in April and May 2010 by the volcanic ash cloud that originated from Iceland led to travel insurers being deluged with claims from stranded passengers.

UMAL received 506 claims, from a mixture of Members' groups and individual travellers, and managed to respond to all claimants in the first 24 hours, and from then issued regular bulletins by email to keep Members and travellers informed.

One party that was affected was a group of students and lecturers from the University of Gloucestershire on a field trip in south eastern France. As well as having their flight back to the UK cancelled because of air space closures, there was a rail strike in France which further limited their options for getting home.

Elaine Barwell, Insurance Manager at the University of Gloucestershire, said: "UMAL agreed straight away we could send transport to pick up the party. So we hired a coach and two drivers in Cheltenham and sent them across the channel on a ferry and down to Annecy in south eastern France."

In the end, the group of ten students and two lecturers got back to Cheltenham only two hours later than they would have done if they had caught their flight.

"UMAL's claims service was fast and

pragmatic. The University of Gloucestershire had a total of 17 incidents of which 8 went through as claims, involving about 34 people. We had people in France, the Czech Republic, USA, China, Hong Kong, Northern Ireland and Eire at the time, and the total cost was about £7,000," said Elaine.

Another party from the University was stranded in Northern Ireland when their flight to Birmingham was cancelled. The solution in this case was to fly them to Aberdeen and then a coach was hired in Cheltenham and sent up to take them home.

"As usual UMAL provided a no-fuss service. I don't think we would have received similar solutions through a mainstream insurer, such as the up-front agreement to alternative transport, especially when there was a possibility that the airlines would be allowed to fly again, but actually it was a very efficient way of getting people home," she said.

Nigel Deaves, Senior Claims Executive at UMAL, said claims were still being made in mid-November, and of the 506, some were from individuals and some from groups, up to as many as 35 people. The estimated total payout will be about £330,000.



Under UMAL terms, accommodation payments usually refers to "room only" costs, and not subsistence (food and drink), but because of the exceptional circumstances, changes were made.

"The UMAL board looked into the whole question of subsistence. Ordinarily it is not covered but some people were stranded for two or three days, and others for longer periods of up to nine days," said Nigel.

"In this exceptional circumstance it was agreed that authorised travellers with a subsistence claim would be reimbursed under the discretionary provision. It was surprising how low the subsistence claims were. People were generally very reasonable when making their claims, which made our job easier," he said.

In the general insurance market it is unlikely that this category of expense would have been covered.

A large part of the costs incurred by UMAL will be reimbursed by the airlines concerned. Those registered in the European Union are bound by EU rules which impose obligations on them towards their passengers. Those registered outside the EU are not under obligation to make repayments, but will do so voluntarily as part of their corporate responsibility policies.

"This is where the real hard work starts," said Nigel. "Some airlines have responded extremely well, while others, let's say, are not so forthcoming."

There are approximately 515,000 students (FTE) and over 68,000 staff covered by UMAL from the 64 members who select the travel section.



Review of the year to July 2010



Michael Yuille, Chairman UMSR

The Company's AGM was held on 8th December and was sparsely attended, the dreadful weather having affected the travel infrastructure across the country.

This Newsletter offers an opportunity to bring those unable to attend the AGM up to date on developments and performance in the year to 31st July 2010. I am also delighted to report that Andrew Keeble, Director of Finance at Queen Mary University in London has joined your Board and that Jon Gorringe, Ginny Hope, Simon Holt and Allan Bickerstaffe were all re-elected. Your support for the Board is appreciated.

During the year:-

- The Board reviewed the services contract with UMSL and measured performance against a range of key performance indicators. The review was very satisfactory and the Board agreed to extend the contract to 28 February 2013;
- Aware of the financial pressures on members, the Board again decided on reduced contribution rates in the year to July 2010, down by 10% on the previous year;
- Discussions are ongoing with UMAL about even closer collaborations and corporate synergies and improving communications;
- The Board have reviewed the skill set and composition of the Board and arising from the results of Board appraisals, development activities have been undertaken. A resolution was approved by the meeting to facilitate future appointments of individuals with the relevant skills to maintain the company's successful position.

■ The financial results are satisfactory, the smaller surplus reflecting the Board's desire to balance profitability and balance sheet strength with members' contribution levels.

One of the issues the Board keeps a watchful eye on is material distributed by insurance brokers which seeks to influence those with an interest in, or responsibility for, insurance. Frequently these publications fail to highlight the important role that the mutual companies play in the HE sector. Since the creation of UMSR, savings achieved for Members exceed £50m against the cost of traditional insurance over the same period. The UMSR scheme offers property and business interruption indemnity for terrorism risks at high limits of cover and low cost – indeed our rates have been reduced again for 2011. The mutual is

supported by the insurance and re-insurance markets in respect of catastrophe risk.

Your Board is determined to keep UMSR at the forefront of the HE sector as the main provider of protection from the financial consequences of a terrorist attack.

With our very best wishes for 2011.

NEW DIRECTOR

Andrew Keeble, Director of Finance and Planning, Queen Mary, University of London

Prior to taking on his present role at Queen Mary in 2006, Andrew worked as Director of Finance at SOAS from 1999, becoming Director of Administration concurrently in 2003.

In his role as Assistant Director of Finance at the University of Essex from 1991 to 1999, Andrew worked closely on the launch of UMAL.

From 1997 to 1999 Andrew also worked as Senior Accountant at the Corporation of Lloyd's where he passed the Lloyd's Market Certificate which included Chartered Insurance Institute modules in Principles and Practice of Insurance, Law (with reference to insurance) and the Lloyd's Market.

Christmas & New Year

Office opening times and emergency contact numbers

The UMAL/UMSL office will be closed from 23rd December 2010 re-opening on 4th January 2011. Should you require emergency assistance during this period you should either refer to the UMAL property claims service plan for the nominated loss adjuster contact information, or contact us as follows:

Emergency Telephone Numbers & Email Address

Executive Director: Susan Wilkinson	mobile 07802 457936 susan.wilkinson@umal.co.uk
Claims: Nigel Deaves	mobile 07770 993694