

OUR PERFORMANCE



2023 Financial Results



NFU Mutual
INSURANCE | PENSIONS | INVESTMENTS



FOREWORD

During another year of economic instability, tough market conditions, and increasingly unpredictable weather, NFU Mutual's focus on our members remained unwavering.

Our members continued to feel the effects of inflation with rising costs in all aspects of life, and at NFU Mutual we also felt those effects. Nevertheless, our long-term approach means that we have the financial strength to support our members during such challenging times and in 2023 we were able to award £244m in Mutual Bonus.

I'm pleased to report a Group profit of £164m for the year as investment returns began to recover and our portfolio achieved a strong finish to the year.

In 2023, we paid 97% of General Insurance claims totalling £1,327m and continued to focus on members during a year when our General Insurance business was affected by inflation, weather events, and increased volume and severity of very large claims.

As a mutual insurer with over 280 agency offices across the UK, we can really support our members during their times of need, including helping those dealing with damage in the aftermath of the severe storms that continue to hit the UK. I am proud of what this organisation does to ensure we provide an excellent service to our members whilst also protecting their homes and businesses for the future.

The continued loyalty of our members is hugely appreciated by us all at NFU Mutual, and I would like to thank you. Serving your needs is what keeps us all striving to continue to be a great company to do business with.

Jim McLaren, Chairman

FINANCIAL PERFORMANCE

Following the challenges of the previous year for investment markets, 2023 saw a much-improved year for global returns, which resulted in a 5.3% growth of funds under management to £20.2bn.

Our good investment performance, particularly in the later months of the year, resulted in us reporting an overall Group profit of £164m and we were able to award £244m in Mutual Bonus savings to our loyal members.

The General Insurance business reported strong sales performance; however profitability was affected by rising claims costs due to continued inflation, severe storms towards the end of the year and an increase in the volume and severity of very large claims. This contributed to an underwriting loss of £156m as we continued to support members and pay their claims.

Our pensions and investments business achieved an Annual Premium Equivalent of £66.9m reflecting a challenging second half of the year, with fewer customers looking to invest.

Our 2023 solvency ratio, which measures our ability to survive the most extreme plausible loss over the course of the year, remains high at 218% and we have the capital strength to support our members.



£164m overall profit

In 2023, NFU Mutual performed well, and the business achieved a Group profit of £164m against a complex backdrop of business conditions.



£156m underwriting loss

The General Insurance business was affected by rising claims costs caused by inflation, severity of very large claims, as well as severe storms.



95% persistency

Our persistency levels remained high at 95% with customers continuing to renew their policies with us and remaining loyal despite the continuing cost of living crisis and price rises to address inflation.

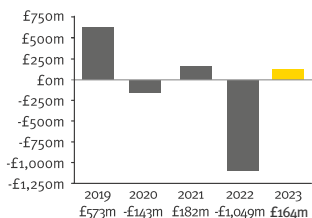
I would like to thank our loyal customers and everyone who makes NFU Mutual the business it is today – one that is achieving our long-term objectives to deliver ‘sustainable profitable growth’ be ‘a great company to do business with’, and ‘a great place to work’.

Nick Turner, Group Chief Executive



BUSINESS REVIEW

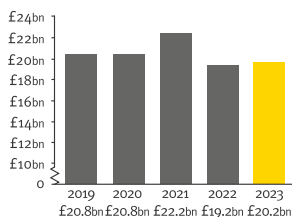
Group Results



FINANCIAL PERFORMANCE¹

In 2023 NFU Mutual performed well during another year of economic instability and tough market conditions, to achieve an overall Group profit after tax of £164m.

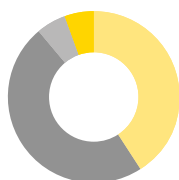
The General Insurance business was affected by inflation, weather events and higher volumes and severity of very large claims. Our good investment performance, particularly in the last months of the year, meant that we achieved a Group profit for the year whilst also awarding £244m in Mutual Bonus to our loyal members.



FUNDS UNDER MANAGEMENT²

A strong finish to the year saw our overall funds under management grow by 5.3% to £20.2bn.

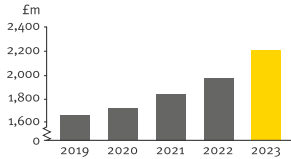
Our investment strategy is focused on long-term growth to ensure resilience during market volatility and funds under management have grown from £15.9bn to £20.2bn over the last ten years.



● NFU Mutual General £7.9bn (2022: £7.5bn)	● NFU Mutual Life £9.4bn (2022: £9.0bn)
● OEIC Funds £1.9bn (2022: £1.7bn)	● NFUMIS Pension Fund £1.0bn (2022: £1.0bn)

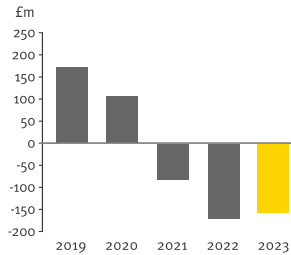
¹ Balance on the Non-Technical Account. ² Value of assets covering Life and General business funds. Funds Under Management represents the value of investment on the Balance Sheet made up of General Insurance Business of £7.9bn and Life Business of £9.4bn plus policyholder investment OEICS of £1.9bn and the assets of the Company's Retirement Benefit Scheme of £1.0bn. ³ Overall total premium income underwritten in the year. ⁴ The balance on the Technical Account adjusted for earned Mutual Bonus and allocated investment return. ⁵ 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 in 2023 was nil (2022: £2m) in the year. ⁶ Industry measure equal to new regular annualised premium plus 10% of new single premium.

General Insurance Business



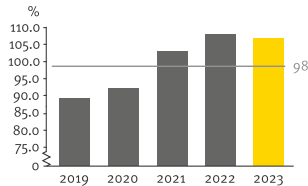
GROSS WRITTEN PREMIUM INCOME (GWPI)³

Sales performed well in 2023 and Gross Written Premium Income before Mutual Bonus increased 11.8% to reach £2,222m, reflecting sustained persistency levels alongside increases in premiums due to claims cost inflation.



UNDERWRITING PROFIT AND LOSS⁴

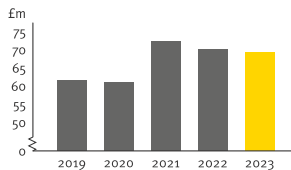
The General Insurance business was affected by rising claims costs due to continued inflation and an increase in the volume and severity of large claims, as well as the severe storms in the latter part of the year, which contributed to an underwriting loss of £156m. Paying claims is what we're here to do and we focus on the long-term to ensure we can support our members when they need us.



COMBINED OPERATING RATIO (COR)⁵

Our 2023 Combined Operating Ratio of 108.0% reflects the impact of inflationary pressure on the cost of claims for current and prior years, weather events and increases in the volume and severity of very large claims. Continued customer loyalty along with premium growth helped to mitigate the impact and we remain aligned with our aim to achieve a COR of 98% over the long-term.

Life Business



ANNUAL PREMIUM EQUIVALENT (APE)⁶

Pensions and investments performed well at the start of the year following the Chancellor's Budget, however, consumer confidence slowed in the second half of 2023 due to persistent inflation and high levels of interest rates resulting in an Annual Premium Equivalent of £66.9m.

MUTUAL BONUS

Unlike many other insurers, we've been rewarding our loyal General Insurance (GI) customers with a Mutual Bonus for over 20 years.

Our financial stability meant that in 2023 we could again award significant Mutual Bonus and we provided £244m of savings to our GI members to reward their loyalty. For the 12 months from 1st July 2024, Mutual Bonus rates will be as follows:



Renewal Year	Mutual Bonus Rate
1st year of renewal	5.5%
2nd year of renewal	6.5%
3rd year of renewal	7.5%
4th year of renewal	8.5%
5th+ year of renewal	10.5%

SUPPORT FROM WHICH?

In 2023, we were again named the Which? Insurance Brand of the Year and have been a Which? Recommended Provider for home and motor for 13 consecutive years.



OUR BOARD

For our AGM on Thursday 27th June 2024, we're asking you to vote to elect or re-elect the Directors on our Board. Over the next few pages, we'll explain a little more about our Board, the Directors' responsibilities and how they're selected.

The Role of Our Board

Our Board is responsible for overseeing the performance and setting the overall direction of the business. They set our strategic aims and appetite for risk, approve our commercial strategy, oversee our conduct, and continuously monitor performance.

Our Structure

Our Board comprises four Executive and seven Non-Executive Directors. The Board includes expertise from across financial services, asset management, finance, and agriculture to ensure we have the right blend of experience and insight.

Board Selection and Training

When a Board position becomes available, the Nomination Committee considers the specific skills and experience required to fill the role. Following a full recruitment process, shortlisted candidates are subjected to a rigorous interview process conducted by Nomination Committee members. Certain appointments are also subject to regulatory approval. Once appointed, all Directors undergo a full induction. We also conduct a regular evaluation of each Director's effectiveness and determine any development needs.



Directors' Commitments

Throughout the year our Directors attend Board and Committee meetings. They are required to allocate time to Continuing Professional Development, attending regulatory briefings and meetings with staff, Agents and members at shows, conferences, and events across the UK.

OUR DIRECTORS



Jim McLaren MBE,
Chairman

Jim was appointed to the Board in 2012 and appointed Chairman in 2019. He is also Chair of the Nomination Committee. Jim served as President of NFU Scotland from 2007 to 2011, having served as Vice President in 2006. He was Chairman of Quality Meat Scotland Limited from 2012 to 2019 and is a former Director of Scotland's Rural College. Jim is a mixed beef and arable farmer from Perthshire in Central Scotland and a Fellow of the Royal Agricultural Societies.



Jon Bailie,
Non-Executive Director

Jon was appointed to the Board in 2018. He is Senior Independent Director and is Chair of the Board Investment Committee and of the Board of NFU Mutual Unit Managers Limited. He has extensive investment management experience, having held senior positions at Pioneer Investments, AXA Investment Managers, Pantheon Ventures and Russell Investments. He is a Non-Executive Chair of CCLA Fund Managers and was previously a Non-Executive Director of the Pensions Infrastructure Platform.



Ali Capper,
Non-Executive Director

Ali was appointed to the Board in 2018 and is Chair of the Remuneration Committee. She is a member of NFU National Horticulture and Potatoes Board, a Director of the Oxford Farming Conference, the British Hop Association, Wye Hops Limited, Executive Chair of British Apples and Pears and is a Nuffield Scholar. She is a previous Board member of Cargill Growers Association. Before becoming a partner with her husband Richard in their family farm, Ali worked in advertising for 16 years where she progressed to Client Services Director.



Nick Turner,
Group Chief Executive

Nick was appointed NFU Mutual Group Chief Executive in April 2021. He was appointed to the Board in 2013 and was previously Sales and Agency Director where he led the growth of the General Insurance and Life businesses. Nick joined NFU Mutual from AXA where he was Managing Director, Intermediary & Partnerships - Personal Lines. His career spans more than 38 years, largely in the fields of General Insurance, Life Assurance and Wealth Management. Nick is a former President of the Chartered Insurance Institute and was previously President of the Personal Finance Society.



John Deane,
Non-Executive Director

John was appointed to the Board in 2022. He is Chair of the With-Profits Committee and Chair of the Trustee of the Group's Staff Retirement Benefit Scheme. A Fellow of the Institute of Actuaries, John has 40 years' experience working in listed, mutual, and private companies. John was previously Group Chief Executive Officer - Executive Director at Chesnara for seven years, alongside being a member of the UK Board and of its subsidiaries in the UK, Sweden, and the Netherlands. Prior to this, John held senior positions at Royal London Group, Old Mutual, and Century Life. He has also held Non-Executive Directorships with Atom Bank and Theatre-Rites.



Alan Fairhead,
Non-Executive Director

Alan was appointed to the Board in 2020, is Chair of the Board Risk Committee and a member of the Nominations Committee. A Chartered Insurer and Fellow of the Chartered Insurance Institute, he has over 40 years' domestic and international General Insurance experience in underwriting and operational management. After a career spanning 21 years at Guardian Royal Exchange, he progressed through Zurich Insurance Group to become CEO of Zurich Specialties London Ltd before becoming Global Chief Underwriting Officer based in Zurich. Alan was formerly an Independent Non-Executive Director of Everest Insurance (Ireland) DAC where he was also Chair of their Board Risk Committee.

OUR DIRECTORS



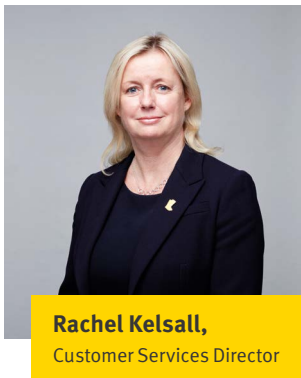
Richard joined NFU Mutual in 2011 and was appointed to the Board in 2018. His responsibilities include Financial & Regulatory Reporting, Financial Planning & Analysis, Investments, Property and Commercial Services. He has held a variety of Finance leadership roles for Thames Water, BNP-Paribas and Lloyds Banking Group. Richard is a qualified accountant (FCMA) and is a Non-Executive Director of The Institute of Agriculture & Horticulture.

Richard Morley,
Finance Director



Dave was appointed to the Board in 2023 and is a member of the Audit, Risk, and Remuneration Committees. In his executive career, Dave served as Managing Director of personal and commercial lines business for Zurich Insurance Group, and also as CEO of Zurich's UK General Insurance business. His early career was spent in sales, distribution, and marketing. He is currently Chair of Altitude Plc, Senior Independent Director and Chair of Audit Committee for AIG UK Ltd, and Chair and Independent Non-Executive Director of Lockton Companies LLP. He has also previously held Non-Executive Directorships for Bupa Insurance Services Ltd and Bupa Insurance Ltd, the Chartered Insurance Institute, AA Insurance Services Ltd, and Polaris UK Ltd. Dave is also a Chartered Engineer.

Dave Smith,
Non-Executive Director



Rachel Kelsall,
Customer Services Director

Rachel was appointed to the Board in 2023. With a focus on driving outstanding levels of customer service and satisfaction, Rachel's responsibilities include General Insurance Customer Service operations, Underwriting, Claims, Complaints, and Pricing at our Head Office and seven regional centres. Previously Head of Underwriting and Claims, Rachel has also held roles at NFU Mutual leading Pricing, Underwriting, Claims, Operations, Compliance and Finance departments.



David Roper,
Non-Executive Director

David was appointed to the Board in 2019 and is Chair of the Audit Committee. He graduated from Cambridge University with a degree in Music and subsequently trained as an accountant before joining PwC in 1990. He rose through that organisation to become a Director and then a Partner specialising in the financial services sector, working in London, Manchester, and Birmingham. He is the Senior Independent Director of Atom Bank and is also Chair of the National Youth Choirs of Great Britain and a trustee of E-ACT multi-academy trust and LAMDA.



Nick Watson,
Sales and Agency Director

Nick was appointed to the Board in 2021 as Sales and Agency Director. He has 30 years of financial services experience; 24 of which have been in insurance - spanning both life and General Insurance. Nick joined NFU Mutual from AXA, where he was Commercial Distribution and Trading Director, leading their broker distribution and trading strategy in the UK Commercial market - responsible for intermediary marketing, broker development, and the branch network trading performance. Prior to AXA, Nick spent 13 years with Aviva in both the UK and Europe, leading distribution and operations functions within GI and Life divisions. Nick also has experience of the UK broking market having previously led part of the Towergate MGA business and an online wholesale broking business.

DIRECTOR REMUNERATION

NFU Mutual's remuneration policies are designed to attract and retain the 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.

Our incentive schemes incorporate a wide range of financial and non-financial measures which are aligned to the Company's long-term business strategy and these schemes enable all staff to share in the success of the Company.

During another year of economic instability and tough market conditions the business performed well, and we continued to support both our customers and people throughout 2023.

Our good investment performance, particularly in the last months of the year, meant that we achieved a Group profit for the year whilst also awarding £244m in Mutual Bonus to our loyal members.

Approval will be sought at the AGM for Non-Executive Directors' fees, relating to a 12-month period ending 31st May 2025, not exceeding £937,000. 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 can be found on our website – nfumutual.co.uk/agm



To view NFU Mutual's Gender Pay Gap Report visit – nfumutual.co.uk/about-us

In 2023 we won the Gallup Exceptional Workplace Award for an 8th consecutive year, and NFU Mutual is one of only two UK-headquartered companies to have been given this accolade.

Ali Capper, Non-Executive Director,
Chair of Remuneration Committee



Executive Directors' Total Remuneration

Executive Directors	2023 (£)			2022 (£)				
	Base	Pension ¹	Benefits	Annual Bonus	2021 – 2023 LTIP	2023 Total	Base	2022 Total
Nick Turner	585,417	70,250	15,781	586,207	508,308	1,765,963	488,000	1,309,241
Rachel Kelsall ²	208,038	24,965	12,198	129,311	78,740	453,250	-	-
Richard Morley	352,467	42,296	14,564	242,638	228,165	880,129	326,667	808,270
Nick Watson	255,730	30,688	13,617	176,045	185,985	662,065	243,332	480,350
Steve Bower ³	66,063	7,928	3,603	44,688	151,946	274,227	261,687	679,113
Lindsay Sinclair ⁴	-	-	-	-	65,542	65,542	-	310,674

¹ Cash allowance in lieu of company pension contribution

³ Retired from the Board 31 March 2023

² Appointed to the Board 1 April 2023

⁴ Retired from the Board 31 March 2021

Non-Executive Directors' Total Fees And Taxable Expenses

Non-Executive Directors	2023 Total Fees (£)	Taxable Expenses from 1 January 2023 – 31 December 2023 (£)	2022 Total Fees (£)	Taxable Expenses from 1 January 2022 – 31 December 2022 (£)
Ross Ainslie ¹	-	-	60,042	2,753
Jon Bailie	95,350	1,578	83,667	1,021
Elizabeth Buchanan ²	61,079	1,509	-	-
Ali Capper	89,038	124	78,000	-
John Deane ³	90,738	1,213	12,083	611
Brian Duffin ⁴	35,000	-	101,950	6,047
Alan Fairhead	85,775	1,778	79,875	1,790
Christine Kennedy ⁵	18,125	2,153	72,125	3,264
Jim McLaren	215,844	8,615	203,750	5,423
David Roper	81,150	-	79,250	-
Dave Smith ⁶	74,413	-	-	-

¹ Resigned from the Board 31 October 2022

⁴ Retired from the Board 31 December 2022

² Resigned from the Board 27 October 2023

⁵ Retired from the Board 31 March 2023

³ Appointed to the Board 1 November 2022

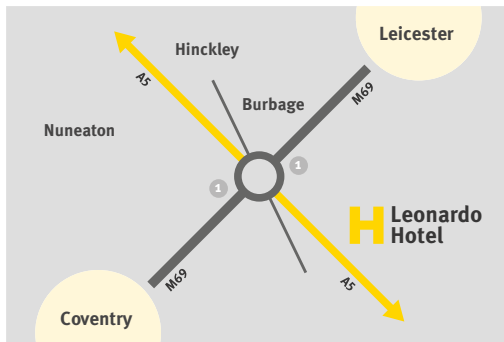
⁶ Appointed to the Board 1 January 2023

2023 Total Fees includes fees for Chairing and membership of Board Committees, and Directorships of other NFU Mutual Group Companies.

OUR 2024 AGM

Our 2024 AGM will be held at the Leonardo Hotel and Conference Venue, Hinckley Island, Watling Street, Hinckley, LE10 3JA at 2.30pm on Thursday 27th June 2024.

For detailed directions to the Leonardo Hotel please visit their website <https://www.leonardohotels.co.uk/hotels/hinckley-island>



How to vote:



Appoint a proxy online at nfmutual.co.uk/agm – using both parts of your personal security code printed on your proxy form(s).



Complete and return your proxy form(s) in the freepost envelope provided.



Attend the AGM in person.

If you will be attending our AGM, we would be grateful if you could let us know by emailing member_relations@nfmutual.co.uk or calling us on **0800 072 1065**.



For the most up to date information on our 2024 AGM please also visit our website by using this QR code or nfmutual.co.uk/agm

A summary of our Chairman, Jim McLaren's AGM speech will be available on our website from Friday 28th June 2024.

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 Leonardo Hotel and Conference Venue, Hinckley Island, Watling Street, Hinckley, LE10 3JA at 2.30 pm on Thursday 27th June 2024 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 2023
2	To re-elect Jon Bailie as a Director
3	To re-elect Ali Capper as a Director
4	To re-elect John Deane as a Director
5	To re-elect Alan Fairhead as a Director
6	To re-elect Rachel Kelsall as a Director
7	To re-elect Jim McLaren as a Director
8	To re-elect Richard Morley as a Director
9	To re-elect David Roper as a Director
10	To re-elect Dave Smith as a Director
11	To re-elect Nick Turner as a Director
12	To re-elect Nick Watson as a Director
13	To fix the remuneration of the Directors
14	To approve the Directors' Remuneration Report, as set out in the Annual Report and Accounts, for the year ended 31st December 2023
15	To appoint Deloitte LLP as auditors for the financial year ending 31st December 2024
16	To authorise the Directors to fix the auditors' remuneration
and for the purposes of any other business which may properly come before the meeting.	

By Order of the Board, S Johns, Company Secretary, 2nd May, 2024

Notes

1. The annual accounts and the reports of the Directors and the Auditors for the year ended 31st December 2023 are available on NFU Mutual's website www.nfumutual.co.uk/agm, 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.
 2. A member entitled to attend, speak, and vote at this meeting may appoint any person as their proxy to attend, speak and vote on their behalf at the meeting.
 3. A copy of this notice of meeting will be available on NFU Mutual's website at www.nfumutual.co.uk/agm from the date of this notice until the conclusion of 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.

Social Channels

You can also reach us through our various social media channels. We're always interested to know what you're thinking.



@nfum



@NFUMutual



nfu-mutual



@nfu_mutual



For more information visit:

nfumutual.co.uk/agm

To find out more about how we use your personal information, your rights, and to see the updated version of our privacy policy, go to nfumutual.co.uk/privacy

Please also visit our website for more information on how you can protect your information online and steer clear of scams by visiting nfumutual.co.uk/beatfinancialcrime

Requesting information in an alternative format:

If you'd like this document in large print, braille, or audio, just contact us.

If you're hard of hearing or deaf, or you have difficulty with your speech, you can contact us by using the Relay UK app on your smartphone or tablet, or by dialling 18001 before our number on your textphone.

We're committed to supporting our customers, whatever your circumstances or needs we're here to help.

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. A member of the Association of British Insurers.

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AGM-BRO/04/24



NFU Mutual

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