

INTEGRA INSURANCE SOLUTIONS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

COMPANY REGISTRATION NUMBER:	06760260
-------------------------------------	-----------------

INTEGRA INSURANCE SOLUTIONS LIMITED
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

Page	Contents
2	Directors and Advisers
3	Strategic Report
4 - 5	Report of the Directors
6 - 7	Independent Auditor's Report
8	Profit & Loss Account
9	Balance Sheet
10	Cash Flow Statement and Notes thereon
11 - 16	Notes to the Accounts

**INTEGRA INSURANCE SOLUTIONS LIMITED
DIRECTORS AND ADVISERS**

Directors

Nicholas J Parr
Carlo Cavaliere
Sven Althoff
Harry H Driver
Anders Larsson

Chairman
Chief Executive
Non-Executive Director
Non-Executive Director
Non-Executive Director

Company Secretary

Maria L Bell

Auditor

Deloitte LLP, Chartered Accountants and Statutory Auditor, Leeds, UK

Bankers

The Royal Bank of Scotland plc, Bradford

Investment Advisers

Brown Shipley, Leeds, UK

Registered Office

Currer House, Currer Street, Bradford, West Yorkshire, BD1 5BA

Company's Registration Number

06760260

INTEGRA INSURANCE SOLUTIONS LIMITED STRATEGIC REPORT

Principal Activity and Strategic Review

Integra Insurance Solutions Limited (“the Company”) is a subsidiary of Funis GmbH & Co. KG, a wholly owned subsidiary of Hannover Rück SE. Further information in relation to the parent and its investment in the Company are contained within its set of accounts.

The Company’s principal activity remains to trade as a Managing General Agency and transact home insurance contracts on behalf of International Insurance Company of Hannover SE. In the current period this amounted to £61.9 million (2013: £54.1 million) of home insurance premiums.

During the current period of trading the Company achieved a turnover of £21.7 million (2013: £18.9 million) and a profit after tax of £2.6 million (2013: £2.0 million).

A dividend on the ordinary shares of £2.8 million was paid on 2 July 2014 and amounted to £105.12 per share (2013: £1.0 million, £37.54 per share).

The Company’s Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business and that the ones identified are the key indicators that are used by the Board to monitor the Company’s performance.

Principal Risks and Uncertainties

Competitive pressure in the UK is a continuing risk for the Company. The Company manages this risk by providing added value services to its customers and having prompt response times not only in issuing policies but also in handling claims. This is ensured by embedding the concept of Treating Customers Fairly within the processes of the organisation, and the Company is in the process of building a Conduct Risk Framework.

The Company is exposed to concentration risk due to the fact that all the business is underwritten by a single underwriter, International Insurance Company of Hannover SE. This Company is a subsidiary of Hannover Rück SE which has an S&P financial strength rating of AA- (“very strong”). The concentration risk is further mitigated as the Company continues to be in the strategic plans of the shareholders and the premiums transacted are not derived from a niche market.

The Company’s transactions are all in pounds sterling and therefore there is no exposure to a movement in Exchange Rates. The Company is also exposed to credit risk from its corporate bonds investments. To mitigate this risk, the Company only invests in corporations with a minimum credit rating of BBB- (“adequate”).

Going Concern

The current economic conditions present increased risks for all businesses. In response to such uncertain conditions, the Directors have carefully considered these risks and the extent to which they might affect the preparation of the financial statements on a going concern basis. In particular, the Directors of the Company have considered in detail the Company's forecast performance, including its capital adequacy and forecast solvency position. After making these enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

M. Bell

M L Bell
Company Secretary
12 March 2015

INTEGRA INSURANCE SOLUTIONS LIMITED REPORT OF THE DIRECTORS

The Directors present their report, together with the audited accounts for the year ended 31 December 2014.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to the Auditor

In the case of each person who is a Director of the Company at the time when the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information (information required by the Company's auditor in connection with preparing their report) of which the Company's auditor are unaware; and
- each Director has taken all the steps that should be taken, as a Director, in order to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be re-elected Auditor of the Company and a resolution proposing their appointment will be submitted at the Annual General Meeting.

INTEGRA INSURANCE SOLUTIONS LIMITED
REPORT OF THE DIRECTORS (continued)

Directors

The Directors who served during the period and up to the date of this report were:

N J Parr
C Cavaliere
S Althoff
H H Driver
A Larsson

The Directors have no interests in the ordinary shares of the Company (2013: nil). The Company maintained directors and officers liability insurance throughout the year.

m. Bell

M L Bell
Company Secretary
12 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRA INSURANCE SOLUTIONS LIMITED

We have audited the financial statements of Integra Insurance Solutions Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INTEGRA INSURANCE SOLUTIONS LIMITED (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.



Stephen Williams (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
12 March 2015

INTEGRA INSURANCE SOLUTIONS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Turnover	1	21,654	18,921
Operating expenses	2	(18,354)	(16,265)
Operating profit		3,300	2,656
Investment income	13	26	6
Unrealised gains/(losses) on investments	14	18	(8)
Interest payable and similar charges		-	(2)
Profit on ordinary activities before tax		3,344	2,652
Tax on profit	4	(722)	(617)
Profit for the financial year		2,622	2,035

The notes on pages 11 to 16 form part of these financial statements.

All results are derived from continuing operations.

Other than the profit for the period shown above, the Company has no other recognised gains or losses and therefore no statement of total recognised gains and losses is shown.

INTEGRA INSURANCE SOLUTIONS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2014

		31 December 2014 £'000	31 December 2013 £'000
Fixed Assets			
Investment in associates	14	500	500
Other financial investments	14	508	418
		1,008	918
Current assets			
Cash at bank and on deposit		9,268	6,751
Debtors	11	7,584	4,735
		16,852	11,486
Creditors: amounts falling due within one year:			
Amount due to related company		(461)	(336)
Accruals and deferred income	10	(39)	(29)
Creditors	12	(14,159)	(8,653)
Corporation tax	4	(360)	(367)
Net current assets		1,833	2,101
Net assets		2,841	3,019
Capital and reserves			
Called up share capital	5	27	27
Share premium	6	505	505
Profit and loss account	7	2,309	2,487
Shareholders' funds	8	2,841	3,019

Approved by the Board of Directors on 12 March 2015 and signed on its behalf.



N J Parr
Chairman



C Cavaliere
Chief Executive

Company number: 06760260

The notes on pages 11 to 16 form part of these financial statements.

INTEGRA INSURANCE SOLUTIONS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Cash flow statement

	Year ended 31 Dec 2014 £'000	Year ended 31 Dec 2013 £'000
Net cash inflow from operating activities (Note A)	6,092	4,200
Returns on investments and servicing of finance (Note B)	26	4
Taxation (Note B)	(729)	(563)
Dividends	(2,800)	(1,000)
Net portfolio investments (Note B)	(72)	(426)
Net cash inflow for the year	<u>2,517</u>	<u>2,215</u>

Notes to the cash flow statement

A Reconciliation of operating profit to operating cash flows

	Year ended 31 Dec 2014 £'000	Year ended 31 Dec 2013 £'000
Operating profit	3,300	2,656
Increase in debtors	(2,849)	(1,114)
Increase in creditors	5,641	2,658
Net cash inflow from operating activities	<u>6,092</u>	<u>4,200</u>

B Analysis of cash flows

	Year ended 31 Dec 2014 £'000	Year ended 31 Dec 2013 £'000
Returns on investments and servicing of finance:		
Interest received	2	3
Dividend received	24	3
Preference dividend paid	-	(2)
Cash inflow	<u>26</u>	<u>4</u>
Taxation:		
Corporation tax paid	(729)	(563)
Cash outflow	<u>(729)</u>	<u>(563)</u>
Financial investments:		
Purchase of financial investments	(72)	(482)
Sale of financial investments	-	56
Cash outflow	<u>(72)</u>	<u>(426)</u>

INTEGRA INSURANCE SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Accounting Policies

A Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable law and United Kingdom accounting standards.

B Going concern

The current economic conditions present increased risks for all businesses. In response to such uncertain conditions, the Directors have carefully considered these risks and the extent to which they might affect the preparation of the Financial Statements on a going concern basis. In particular, the Directors of the Company have considered in detail the Company's forecast performance, including its capital adequacy and forecast solvency position. On this basis the Directors have a reasonable expectation that the Company will maintain adequate solvency to continue in operational existence for the foreseeable future. Accordingly the Directors of the Company have adopted the going concern basis in preparing these financial statements.

C Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

However, deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

D Turnover

Turnover originates in the United Kingdom and consists principally of commission associated with the placement of insurance contracts. Revenues from commissions are recognized on the later of the inception date of the risk and the date of receipt of order. Any adjustments to commission arising from premium additions and reductions are recognized as and when they are notified by third parties. Profit commission is recognised when the amount can be estimated, with a reasonable degree of accuracy.

E Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

INTEGRA INSURANCE SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

F Insurance operations

The Company acts as a managing agent in arranging the insurance contracts for its clients and, generally, is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the Company's legal relationship with clients and underwriters it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the Company itself.

G Insurance intermediary assets and liabilities

The Company acts as an underwriting agency and as such is an insurance intermediary. Insurance intermediaries, generally, are not liable as principals for the amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance transactions are shown as assets and liabilities. This recognises that the insurance intermediary is entitled to retain the investment income on any cash flows arising from these transactions.

Debtors and creditors arising from a transaction between insureds and insurers (e.g. premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the total reported in respect of insurance debtors and insurance creditors.

H Investment income

Investment income includes interest receivable and gains and losses on the realisation of investments. Realised investment gains and losses are calculated as the difference between net proceeds on disposal and their purchase price.

I Investments

Fixed income securities are included at market value which is bid price on the balance sheet date. Investments in associates are measured at cost less provision for impairment.

INTEGRA INSURANCE SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014
(continued)

2. Operating Profit

This is stated after charging:

	Year ended 31 Dec 2014 £'000	Year ended 31 Dec 2013 £'000
Intermediary commission	13,091	12,519
Service charge	5,248	3,743
Other costs	<u>15</u>	<u>3</u>

The service charge includes £15,630 (2013: £15,177) in respect of audit fees.

3. Staff Numbers and Costs

The directors, who are also directors of one of the related companies, International Insurance Company of Hannover SE, Iconica Business Services Limited or Congregational & General Insurance plc, received emoluments from one of these companies, but no allocation of costs to the Company was deemed necessary. The Company has no other employees and no remuneration was paid to the directors.

4. Taxation

	Year ended 31 Dec 2014 £'000	Year ended 31 Dec 2013 £'000
Current tax:		
UK corporation tax at 21.5% (2013: 23.25%)	719	617
Adjustment in respect of previous periods	<u>3</u>	<u>-</u>
	<u>722</u>	<u>617</u>
	Year ended 31 Dec 2014 £'000	Year ended 31 Dec 2013 £'000
Profit on ordinary activities before tax	<u>3,344</u>	<u>2,652</u>
Tax charge on profit on ordinary activities at standard rate	719	617
Effects of:		
Adjustment to tax charge in respect of previous periods	<u>3</u>	<u>-</u>
Total amount of current tax	<u>722</u>	<u>617</u>
	Year ended 31 Dec 2014 £'000	Year ended 31 Dec 2013 £'000
Current liabilities:		
Opening corporation tax creditor	367	313
Corporation tax charge for the year	722	617
Corporation tax paid in the year	<u>(729)</u>	<u>(563)</u>
Closing corporation tax creditor	<u>360</u>	<u>367</u>

INTEGRA INSURANCE SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

5. Share Capital

	31 Dec 2014 £'000	31 Dec 2013 £'000
Authorised, allotted, called up and fully paid:		
26,635 (2013: 26,635) ordinary shares of £1 each	27	27
	27	27

6. Share Premium

	31 Dec 2014 £'000	31 Dec 2013 £'000
Share premium	505	505
	505	505

7. Profit and Loss Account

	2014 £'000	2013 £'000
Balance as at 1 January	2,487	1,452
Profit for the year	2,622	2,035
Dividends	(2,800)	(1,000)
Balance as at 31 December	2,309	2,487

8. Reconciliation of Movement in Shareholders' Funds

	2014 £'000	2013 £'000
Profit for the year	2,622	2,035
Dividends	(2,800)	(1,000)
Net addition to shareholders' funds	(178)	1,035
Opening shareholders' funds	3,019	1,984
Closing shareholders' funds	2,841	3,019

INTEGRA INSURANCE SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

9. Dividends

	Year ended 31 Dec 2014 £'000	Year ended 31 Dec 2013 £'000
Dividends paid by the Company during the year:		
Dividends paid £105.12/share (2013: £37.54/share)	(2,800)	(1,000)
	<u>(2,800)</u>	<u>(1,000)</u>

A dividend on the ordinary shares of £2.8 million was paid on 2 July 2014.

10. Accruals and deferred income

	31 Dec 2014 £'000	31 Dec 2013 £'000
Intermediary override commission	38	26
Investment fees	1	3
	<u>39</u>	<u>29</u>

11. Debtors

	31 Dec 2014 £'000	31 Dec 2013 £'000
Premium debtors	7,571	4,722
Investment income	13	13
	<u>7,584</u>	<u>4,735</u>

12. Creditors

	31 Dec 2014 £'000	31 Dec 2013 £'000
Premiums payable	14,159	8,653
	<u>14,159</u>	<u>8,653</u>

13. Investment Income

	31 Dec 2014 £'000	31 Dec 2013 £'000
Income from listed investments	24	3
Income from other investments	2	3
Total income	<u>26</u>	<u>6</u>

INTEGRA INSURANCE SOLUTIONS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

14. Fixed Assets

In September 2012 the Company acquired 25% of the ordinary share capital of Iconica Business Services Limited, an FCA approved insurance intermediary incorporated in England and Wales.

	Current Value		Historical Cost	
	31 Dec 2014 £'000	31 Dec 2013 £'000	31 Dec 2014 £'000	31 Dec 2013 £'000
Financial investments:				
Other listed fixed interest securities	508	418	498	426
Investment in associate:				
Iconica Business Services Limited	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total investments	<u>1,008</u>	<u>918</u>	<u>998</u>	<u>926</u>

In January 2015 Iconica issued an additional 2 million £1 ordinary shares, and the Company subscribed to 0.5 million of the share capital to maintain its existing shareholding in Iconica.

15. Related Party Transactions

During the year the Company has made the following transactions with its related companies, International Insurance Company of Hannover SE ("IICH"), and Iconica Business Services Limited ("IBSL") in the ordinary course of business:

		Year ended 31 Dec 2014 £'000	Year ended 31 Dec 2013 £'000
Incoming resources			
IICH	Commission income	<u>21,654</u>	<u>18,921</u>
Outgoing resources			
IBSL	Service charge	<u>5,248</u>	<u>3,743</u>
Outstanding balances			
IICH	Premiums payable	14,159	8,653
IBSL	Service charge	<u>461</u>	<u>336</u>

16. Ultimate Parent Company

As at 31 December 2014, the Company's immediate parent undertaking was Funis GmbH & Co. KG, a company registered in Germany. The parent undertaking of the largest group of undertakings for which group financial statements are drawn up, of which the Company is a member, is HDI Haftpflichtverband der Deutschen Industrie V.a.G, the ultimate parent company and controlling party, which is a company registered in Germany. The parent company of the smallest group is Hannover Rück SE, registered in Germany. Copies of the financial statements of both HDI Haftpflichtverband der Deutschen Industrie V.a.G and Hannover Rück SE can be obtained from the Company Secretary.