

Arca and its subsidiaries

2015 Sustainability Report

IDENTITY

Arca and its subsidiaries are active in the bancassurance segment and operate in the Life and Non-Life businesses, with an offer dedicated to families and small businesses. The growth strategy is geared towards customers, who are offered products that meet personal security needs, protecting their health, family, home, assets and savings. As regards distribution partners, we are committed to providing the best insurance and social security solutions, targeted at families and businesses, from conception to implementation, support and sale.

Arca and its subsidiaries are integrated with one another, thanks to their respective specialisations. Arca Vita covers an extensive range of insurance requirements in the savings and social security sector; Arca Assicurazioni offers not only MV products, but solutions in the area of family and asset protection; Arca Sistemi is dedicated to the provision of IT services and procedures; Arca Inlinea is dedicated to phone support; Arca Direct Assicurazioni is specialised in the management of special portfolios of former current account holders; Arca Vita International is specialised in unit-linked Life policies proposed to bank "private" customers.

Unipol Gruppo Finanziario S.p.A. holds 63.39% of Arca Vita, which in turn controls the other Arca companies; the other two major shareholders of Arca Vita are Banca Popolare dell'Emilia Romagna (19.67%) and Banca Popolare di Sondrio (14.84%), with which a ten-year strategic partnership agreement was signed. The remaining capital is held by other cooperative banks.

3,085

Branches covered by agreements

334

Employees

55%

Percentage of employees under 40

+46%

Increase in Life premiums (€1,943m)

Arca Vita and Arca Vita International - Life business direct premium income*

Whole and term Life insurance	1,551,139	Total Life business 1,943,016
Insurance connected with investment funds/market indexes	366,795	
Capitalisation insurance	25,082	

Source: Directorate-General
*Amounts in €k

ECONOMIC REPORT

As regards total premium income, in 2015 Arca Vita recorded premiums written of €1,609.9m, up 28.3% compared to the previous year. This result is all the more significant when compared with the corresponding period of 2014 characterised by a performance already considered exceptional (+66.4% over 2013). Arca Vita International recorded premiums of €333.1m, a net increase compared to €63.1m registered in the same period of the previous year (+347%). Premiums relating to Class I - Whole and term life insurance are mainly attributable to premiums relating to profit-sharing contracts.

At the close of the year 2015, Arca Assicurazioni recorded premiums written of €102.9m, marking essential stability compared to the same period in 2014 (0.3%).

Arca Assicurazioni - Non-Life business direct premium income

Land, sea, lake and river motor vehicles TPL (classes 10 and 12)	33,615	Fire and Other damage to property (classes 8 and 9)	17,672
Land Vehicle Hulls and Sea Vessels (class 3)	3,910	General TPL (class 13)	7,507
Accident and Health (classes 1 and 2)	31,331	Other classes	8,828
		Total Non-Life premiums	102,863

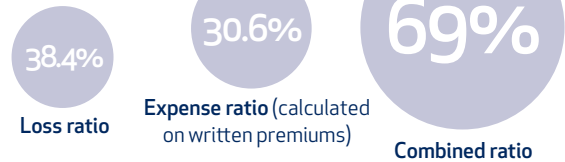
Source: Directorate-General
*Amounts in €k

The combined ratio (69%) remains at healthy levels and recorded a decrease of 1% compared to the same period in 2014.

The analysis of the consolidated IAS data for Group reporting purposes shows a net profit of €37.3m, with a contribution equally distributed between Life and Non-Life business.

Arca Assicurazioni - Non-Life: direct business

Figures at 31 December 2015



Source: Directorate-General

23

Average per capita hours of training per employee

69%

Percentage of female employees

97%

Percentage of staff on permanent contracts

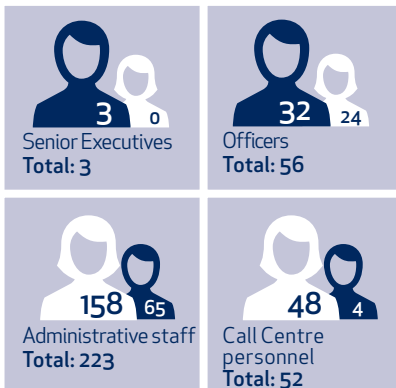
SOCIAL REPORT

Almost all employees are based in the North-East, where the company has its registered office. Employees working part-time make up almost 20% of the total workforce; of these 95% are women.

Investments in training totalled €106,063, for a total of 7,415 hours provided. The predominant type of training is regulatory-procedural, and commercial training is residual, given there is no proprietary sales network. As regards safety training, there were 154 participants, for a total of 600 hours provided.

Employees

Number of staff by category



Source: Directorate-General for Human Resources and Organisation

Training delivered by job-level category (man-hours)

	Total hours	Average per capita hours
Senior Executives	94	31
Officers	1,952	35
Administrative staff	5,150	24
Call Centre personnel	219	4

Total hours: **7,415** Average per capita hours: **23**

Source: Directorate-General for Human Resources and Organisation

Participants by educational area

Regulatory and procedural	230
Technical and specialised	102
Applications and IT tools	114
Commercial	13
Managerial	105
Total	564

Source: Human Resources and Organisation General Office

Staff are involved in company life, with the presentation to all staff of the results of the financial statements and half-yearly report, with constant updates on the decisions taken by the Management Committee which impact their operations and, finally, ensuring periodical meetings with the Top Management. Significant investments were made during the year for the staff well-being and safety, starting from the renovation of the main building and the sanitation of the air conditioning system.

Customers

€9,6m

260,428

18

0,93%

Value of **products/services** with **environmental and social benefits** (Life and Non-Life businesses)

Number of **contacts** handled by **customer service**

Average **days** for **response to complaints**

Percentage incidence of **complaints on total claims reported**

Products offered

Some Arca's products incorporate a specific social and/or environmental value: **Arca Energia Futuro** protects equipment for the production of renewable energy; earthquake guarantee for residential and commercial buildings; insurance services payable in monthly instalments with no additional charges; the accident policy "**Arca 3 for you**", for a fixed premium of just €48, guarantees a cash payment in the event of death or compensation in the event of death or complete permanent disability as a result of an occupational accident or accident occurred outside the work environment; the products "**Orizzonte Salute**" and "**Sistema Salute**" offer customers the possibility of using the services of leading healthcare providers with agreements with UniSalute.

Number of policies by class

99,770

MV

406,684

Non-MV

343,399

Life

Total
849,853

Source: Directorate-General

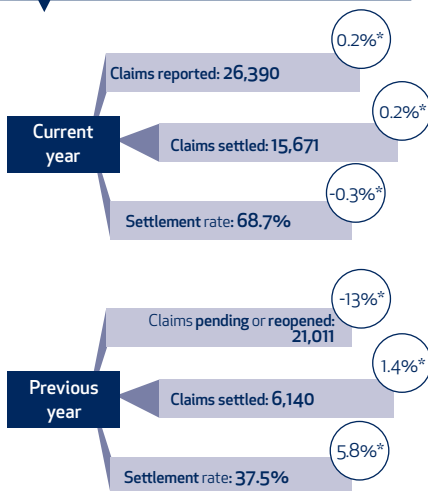
Request for information and assistance by type

	No.	% impact
Technical	124,872	48%
Life	47,879	18%
Commercial	13,381	5%
Claims	69,497	27%
Other	4,799	2%
Total	260,428	100%

Source: Directorate-General

Non-Life claims-handling figures

Arca Assicurazioni



*change with respect to previous year
Source: Directorate-General

Settlement performance

Arca Assicurazioni fully adopted the settlement policy guidelines laid down by the Unipol Group, focusing on service quality and paying special attention to costs.

As regards disputes, the number of summons served fell and the total number of pending proceedings came to 1,041 in 2015 for MV TPL (1,166 in 2014) and 211 for Other Classes (261 in 2014).

Anti-fraud measures

Committed to pursuing the systematic prevention and opposing fraudulent activities, and at the same

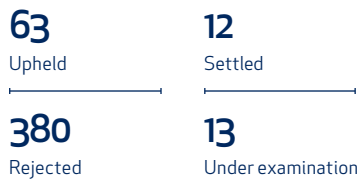
time activating a virtuous circle that leads to the reduction of the costs of claims with a positive medium/long-term impact on tariff trends, Arca and its subsidiaries managed a total of 422 notifications (just 8 at underwriting level), of which 414 relating to claims and generating 252 disputes. As regards the 422 cases reported, a total of 258 were subject to further investigation. The actions lodged in 2015 totalled 35, 4 of which at the underwriting level and 31 at the settlement level. The year 2015 saw a considerable reduction in the number of actions lodged: from 54 in 2014 to 35 in 2015.

Breakdown of complaints by area

	No.	% impact
Claims	309	66%
Legal	3	1%
Administration	48	10%
Commercial	22	5%
Industrial	56	12%
Information Systems	4	1%
Other	26	5%
Total	468	

Source: Directorate-General

Complaint management



Source: Directorate-General

IVASS Interventions and sanctions paid



Source: Directorate-General



Sales network

Arca distributes its products through the branches of 60 Banks with which it has entered into agreements. These are "regional and local" banks, of which the banks Banca Popolare dell'Emilia Romagna and Banca Popolare di Sondrio have the highest number of branches. Banca Popolare dell'Emilia Romagna is the parent of the BPER Group, which includes 4 banks (the Parent, Banco di Sardegna, Banca di Sassari and Cassa di Risparmio di Bra). More than 9,500 staff work in more than 3,000 branches covered by agreements distributed throughout the country, most of which in North Italy, who receive regular information and training.

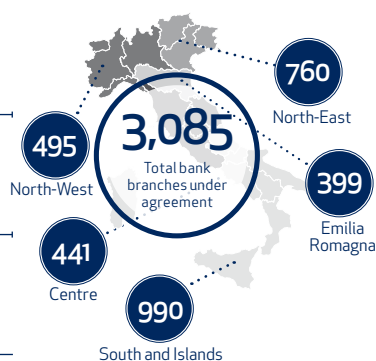
The channel relating to direct distribution agreements is augmented by an Arca Vita agency mandate with Assicura, an insurance agency which allows marketing with a further 67 Cooperative Credit Banks and Savings Banks (838 branches).

Training sales network



Source: Directorate-General

Sales network



Source: Directorate-General

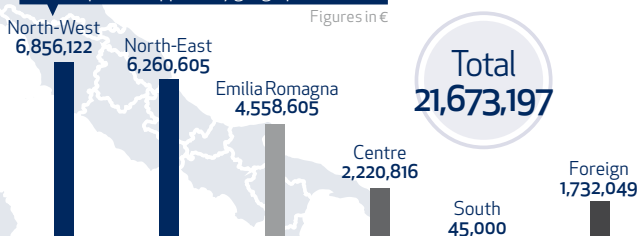
Suppliers

Arca and its subsidiaries adopt and implement the Group procedures for supplier management. The presence of suppliers abroad is due to the presence of Arca Vita International based in Dublin.

Community

In order to contribute to the local community, Arca participates in and supplements the Parent Company's initiatives. In 2015, a total of €26,840 was provided in sponsorships and donations. These donations incorporated support for the non-profit-making organisations "Ants per l'autismo" and "Cena Amicizia" which provides meals to the needy in Milano.

Amount paid to suppliers by geographical areas



Figures in €

Contributions to the community according



Source: Directorate-General