Dentists' Provident

Protecting your lifestyle. Securing your future.

Annual Report
2018

Dentists' Provident is a leading provider of income protection insurance to dental professionals in the UK and Ireland. We are a not-for-profit mutual organisation, owned by and managed solely for the benefit of our members.

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Strategic report

Performance summary

Group financial summary	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Membership premium income	14.1	14.2	14.1	13.8	13.8
Income and gains on investments	(1.3)	24.4	26.7	18.2	16.2
Benefit claims paid	(4.8)	(4.8)	(4.2)	(4.2)	(4.6)
Net operating expenses before depreciation	(4.2)	(3.8)	(3.5)	(3.4)	(3.5)
Bonuses to members	(7.7)	(7.3)	(7.3)	(7.1)	(7.0)
Total investment assets	278.8	274.7	260.2	227.8	216.7
Members' bonus accounts	88.4	87.5	85.6	84.5	83.4
Operating expenses before depreciation to premium income ratio	29.8%	26.7%	24.8%	24.6%	25.4%
Benefit claims paid to premium income ratio	34.3%	34.2%	29.8%	30.3%	33.0%

Bonus rates

	Final dividend rate per participation unit	Annual interest rate for 2018	Interim dividend rate for 2019* per participation unit	Interim interest rate for 2019*	Loyalty bonus rate*
Lifestyle security plan	£6.00	5%	£5.40	4.5%	15%
Income security plan	£6.00	5%	£5.40	4.5%	15%
Income security plan (Ireland)	€8.00	5%	€7.20	4.5%	15%
Lifetime membership plan	£6.96	5%	£6.26	4.5%	15%
Lifetime membership plan (Ireland)	€9.24	5%	€8.31	4.5%	15%
Paid up membership plan	–	5%	–	4.5%	15%
Paid up membership plan (Ireland)	–	5%	–	4.5%	15%

* Applicable to the relevant withdrawal of funds in 2019. Loyalty bonus is only payable on certain qualifying withdrawals. The interim and loyalty bonus rates are not guaranteed and subject to change without notice.

Chairman's statement

Ladies and gentlemen, this will be my last report, as my term on the board will come to an end on 24 May. As I write this report, I can't help but reflect on how much the society has achieved since I joined the board in 1984.

A successful business is one thing, but I believe this wonderful institution of ours is more than that – it is a truly valuable and unique organisation that has served the needs of the dental profession for over 110 years. It is my belief that, in no small part, this is due to a desire to do right by our membership and the dental profession. I am delighted that the sense of duty that binds the society to its members remains as strong as ever, from the board through to our most junior employees.

Subject to regulatory approval, I would like to welcome Giles Kidner as our new chairman and wish that he finds this role as fulfilling as I have. No doubt we will enter a new and exciting phase under his leadership. Jim Karim will be taking over from Giles as chairman of the audit committee. Kirby Mardle joined the board on 15 February 2019 as an executive director and takes over the finance related responsibilities from our chief executive. I sincerely wish Giles, Jim and Kirby every success in their new roles.

I would like to thank all my colleagues on the board, past and present, for their support and wise counsel over the years. In particular, Davinderpal, who retires from the board next year, who has been an excellent vice chairman and an indispensable source of advice and support. I would also like to take this opportunity to express my thanks to our chief executive, without whom the society would not be where it is. Farrukh's enthusiasm, energy and dedication to the society is evident in all he does for the society, its members and staff.

Looking back, 2018 marked the successful culmination of our efforts to extend our reach to cover dental hygienists, therapists and technicians and to develop new plans for the UK and Irish markets. I would like to express my special thanks to all our staff who were involved in this project for their dedication, commitment and sacrifices over the last three years.

We also took this opportunity to improve transparency and clarity of certain concepts. A small example of this was the renaming of shares to participation units, a phrase which better communicates the basis of our members' entitlement to the society's surpluses. Other areas included expressing members' income protection benefits as a monthly amount as opposed to a weekly sum and simplifying the calculation of maximum participation units. Collectively, these and other minor changes will improve the usability and members' understanding of our products. It is easy to talk about the big changes but it is ultimately the details that ensure that an ambitious project comes together as a cogent whole.

I have previously commented about our members' expectations of bonus rate stability and we have been measured and cautious in this regard. We have made some minor changes to our declared rates for 2018 for operational reasons but substantively, on a comparable basis, our final bonus rates remain unchanged from 2017.

It has been a pleasure and a privilege to lead Dentists' Provident over the last 9 years and I wish the society, the board and the staff every success and all the best for the future and I look forward to continuing to promote the good work of the society as a member for some time to come.

Kathy F. Woolass

Kathryn Woolass
Group chairman
15 March 2019

Chief executive's report

I would like to begin by thanking Kathryn for her many years of service to the group. We have all admired her modesty and unflinching dedication to the role and I am not alone when I say that we will miss her counsel and sound leadership of the society. On behalf of my colleagues on the board, I wish her well for the future and a long and happy retirement.

I would also like to welcome Giles, who has chaired our audit committee, as our new chairman designate and on behalf of my colleagues, wish him every success in his new role.

Annual review

2018 was a busy year for the group. In January, we launched our new range of income protection plans in the UK and Ireland on our new technology platform. This was also accompanied by the launch of our new intermediary and member portals. We have been working on these strategic changes for the last two years and we are delighted with the reception from the dental and intermediary communities. I would like to express my deep gratitude to all my colleagues, without whose contribution and commitment, a project of this size could never have been effectively implemented.

Following the retail distribution review and the change of the tax treatment of our plans in Ireland some years ago, a number of our longstanding intermediary partners began focusing on other products to meet the income protection needs of their clients. I am particularly pleased that many of these old relationships have restarted following the launch of our new range of plans. We have also made good progress with distributing our products directly to dental professionals. We are very pleased with the performance of the entire product portfolio. In particular, how the volumes of our Holloway income protection plans have held up within a larger suite of plans.

In many respects, 2018 was a transition year and an honest assessment of our performance would acknowledge that there were instances, particularly in the early part of the year, when our service levels were not what they should have been. Our operating costs were also affected by a number of one off costs associated with the changes. On a positive note, these were expected and, compared to our previous transformation project in 2008, we have been more effective in managing the challenges in both areas.

Over the years we have talked about the need for caution with our investment and bonus strategies. Across the globe, the actions taken in the wake of the financial crisis have created their own risks. The withdrawal of stimulus by central banks and the gradual normalisation of economic policy are likely to lead to further challenges for the markets. Other risks such as elevated geopolitical risks have only made the short to medium term outlook more uncertain. December was a wild ride, leading to losses across many asset classes. Our portfolio, which was in positive territory until the start of December, proved to be relatively resilient, producing only a small negative return for the year, helped by our cautious market positioning.

Overall, I am very pleased with the progress we have made over the last 12 months. Looking forward to 2019, operationally, our focus will be to continue embedding the changes implemented last year. Externally, managing the impact of Brexit and the potential for further volatility in the markets will remain our key areas of focus.

Brexit

Since the referendum on the membership of the EU, we have monitored events and evolved our contingency plans as the situation has developed. Since Dentists' Provident was established in 1908, we have worked with the dental profession in Ireland and it is our intention to continue doing so in the future.

The key driver of our Brexit plans has been to minimise the costs for our members. Even at this late hour, the outcome remains far from certain. In the event of no Brexit, there will be no change to our operations in Ireland. If the UK's exit from the EU is subject to a withdrawal agreement, we will continue to service existing business and accept new business from Ireland during any transition period. We have plans in place to enable us to continue business in Ireland after the end of the transitional period and we will use the period between the exit date and the end of the transition arrangements to implement these plans.

If the UK exits from the EU without the implementation of a withdrawal agreement, we will stop accepting new business in Ireland. We will continue servicing our existing plans, as allowed for in the legislation under consideration by the Irish Parliament, until we implement alternative arrangements on a more permanent basis.

Our business model

Mutuality

Since starting in 1908, we have been fully committed to the not-for-profit mutual business structure. This model allows us to free ourselves from the conflicts faced by many businesses in balancing the needs of the shareholders with those of the customers. The surpluses we generate are only ever used for the benefit of our members, be that as direct financial return or a more empathetic approach to claims or medical underwriting.

Our strategy

Dental careers are fluid and our members' professional circumstances can change a number of times over their careers. Our business is centred on giving dental professionals the ability to create highly individualised and comprehensive income protection plans, which are flexible enough to remain fit for purpose throughout their working lives and beyond.

In addition to income protection insurance, the other major strand of our business is the long term returns we provide to our members. We do this by investing with a long term mind set and managing our finances prudently and efficiently to maximise these returns, whilst maintaining risks within acceptable limits.

A strong product suite is only part of a successful strategy. We believe that treating our members with the same ethics, honesty and respect that we ourselves, as people, would expect, is a simple yet powerful differentiator of our business and one that has been, and continues to be, a key source of our long term competitive advantage. From the moment individuals engage with us, we treat each step as an opportunity to offer extraordinary service and ethical, honest and fair outcomes.

Distribution

Our highly respected brand is based on our ability to deliver positive outcomes for our members. Our brand is backed by a team of experienced and dedicated professionals, with deep knowledge of the dental and financial services industries, who enable us to deliver a highly responsive and professional service. A key role of our marketing and member services teams is to engage with existing and prospective members and intermediaries and develop trusted, long term relationships based on our core strengths of quality and service. Distribution of our products is supported by the promotion of our brand through targeted advertising and sponsorship opportunities.

We distribute our plans via a network of trusted independent intermediaries and directly to dental professionals. Our plans are accessible online and also by phone, post and direct contact at major dental exhibitions.

Market positioning

Our product pricing strategy has been designed with sustainability and transparency in mind. We provide our members with complete clarity on the cost of each optional feature to enable them to make better purchasing decisions and help them understand the value provided by our plans.

Our pricing strategy also seeks to support our long term strategic objectives of ensuring the financial stability of the group and providing our members with products that are fit for purpose. As a result, we seek to position ourselves within a competitive band but never at the lower end of the market.

Financial review

Financial management framework

The objective of our financial management framework is to maximise the value we provide our members whilst minimising the volatility of returns. We seek to supplement our premium income with high quality, diversified streams of other income and manage our expenses effectively, so that the benefits of mutuality are not lost to inefficient business practices.

Financial performance

Our total deficit for the year was £0.142 million (2017: surplus £18.039 million). Our total investment income fell from a surplus of £24.421 million to a deficit of £1.328 million. In a year where the majority of the global markets produced negative returns, with the UK faring particularly badly amongst developed markets, our portfolio produced a small negative return of –0.5%. Our currency positions in the US dollar, low levels of equities and higher than target levels of cash and liquidity protected our results. We continue to maintain a quality bias within the portfolio as we expect markets to remain volatile due to a combination of economic and geopolitical factors.

Separately, due to a range of technical factors, we released £4.514 million from our technical reserves compared to a charge of £1.746 million in 2017.

The above factors are the primary drivers of the change in our performance relative to 2017.

Our premium income and benefit claims were largely unchanged from 2017. Operating expenses were higher than previous years, as a result of higher depreciation charges related to our new infrastructure and a number of exceptional costs connected with transition to our new products and technology platform.

Capital management

At the most basic level, we manage our solvency capital so that we hold sufficient funds to meet our obligations to our members, as well as our regulatory requirements. Although we aim to broadly match our assets to our liabilities, we can, at times, run a mismatched position to achieve better risk adjusted returns for our members.

Ensuring that we have sufficient capital to be resilient in the face of external shocks has become the foundation on which we have built our capital management and bonus declaration plans in recent years. The periodic bouts of volatility in the financial markets serve as an important reminder of the need to manage capital conservatively.

The pace of technological change means that, to remain relevant in the market and to serve our members effectively, we need to continually invest in our systems and processes. Ensuring we have sufficient resources to undertake major technology projects when the need arises is a secondary, but nonetheless important, objective of our capital management strategy.

In determining our available capital resources, we apply conservative and generally recognised accounting policies for internal and statutory purposes. The accounting policies used in the preparation of these financial statements are set out in note 2.

The group's capital position as at 31 December was as follows:

Group excess capital under Solvency II	2018 £000	2017 £000
Fund for future appropriations	189,029	189,171
Revaluation of assets under Solvency II	(6,533)	(6,510)
Solvency capital requirement	(93,831)	(113,511)
Excess capital under Solvency II regulations	88,665	69,150

Investment management

Our approach to investing is driven by the profile of our liabilities and our investment risk appetite, which in turn is shaped by our views on the future performance of our insurance book and our view of the market and economic outlook.

We do not employ benchmark investment return targets. Instead, we focus on opportunities that, in our view, represent attractive risk adjusted propositions over the long term, but also:

- maintain the overall level of risk, having regard to the currency, nature and duration of the liabilities, within acceptable limits
- maintain a suitable and broad mix of investments
- protect the interests of our members

Our investment strategy permits the use of any investment instrument approved by the board. The investment and capital management committee oversees the investment policy and strategy, which is implemented using investment mandates. The investment mandates include:

- details of the approved investments
- defined performance bases
- asset allocation by asset type and market
- counterparty, credit and other risk limits

A review of our asset allocation and performance against a hypothetical portfolio is shown in the following tables.

Group liquidity and investment allocation	2018 %	2017 %	2016 %	2015 %	2014 %
Equities	43	46	44	41	45
Fixed interest securities	11	13	16	17	20
Alternative assets and cash	46	41	40	42	35

Group investment performance	2018 %	2017 %	2016 %	2015 %	2014 %
Group	(0.5)	8.7	10.4	7.9	7.8
Reference portfolio [1]	(5.2)	8.4	13.2	0.8	4.8

1 Reference portfolio is based on a hypothetical portfolio comprising 60% UK equities, 30% Gilts and 10% cash.
(Source: Dentists' Provident Group Financial Statements, figures based on the group's reporting currency)

Underwriting and claims review

Our long term success and the competitiveness of our proposition are intrinsically linked with how effectively we underwrite risks and the diligence with which we manage claims.

We have put in place a strong system of internal controls, consistent with industry best practice, to price and manage risks effectively. Within this structured framework, underwriters and claims assessors are given significant latitude to ensure that decisions produce fair outcomes for individuals and our membership as a whole.

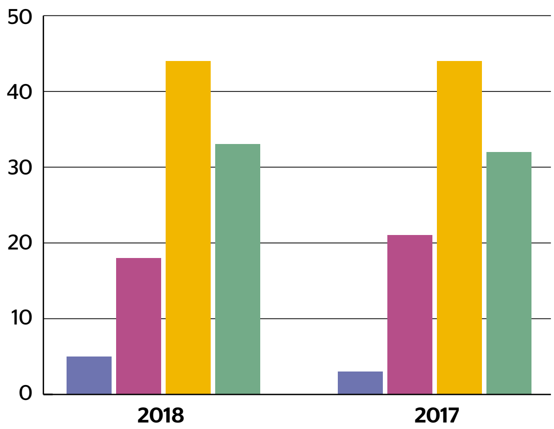
Adverse decisions are subject to additional oversight to ensure that individual member's interests are protected. Our process also allows for detailed engagement to ensure that all relevant factors are considered and members have an understanding of the reasons and bases of our decisions. In our opinion, clear communication of the rationale for our decisions is central in engendering the trust of our members, improving persistency and minimising complaints.

Complaints about our plans and service

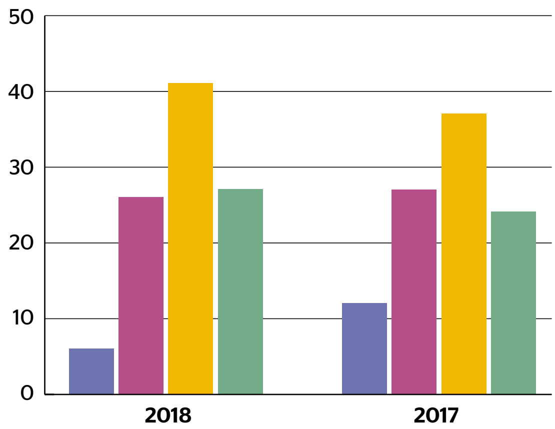
	2018	2017	2016	2015	2014
Underwriting and administration related complaints received	4	5	7	7	7
Claims related complaints received	5	8	8	5	3
Complaints referred to the Financial Ombudsman Service	1	0	0	0	1
Complaints where the final decision by the ombudsman upheld the member's complaint	0	0	0	0	1

In 2018, we paid £4.826 million (2017: £4.842 million) in claims. A further analysis of claims is set out below:

Claims by age – male (%)

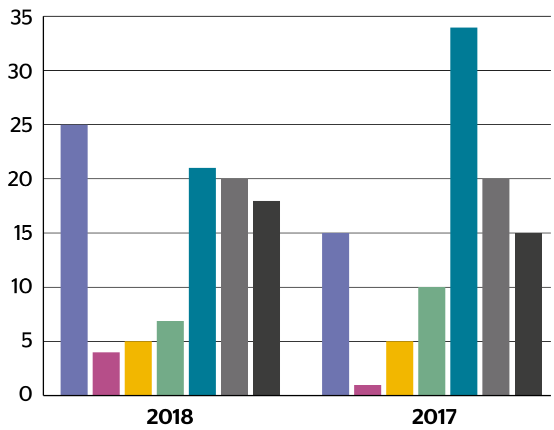


Claims by age – female (%)

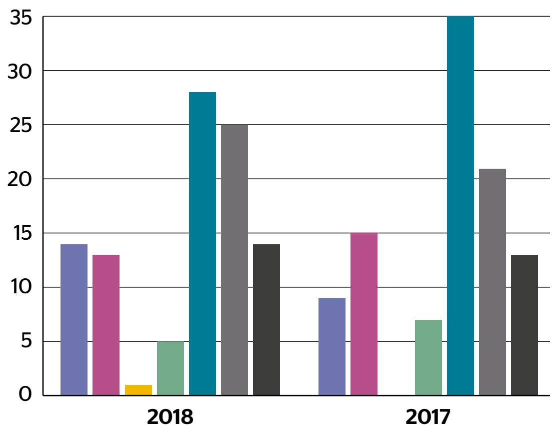


- Under 35
- 36–45
- 46–55
- Over 55

Claims by illness/injury – male (%)

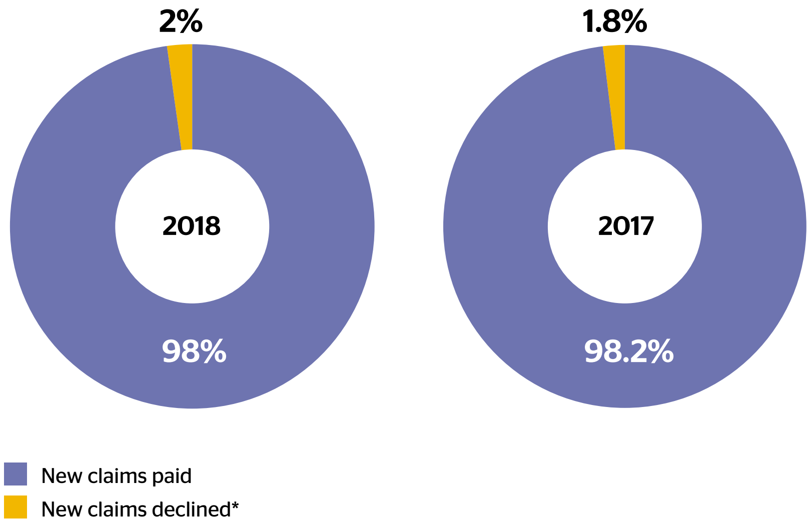


Claims by illness/injury – female (%)



- Accidents
- Cancers
- Cardiovascular diseases
- Infectious and communicable diseases
- Musculoskeletal disorders
- Other
- Psychiatric disorders

Claims received and paid



**New claims were declined because the claimant did not meet the definition of incapacity, their condition was not covered by the plan, they did not provide all the information required to assess the claim or the plan conditions were not met.*

I would like to end my report by expressing my deepest gratitude to our employees for their contribution throughout 2018 and for their continued hard work.

Farrukh Mirza
Group chief executive
15 March 2019

Risk management

Risk management framework

Our business is underpinned by a robust risk management framework. An effective risk management system allows the group to allocate resources more efficiently. The key objectives of the group's risk management systems are to:

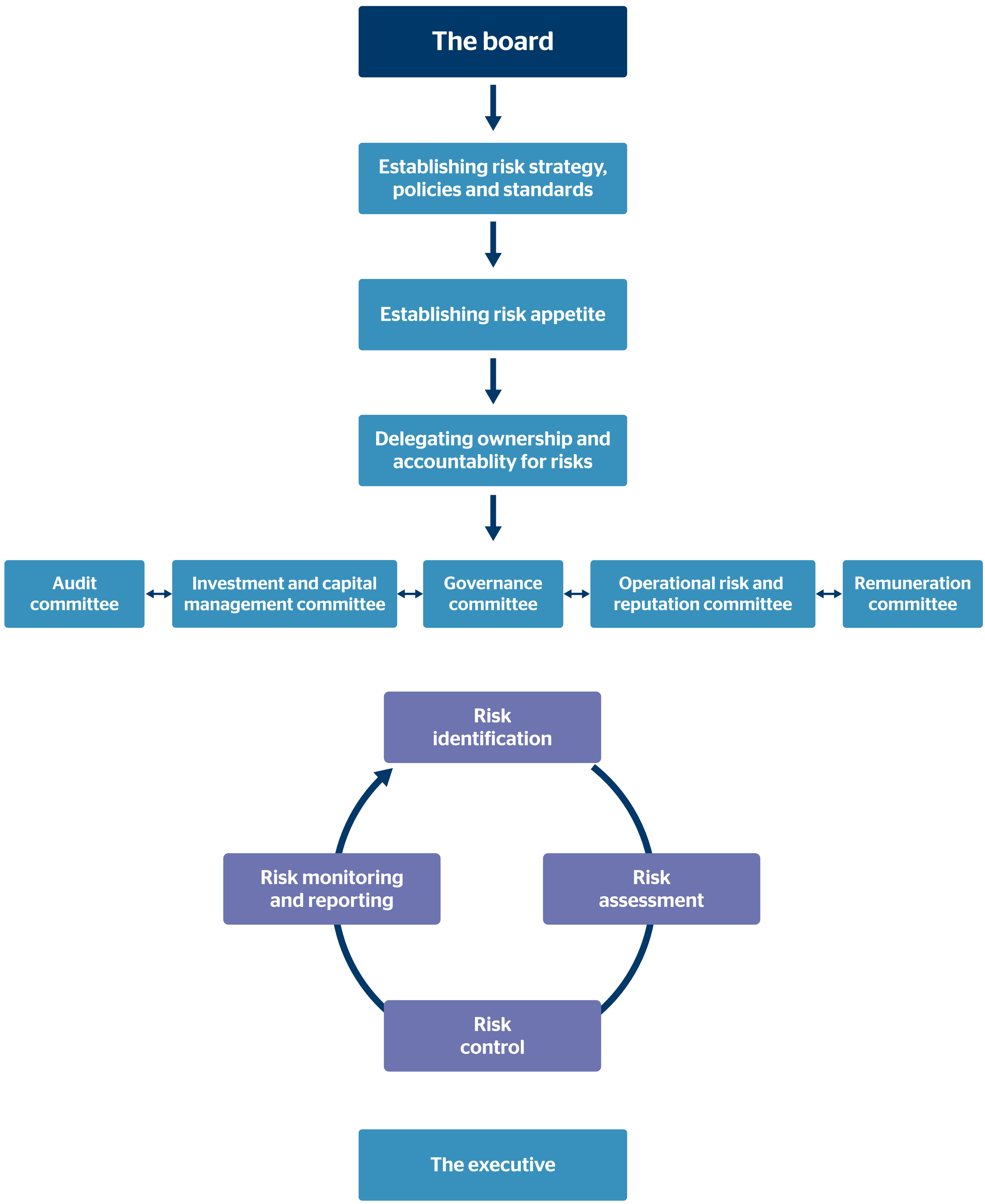
- support decision making by providing timely and appropriate risk information
- protect our solvency and financial position
- protect and enhance our reputation

The ultimate oversight for risk management remains with the board. However, certain duties have been delegated to board committees, who provide regular updates to the board on activities that fall within their remit.

There are predefined risk appetites for all key risk areas and risk management policies and procedures are reviewed and updated regularly to reflect the environment within which the group operates. The group's risk identification and management process also ensures that all key risks are collated centrally and risk owners clearly identified. The status of the risks is reviewed periodically and a structured reporting process is in place to communicate key risk and other relevant information to the board and its committees.

The day to day responsibility for risk management lies with the chief risk officer. The heads of departments are responsible for operational implementation of risk management policies and procedures and for reacting to new and emerging risks.

In addition, regular operational monitoring, augmented by internal audit and compliance reviews, provides assurance on the effectiveness of the control environment.


The board
Establishing risk strategy, policies and standards
Establishing risk appetite
Delegating ownership and accountablity for risks
Audit committee
Investment and capital management committee
Governance committee
Operational risk and reputation committee
Remuneration committee
Risk identification
Risk assessment
Risk control
Risk monitoring and reporting
The executive

Principal risks

The risks and uncertainties described below are considered to have the most significant effect on the group's business, financial results and prospects. This list is not intended to be exhaustive.

Strategic risk

Description of the key risk	How the risk is currently managed
Our success depends on how well we understand our market, our members and other factors which affect our business. We make a number of long term decisions based on our assumptions about the future environment within which we operate. An inappropriate or ineffective business strategy could have wide ranging implications for our members, market share and reputation.	Our strategic plans are reviewed regularly, to reflect the revised views of our longer term competitive and market position. We monitor the progress of the business against our strategic agenda at regular group and subsidiary board meetings. We have experienced teams in place, who oversee the delivery of all key projects. Our senior management team provides regular challenge, monitors ongoing progress and ensures that key decisions are being made appropriately.
We currently offer our income protection plans to dental professionals resident in the Republic of Ireland under the EU's passporting arrangements. The UK government is in the process of negotiating the UK's exit from the European Union although details of the future relationship still remain uncertain. If we are unable to continue selling and/or servicing our business in Ireland, this could have a significant impact on our long term strategy.	We continue to monitor the situation regarding the UK's withdrawal from the European Union. In the event the UK's exit from the European Union is subject to a withdrawal agreement, this will lead to the implementation of a transitional period and the group will continue to service existing business and accept new business from Ireland during this time. The group has plans in place to enable it to continue its plans in Ireland after the end of the transitional period and will use the period between the exit date and the end of the transition arrangements to implement these plans. In the event the UK exits from the European Union without the implementation of a withdrawal agreement, the group will stop accepting new business in Ireland. The group will continue servicing its existing plans, as allowed for in the draft legislation under consideration by the Oireachtas, until it is able to implement alternative arrangements on a more permanent basis.

Insurance risk

Description of the key risk	How the risk is currently managed
The insurance industry is highly price competitive. Prolonged periods of pricing pressure can have negative effects on financial performance, customer service and reputation of individual insurers and the industry's reputation as a whole. If we do not price our plans appropriately, this could damage our financial performance through declining persistency and/or reduced underwriting surpluses.	Our actuarial models are the primary tool for objectively deriving the pricing of our plans and the models and underlying assumptions are subject to regular monitoring and challenge. Senior members of our team work closely with operational staff to ensure the pricing assumptions are supported by actual events and to identify early indicators of any divergence. We also benchmark our pricing against our competitors regularly to identify material inconsistencies.
If our claims experience is materially worse than we have assumed in our pricing assumptions, this could adversely impact our members through a combination of higher future premiums and reduced future bonuses.	Strong operational controls are the primary mechanism for managing our claims experience. Our finance and actuarial teams also undertake detailed trend analysis and the results are fed back into the actuarial pricing models and operational decision making processes.
If the persistency of our business is significantly lower than our expectations, this will lead to a fall in the future surpluses on our long term insurance business. In turn, this could feed through into higher capital requirements, higher than expected costs of managing our business and lower long term returns for our members.	We continually invest in our proposition, so that it remains competitive and meets the needs of our key stakeholders. We also engage regularly with intermediaries, members and prospective members to enable them to gain a deeper insight into our products, market positioning and business philosophy, so that they are able to make more informed decisions.

Operational risk

Description of the key risk	How the risk is currently managed
We are dependent on a number of key information systems and processes. A loss of systems and access to facilities, including the website, on a regular or prolonged basis could lead to significant disruption and could have an adverse operational, reputational and financial impact. If changes are not managed effectively, the core applications could lose their flexibility to adapt to changes within our business and develop complications.	We have in place a business continuity programme, which includes our disaster recovery arrangements. This is reviewed regularly to identify areas for improvement and to ensure that arrangements are adequate and appropriate. We have an experienced technology team, who can respond to incidents as they arise and who review the technology platforms continuously to identify areas of improvements and then make the necessary changes.
A cyberattack on our network could result in us not being able to deliver our service to our members or expose our members' sensitive information to the wider public via the internet. This could result in serious damage to our reputation with consequential member and revenue loss and the risk of financial penalties.	We have multiple layers of assurance in place. Our activities include regular employee training, technical assurance and audit activities, including vulnerability scanning and ethical hacking programmes. We assess our security policies, standards and procedures regularly and adjust them, where necessary, so they are appropriate to the risks we face.
We have entered into agreements with third party service providers for services covering a number of our operations. A failure to adequately manage third parties' performance could affect our reputation and our operational and financial performance. Loss of these contracts, or inability to renew or negotiate favourable replacement contracts, could have adverse effects on our future operating performance.	We have a number of procedures in place to manage our third party service providers' performance, as well as having a centralised process for negotiating new contracts.
We are subject to various legal and regulatory requirements. Our failure to comply with these requirements could lead to fines, public reprimands, damage to our reputation, increased prudential requirements, enforced suspension of operations or, in extreme circumstances, withdrawal of regulatory authorisation. Non compliance may also lead to costs relating to investigations and compensation of affected members. In addition, reputational damage may adversely affect our long term future. Meeting new or changed requirements may also result in additional complexity to the business, increasing costs or capital requirements.	We have allocated significant internal resources to this area. We have a dedicated compliance function resourced by suitably experienced individuals. The work of the group's compliance function is supplemented by regular internal audit reviews. In addition, the employee rewards scheme places significant emphasis on legal and regulatory risks being mitigated.
Our success is built on a foundation of fairness and honesty in our dealings with our key stakeholders. A breakdown in our cultural values could result in failure to conduct our business fairly and ethically. This could expose us to the risk of reputational damage and contribute to an increase in a range of other business risks.	We have put in place a range of controls and processes to manage this risk. Our culture and remuneration arrangements encourage key decision makers to take a wide ranging view, as opposed to focusing exclusively on narrow short term commercial factors.
Our long term future is dependent on recruiting and retaining capable people in key roles. If we fail to implement appropriate succession plans and fail to recruit the right people who share our ethical values, this could adversely affect our ability to deliver on our objectives.	We aim to recruit talented staff and invest in their technical and professional development over many years so that they have the appropriate experience to take on more senior roles within the group. We also have detailed succession arrangements in place to account for planned and unplanned departures.

Counterparty risk

Description of the key risk	How the risk is currently managed
We are exposed to the risk of failure of, or default by, one or more of our counterparties. As part of our business, we invest in debt securities and other assets to meet our obligations to our members. As a result, exposures can arise to issuers of debt and other financial instruments. Our day to day activities also mean that we are exposed to banking counterparties, as well as third party providers of services.	We manage our significant counterparty exposures by the application and monitoring of counterparty limits. All material contracts with third parties are governed by service level agreements, which are monitored and discussed regularly.

Liquidity risk

Description of the key risk	How the risk is currently managed
If we misjudge the level of liquidity required and have insufficient liquid assets to meet our financial obligations, this could result in business disruption and have an adverse effect on our financial performance.	We maintain a suitable buffer over our expected routine cash requirements. In addition, the majority of our funds are invested in readily realisable assets. We also undertake regular stress tests to ensure that we have sufficient liquidity to meet our needs.

Market risk

Description of the key risk	How the risk is currently managed
We invest in a range of asset classes where valuations can be affected by non technical factors, such as market sentiment, geopolitical uncertainty or issuer specific issues, which could adversely affect our financial performance.	We manage asset price risk by maintaining a highly diversified portfolio of assets and by setting asset allocation and performance targets, which ensure that we have an appropriate mix of assets and that we are not over or under exposed to a particular category or investment. The investment and capital management committee regularly monitors the actual asset allocation and performance against relevant criteria.
We hold assets and liabilities with different maturities, creating exposure to changes in interest rates, which can affect our financial performance, value of our assets and cashflows. The exposure arises mainly from the group's investments in debt and fixed income securities and affects the rates used to calculate the technical provisions.	Our exposure to interest rate risk is monitored using stress testing and duration benchmarks. We also use our strategic cash holdings to manage duration, thereby indirectly managing interest rate risk.
We offer plans in Ireland and invest in currencies and in funds which invest in overseas debt and equity markets, creating exposure to changes in exchange rates, which can affect our financial performance and the value of our assets. We also work with a number of suppliers whose operations are based outside the UK. This exposes part of our expenses to changes in exchange rates.	Our exposure to currency risk is managed primarily by authorisation controls. The investment and capital management committee monitors the currency exposures on a regular basis. We also maintain holdings in selected foreign currencies to mitigate the effects of fluctuations in exchange rates on the group's surpluses.

Governance

Board of directors and secretary

Kathryn Woolass (64)

Chairman

Kathryn was appointed to the board as a non executive director in 1984 and as chairman in 2010. She is also a director of 1908 Property Holdings Limited and a member of the governance committee, the investment and capital management committee and the remuneration committee. She has previously been a member of the audit and risk committees.

She previously worked full time in her orthodontic practice in South Yorkshire. She has also served in senior roles in various dental bodies, including treasurer and chair of the Rotherham Local Dental Committee, examiner for the Royal College of Surgeons for the Diploma in Orthodontic Therapy, member of the South Yorkshire Council of the British Dental Association, secretary of the South Yorkshire branch of the British Society for Paediatric Dentistry, secretary of the Local Orthodontic Committee of the South Yorkshire Strategic Health Authority, postgraduate dental tutor for Doncaster, Barnsley and Rotherham and a member of the Rotherham Oral Health Advisory Group.

Farrukh Mirza (48)

Chief executive

Farrukh joined the society as head of finance in 1999. He was appointed as deputy chief executive in 2003 and to the board and as chief executive in 2008. As the group's chief investment officer, he chairs the investment and capital management committee and is a director of 1908 Property Holdings Limited. After qualifying as a chartered accountant in 1995, he worked with Baker Tilly, BayernLB and PricewaterhouseCoopers, specialising in banking and insurance.

Davinderpal Kooner (64)

Vice chairman

Davinderpal was appointed as a non executive director in 2004 and as vice chairman in 2011. He is a member of the governance committee, the audit committee and the remuneration committee. Davinderpal is a fellow of the Pierre Fauchard Academy and chairman and member of the Ealing, Hammersmith and Hounslow Local Dental Committee. He is also a Justice of the Peace, non executive director of Dental Protection Limited and has general practices in West London.

He has worked extensively in the training of dentists and complementary professionals and is currently a trainer for DF1 scheme in South West London region. He examined for the National Examination Board for Dental Nurses and the Royal College of Surgeons of England for the MJDF Diploma of the Faculty of General Dental Practice. From 1997 to 2014, he was Regional Adviser in general dental practice and DF1 Vocational Training Programme Director for the London Deanery. He has also served as a professional member of the Fitness to Practise Panel of the General Dental Council, a General Commissioner of Income Taxes and as a member of the Health, Education and Social Care Chamber of the First-tier Tribunal.

Simon Elliott (44)

Executive director

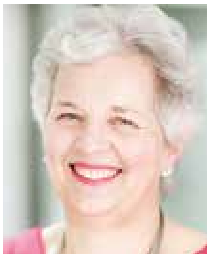
Simon was appointed to the board as an executive director in 2015 and has operational oversight of compliance and marketing teams. He is also a member of the investment and capital management committee and a director of 1908 Property Holdings Limited. Simon joined the society in 2007 after working for 11 years at Deloitte LLP in their actuarial practice, advising and working with friendly societies and insurance companies within the UK and Europe.

Martyn Green (65)

Independent non executive director

Martyn was appointed to the board in 2010. He is the chairman of the governance committee and a member of the operational risk and reputation committee. He is also on the Council of Reference for the dental charity Bridge2Aid, a member of the Health, Education and Social Care Chamber of the First-tier Tribunal, a chair of the General Medical Council's Medical Practitioners Tribunal Service and a member of the Probate Committee of the Institute of Chartered Accountants in England and Wales. Martyn is a dental member of the Statutory Panellist Assurance Committee of the General Dental Council and is retired from general practice.

He was previously a chair of the General Dental Council's Fitness to Practise Panel. He has worked extensively in the training of newly qualified dentists, having been in various roles including Regional Adviser in general dental practice and Associate Postgraduate Dental Dean.

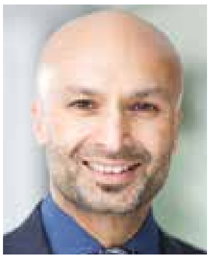

Kathryn Woolass


Farrukh Mirza


Davinderpal Kooner


Simon Elliott


Martyn Green


Jim Karim


Giles Kidner


Kirby Mardle


Alister Weightman


Huw Winstone

Jim Karim (52)

Independent non executive director

Jim was appointed to the board and as a member of the audit committee in 2017. Jim is a chartered accountant with over 20 years' experience in the banking industry, working in various senior risk management roles. He is currently a Head of Risk for Liquidity and Banking Market Risk at a major UK bank, with responsibility for risk monitoring and control of the bank's UK liquidity, asset and liability management, ALCO investments and pensions risks.

Giles Kidner (53)

Independent non executive director

Giles was appointed to the board in 2004 and is the chairman of the audit committee. He is a consultant orthodontist at Buckinghamshire Healthcare and Oxford University Hospitals NHS Trusts and also works part time in private practice. He is lead orthodontist for the Spires regional cleft lip and palate service, Caldicott Guardian and an examiner for both the Intercollegiate Membership and Speciality Fellowship examinations in Orthodontics.

Kirby Mardle (34)

Executive director and group secretary

Kirby was appointed to the board in February 2019 and has operational oversight of the finance and member services teams. She joined the society in 2006 as a member services consultant. She later moved into the finance team and, following her qualification as a Chartered Certified Accountant, was appointed as head of finance in 2012. She is also the head of human resources.

Alister Weightman (54)

Independent non executive director

Alister was appointed to the board in 2011. He is the chairman of the operational risk and reputation committee and a member of the audit committee. He is a dental practice adviser for the Yorkshire and Humber Area Team of NHS England and has worked in general dental practice since 1987. He has been a clinical support manager for IDH Mydentist in the North East region, a past treasurer of the North Lincolnshire Local Dental Committee and dental practice adviser for Doncaster and North Lincolnshire Primary Care Trusts. He has also been a clinical assistant in orthodontics and a vocational trainer.

Huw Winstone (60)

Independent non executive director

Huw was appointed to the board in 2014. He was appointed to the operational risk and reputation committee and as chairman of the remuneration committee in February 2016. He has been in general dental practice since 1981 in North West Kent. He worked for over twenty five years in Dental Foundation Training, as a Vocational Training Adviser, Training Programme Director and an Associate Dean for Health Education England. Since 1996 he has been a dental adviser for the NHS and is currently Senior Dental Adviser for NHS England South East (Kent, Surrey & Sussex). He has been a member of the Kent Local Dental Committee since 1988, being treasurer for over twenty years.

Other key employees

Sarah Bradbury

Paul Dixon

Alexandra Fisk

Bryan Gross

Christos Kritikos

Sarah Martin

Paul Roberts

Sarah Bradbury

Sarah joined the society as head of marketing and communications in 2013. She has worked in service marketing and public relations in education, leisure and the dental industry for over 25 years. She has previously worked for the British Dental Association as the student/young dentist manager, Dental Protection Limited as marketing operations manager and for Simplyhealth Professionals as strategic partnerships and brand manager.

Paul Dixon

Paul joined the society as joint head of compliance and risk in 2015. Having initially trained as a barrister, he worked in practice for 10 years before moving into compliance in 2011. Experienced in both insurance and consumer credit, Paul received his postgraduate Diploma in Governance, Risk and Compliance through the International Compliance Association in 2015.

Alexandra Fisk

Alex joined Dentists' Provident in 2013 as part of the marketing team and was appointed as head of member services in 2018. Alex has almost 10 years' experience in a variety of commercial businesses in both membership and marketing roles.

Bryan Gross

Bryan joined the society as a senior underwriter in 2008 and was appointed as head of underwriting in 2013. Bryan has a wealth of experience in the insurance industry covering a variety of roles, having previously worked at The Prudential and Gen Re.

Christos Kritikos

Christos joined the society in 2013 and was appointed as head of information systems in 2017. After completing his degree in mathematics, he obtained a masters in IT security in 2003. Christos brings more than 20 years of experience in a variety of technical roles across a range of industries.

Sarah Martin

Sarah joined the society in 2008 and is the joint head of compliance and risk. A solicitor, with a background in insurance and regulation, she has previously worked for Legal & General, the Financial Services Authority and Lloyd's of London.

Paul Roberts

Paul joined the society in 2006 as a claims assessor and was appointed head of claims in 2017. Paul has over 15 years' experience working in income protection, previously working for Unum and Legal & General.

Corporate governance

Role of the board

The board's primary role is to oversee and direct the affairs of the group and to further the interests of our members, in accordance with relevant law and our memorandum and rules. The board meets at least four times a year and its responsibilities are set out in the board handbook, which also details the matters reserved specifically for it.

The main responsibilities of the board include:

- approval and oversight of the group's objectives and strategy
- responsibility for the group's overall structure and capital requirements
- oversight of the group's operations, including approval of annual budgets and plans
- oversight of financial reporting, internal controls and risk and capital management
- approval of any material transactions that affect the group
- dialogue with key stakeholders
- oversight of the corporate governance framework

Board composition

At the date of this report, the board comprised a non executive chairman, chief executive, two executive directors and six non executive directors.

Board membership and attendance at scheduled meetings

Kathryn Woolass (chairman)	3/4
Farrukh Mirza (chief executive)	4/4
Davinderpal Kooner (vice chairman)	3/4
Simon Elliott (executive director)	4/4
Martyn Green	4/4
Jim Karim	4/4
Giles Kidner	4/4
Kirby Mardle (executive director) *appointed 15 February 2019*	4/4*
Alister Weightman	4/4
Huw Winstone	4/4

* As head of finance and secretary

At the forthcoming annual general meeting, all of the directors will be offering themselves for re election, with the exception of Kathryn Woolass, who will be standing down in line with the group's standard policy for director rotation and Kirby Mardle, who will be standing for election to the board.

Key roles on the board

We have a robust system for corporate governance throughout the group, with a clear division of responsibilities for those involved. A brief description of the main responsibilities for the key roles on the board is set out below.

Chairman

The chairman is responsible for ensuring we meet our overall governance standards, the leadership and management of the board, overseeing the induction, evaluation and ongoing development of directors and for maintaining an open and cooperative relationship with our members and other key stakeholders.

Vice chairman

The vice chairman deputises for the chairman and supports her in the effective management of the board. The vice chairman also fulfils the role of the senior non executive director, serving as an important intermediary between the chairman, the rest of the board and our members.

Chief executive

The chief executive is responsible for developing the overall strategy, leadership of the management team and oversight of the day to day operations of the group.

Secretary

The secretary is responsible for supporting the chairman in the effective operation of the board and the individual directors in discharging their duties effectively.

Board committees

The board has established various committees to assist it in effectively fulfilling its governance responsibilities. Information on the role and work of these committees is detailed on pages 24 to 34

Independence

We believe that personal integrity and objectivity lie at the heart of independence. The main threat to these arise from conflicts of interest, financial dependence and over familiarity and the most effective way of ensuring independence of thought and action is through a framework of high level principles, rather than a prescriptive set of rules, which can be complied with to the letter but circumvented in substance.

We assess the independence of each non executive director annually, against highly conservative benchmarks covering conflicts of interest, personal and professional connections and financial integrity.

We do not strictly apply the nine year independence provision in the Corporate Governance Code for Mutual Insurers to all non executive directors, primarily because such a step would be detrimental to our long term interests, by removing the stability, knowledge and insight offered by long serving directors. However, we acknowledge that periodic refreshment of the board is essential to avoid the risks of complacency and groupthink and over the years we have gradually reduced the maximum length of tenure to manage these risks.

The governance committee has considered the declarations by the non executive directors and has concluded that all non executive directors remain independent.

Kathryn Woolass was deemed to be independent on her appointment to the board in 1984. However, in line with common practice, following her appointment as chairman in 2010, she is no longer classified as an independent non executive director.

Conflicts of interest

We are aware that our directors have other commitments. However, we are satisfied that these do not conflict with their duties as directors of the group. Our process for managing actual or potential conflicts of interests includes:

- an annual declaration signed by each director covering actual and potential conflicts
- an ongoing responsibility for each director to disclose immediately any changes in their circumstances, which may give rise to a conflict of interest, e.g. a new office or property
- a restriction on attendance at any part of a board meeting or vote on any agenda item in which a director has a material personal interest

The governance committee has reviewed the external commitments of all non executive directors and has concluded that there are no conflicts of interest, which would preclude any director from continuing in office.

Board diversity

We are committed to ensuring that we appoint and retain non executive directors who bring experience, expertise and a diverse range of opinions to the board. We are dedicated to:

- the principles of equal opportunity
- avoiding groupthink
- ensuring that we have a range of knowledge, skills and experience

We are of the opinion that the principles of diversity cannot be distilled down to a discussion about gender, race, disability, age, sexual orientation or religious or political beliefs. In addition, we draw our directors from a membership pool of highly educated and skilled individuals, who would find it unacceptable to be appointed to our board under a quota.

We are scrupulous in ensuring that all our appointments are on merit. We believe that the key to realising the benefits of diversity lie, in ensuring that our board represents the views and opinions of the different strands of the dental profession and that our discussions cover the widest range of thoughts, ideas and opinions. This is only possible by selecting the most able candidates, united by a common purpose of doing the right thing, in an environment that encourages them to express their views openly and honestly.

With this in mind, we have considered whether to introduce formal diversity targets in the context of our existing meritocratic process for the appointment of non executive directors and, at present, the group does not propose setting targets for diversity on the board.

Board appointment and term

The governance committee evaluates the board's balance of knowledge, skills and experience and uses this information to guide its recruitment activities and recommendations for the appointment of directors. The committee uses open advertising in relevant publications as the primary means of attracting applications from interested candidates.

The committee reviews the submissions from interested candidates, agrees a shortlist to be interviewed and recommends the preferred candidate to our board for appointment. As part of the recruitment process, the governance committee considers the other commitments of the candidates to ensure they are able to devote sufficient time to the role and whether there are any conflicts of interest.

The governance committee oversees the process of continued appointments. All non executive directors are reappointed annually by our members, subject to the board being satisfied with their performance and commitment to the role. Depending on the date of appointment, non executive directors must retire from the board at the age of 65 or after 15 or 9 years of service.

The terms and conditions of appointment of directors are available for inspection at our registered office during normal business hours and at the annual general meeting.

Director induction

The chairman, supported by the chief executive and group secretary, is responsible for arranging a comprehensive and structured induction programme for new directors. The formal induction programme may include:

- meeting with the chief executive, other non executive directors and senior management
- attending at least one board meeting as an observer
- a formal training programme and/or technical briefing on legal, regulatory, financial management and actuarial matters
- briefings on the group's governance and risk management framework and the responsibilities of the board and its committees
- access to key governance and management documentation

- discussion of the group's structure, strategy and business plans
- review of specimen reporting packs, detailing financial and operational measures

The induction programme provides the background knowledge new directors need to perform their duties effectively, as soon as possible, after joining our board.

When non executive directors are appointed to a board committee, they are provided with further induction on the role of the committee and their additional duties.

Continuing education

We believe that keeping up to date with key business issues is vital for each director to improve and maintain their knowledge and skills so they are able to discharge their duties effectively.

Therefore, we ensure that our non executive directors:

- receive regular training sessions on areas of significance including insurance, investment management, actuarial, compliance and finance
- attend training courses covering their duties as directors
- receive formal briefings by external experts during board meetings

The directors receive ongoing training and updates on relevant issues as appropriate. Bespoke training was held in the year covering regulatory investigations and the society's new product portfolio.

As part of each director's performance appraisal, they are given the opportunity to discuss and address any training and development needs. Each director is responsible for ensuring they remain up to date with the issues affecting the group and their responsibilities as a director.

Performance evaluation

Performance evaluation of our directors is a key component in the delivery of the group's objectives.

Every year, all directors undergo a formal appraisal covering their work on the board and any relevant committees. In addition, led by the chairmen, the various committees evaluate their own performance as a whole. The evaluation of executive directors is led by the chief executive and the vice chairman leads the evaluation of the chairman. The evaluation of all other directors, including the chief executive, is led by the chairman. An externally facilitated review is also carried out by an independent expert every three years. The last such review was undertaken in 2017.

The reviews comprise each director completing a review form in respect of their roles on our board and committees. These forms are the basis of a confidential one to one meeting between the appraiser and the director. The form covers personal, committee and board performance and includes key areas such as strategy and planning, duties and responsibilities, board structure, performance monitoring and board culture.

The governance committee reviews the results of the evaluation as a whole and this forms the basis of the discussions by the board of its own performance. The committee chairmen are responsible for presenting a summary of committee related themes to other members of the committees and to the board.

Succession

We understand the need for effective succession planning in securing our long term success. The governance committee recognises the need to develop internal talent, as well as the need to recruit externally. The committee regularly discusses succession planning for all key individuals and these discussions take into account the skills and experience required now and in the future.

Independent advice

We recognise that, from time to time, our directors may require additional independent expert professional advice at the group's expense. No such advice was sought by any director in the year under review.

Communications with our members

We are committed to maintaining an open dialogue with our members in order to raise understanding and awareness of our products, strategy and performance. We use the annual general meeting and industry events as the primary mechanism for doing this.

We encourage members to attend the annual general meeting and notice is sent at least 30 days in advance of the meeting. At the annual general meeting, separate resolutions are proposed on each substantive issue. When an issue has been determined at the meeting by a show of hands, the chairman confirms the number of proxy votes for and against the resolution. The chairmen of the board's sub committees are also available to answer relevant questions at the annual general meeting.

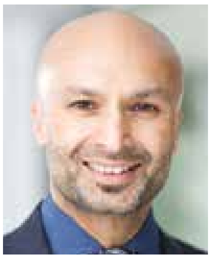
Our website provides information about the group, including its results and press releases.

Compliance with the corporate governance code for mutual insurers

The directors consider that the society has complied with the code (*The UK Corporate Governance Code – An Annotated Version for Mutual Insurers*) throughout the year, subject to the comments in this report regarding diversity and independence.

The audit committee


Giles Kidner


Jim Karim


Davinderpal Kooner


Alister Weightman

Role of the audit committee

The role of the audit committee is to assist the board on matters of financial reporting, risk management and internal control.

The main responsibilities of the audit committee include:

- oversight of regulatory reporting
- monitoring the integrity of the financial statements and any related announcements
- monitoring the effectiveness of the group's internal controls and financial risk management systems
- monitoring and reviewing the effectiveness, independence and objectivity of the internal audit function
- oversight of the relationship with the group's external auditor
- considering and making recommendations to the board for the appointment, reappointment and removal of the external auditor
- monitoring and reviewing the group's compliance with any tax obligations

The committee is scheduled to meet four times a year. Only members of the committee are entitled to attend the meetings. However, Farrukh Mirza, Simon Elliott and Kirby Mardle attended all four meetings during the year by invitation from the chairman. The committee also meets with the external and internal auditors without management present, at least once a year.

Full details of the committee's terms of reference can be found on our website **www.dentistsprovident.co.uk**.

Committee composition

The committee comprises at least three members, who are appointed by the board on the recommendation of the governance committee. All members of the committee must be independent non executive directors, at least one of whom shall have recent and relevant financial experience. The chairman of the board cannot be a member of the committee.

Committee membership and attendance at scheduled meetings

Giles Kidner (chairman)	3/4
Jim Karim	4/4
Davinderpal Kooner	3/4
Alister Weightman	4/4

Internal and external auditors' access to the committee

Throughout the year, both the internal and external auditors had unrestricted access to the audit committee.

Policy on non audit services and auditor rotation

It is our policy not to use our statutory auditor in the provision of non audit services and, in line with UK requirements, to seek mandatory tendering of our statutory auditor every ten years, with the audit engagement partner being rotated every five.

Key items considered during 2018

The key items considered in the year were:

First meeting of 2018

The committee approved the 2017 annual report and draft solvency and financial condition report. As part of approval of the annual report, the committee paid particular attention to matters of significance by virtue of their impact on the overall view given by the financial statements, the clarity of disclosures, the basis of preparation and compliance with reporting guidelines.

In addition, the committee also considered the Q4 2017 management report, the chief actuary's report, the key issues arising out of the audit of the financial statements and from the report on internal controls by the internal auditors. The committee also discussed the effectiveness of the external audit, the proposal for the reappointment of the external auditors at the 2018 annual general meeting and met with the internal and external auditors without management being present.

Second meeting of 2018

The committee considered the Q1 2018 management report and a further report on internal controls from the internal auditors.

Third meeting of 2018

The committee considered the Q2 2018 management report and reviewed the internal audit function. The committee also reviewed the performance of the internal and external auditors and undertook the annual review of the whistleblowing policy.

In addition, the committee also undertook a self assessment of its own performance and reviewed the adequacy of its terms of reference.

Fourth meeting of 2018

The committee considered the Q3 2018 management report and reviewed the internal and external audit plans. The committee also received and approved the reports from the internal auditors and the 2018 year end actuarial assumptions.

The committee also met with the internal and external auditors without management present.

2018 annual report

The committee has considered the 2018 annual report and recommended it for approval by the board. The committee has paid attention to matters materially affecting the view given by the financial statements. In particular:

- the methodology for calculating the fair value of property and non publicly traded investments
- the criteria used for the recognition of income in the financial statements
- the valuation assumptions used in the calculation of the technical provisions
- the adequacy and clarity of disclosures and compliance with generally accepted accounting principles.

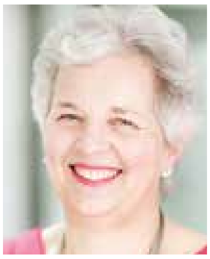
Giles Kidner.

Giles Kidner
Audit committee chairman
15 March 2019

The investment and capital management committee


Farrukh Mirza


Simon Elliott


Kathryn Woolass

Role of the investment and capital management committee

The role of the investment and capital management committee is to assist the board in discharging its duty to effectively identify, assess and manage investment and capital management related risks.

The main responsibilities of the investment and capital management committee include:

- oversight of the group's investment strategy
- reviewing and approving the asset and liability management strategy
- oversight, appointment and removal of investment consultants and managers
- reviewing and monitoring the group's capital adequacy and capital management plans
- reviewing and monitoring liquidity, market and credit risk management strategies and policies
- agreeing the bonus recommendations with the chief actuary and making recommendations to the board

The committee is scheduled to meet four times a year. Only members of the committee are entitled to attend the meetings. However, the chief actuary attended two meetings by invitation from the chairman.

Full details of the committee's terms of reference can be found on our website **www.dentistsprovident.co.uk.**

Committee composition

The committee comprises the chief executive, another executive director and a non executive director appointed by the board.

Committee membership and attendance at scheduled meetings

Farrukh Mirza (chairman)	4/4
Simon Elliott	4/4
Kathryn Woolass	4/4

Access to investment consultants and chief actuary/with profits actuary

Throughout the year, the committee had unrestricted access to the group's investment consultants and chief actuary/with profits actuary.

Key items considered during 2018

The key items considered in the year were:

First meeting of 2018

The committee considered the performance of the investment portfolio for Q4 2017 and the chief actuary's report. The committee also reviewed the disclosures in the annual report regarding the investment performance and the work of the committee.

Second meeting of 2018

The committee considered the performance of the investment portfolio for Q1 2018 and recommended changes to the portfolio.

Third meeting of 2018

The committee considered the performance of the investment portfolio for Q2 2018 and the appropriateness of continuing mandates for underperforming managers. The committee also reviewed the internal control reports for the portfolio managers, considered the recommendations for 2019 premium rates and the results of an expert review on the underwriting process and controls.

In addition, the committee also undertook a self assessment of its own performance and reviewed the adequacy of its terms of reference.

Fourth meeting of 2018

The committee considered the performance of the investment portfolio for Q3 2018 and the group's tactical asset allocation.

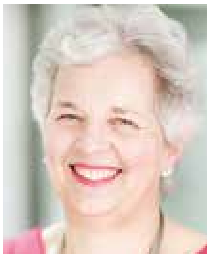
The committee also considered the results of an expert review on the claims process and controls.

Farrukh Mirza
Investment and capital management committee chairman
15 March 2019

The governance committee

Martyn Green

Davinderpal Kooner



Kathryn Woolass

Role of the governance committee

The role of the governance committee is to assist the board in discharging its duty in the area of corporate governance and enterprise risk management.

The main responsibilities of the governance committee include:

- oversight of governance arrangements
- oversight of succession arrangements for executive and non executive directors
- authorisation of senior appointments
- monitoring progress against the group's strategy
- oversight of major infrastructure projects
- oversight of enterprise risk management

The nomination duties focus on ensuring the board has the appropriate mix of skills and knowledge to fulfil its responsibilities and that appropriate arrangements are in place for the succession of key personnel.

The committee acts as the first line of challenge to the detailed strategy initiatives produced by the executive directors. The committee is also responsible for supporting the work of other committees in identifying, assessing and monitoring the new and emerging risks facing the group, making recommendations regarding risk appetite to the board and evaluating the effectiveness of the group's governance and risk management framework.

The committee is scheduled to meet at least four times a year and the chief executive is required to attend all or part of the committee meetings.

Full details of the committee's terms of reference can be found on our website **www.dentistsprovident.co.uk**.

Committee composition

The committee comprises the group's chairman and two independent non executive directors appointed by the board. The chairman of the board cannot be the chairman of the committee.

Committee membership and attendance at scheduled meetings

Martyn Green (chairman)	4/4
Davinderpal Kooner	4/4
Kathryn Woolass	4/4

Key items considered during 2018

The key items considered in the year were:

First meeting of 2018

The committee considered the board education plan for 2018 and succession arrangements for the directors due to retire from the board. In addition, the committee considered the results of cyber security testing, received an update on the launch of the new plans and implementation of the new technology platforms and reviewed the disclosures in the annual report regarding the work of the committee.

The committee also discussed communications from the regulator and the regular supervisory report.

Second meeting of 2018

The committee considered the performance of the directors, succession arrangements and progress of strategic initiatives. The committee also discussed the implementation of the new data protection legislation and received an update on the group's Brexit plans.

Third meeting of 2018

The committee considered the progress of strategic initiatives and technology projects. In addition the committee discussed the training arrangements for directors, a shortlist of candidates for the board and changes to the board's governance documents. The committee also approved the own risk and solvency assessment and changes to the society's risk management framework.

The chairman of the board presented her summary of the results of the directors' performance evaluation to the committee. The committee also undertook a self assessment of its own performance and reviewed the adequacy of its terms of reference.

Fourth meeting of 2018

The committee reviewed the annual budget for 2019 and considered succession arrangements for executive and non executive directors.

Martyn Green

Martyn Green
Governance committee chairman
15 March 2019

The operational risk and reputation committee


Alister Weightman


Martyn Green


Huw Winstone

Role of the operational risk and reputation committee

The role of the operational risk and reputation committee is to assist the board in discharging its duties in the area of operational, conduct and reputational risk management.

The main responsibilities of the operational risk and reputation committee include:

- monitoring the adequacy of the conduct, reputational, regulatory compliance and business continuity risk management systems and making appropriate recommendations to the board
- reviewing and reporting to the board on the systems governing the identification and management of conduct, reputational, regulatory compliance and business continuity risks
- receiving and reviewing regular reports from the executive and making appropriate recommendations to the board.

The committee is scheduled to meet four times a year. Only members of the committee are entitled to attend the meetings. However, Farrukh Mirza and Simon Elliott attended all four meetings during the year by invitation from the chairman.

Full details of the committee's terms of reference can be found on our website **www.dentistsprovident.co.uk.**

Committee composition

The operational risk and reputation committee comprises at least three members, who are appointed by the board on the recommendation of the governance committee. All members of the committee must be independent non executive directors. The chairman of the board cannot be a member of the committee.

Committee membership and attendance at scheduled meetings

Alister Weightman (chairman)	4/4
Martyn Green	4/4
Huw Winstone	4/4

Key items considered during 2018

The key items considered in the year were:

First meeting of 2018

The committee considered the progress on the implementation of the changes to the group's business continuity arrangements and the report on conduct, reputation and regulatory risks. The committee also reviewed the disclosures in the annual report regarding the work of the committee.

Second meeting of 2018

The committee considered the progress on the implementation of the changes to the group's business continuity arrangements, the report on conduct, reputation and regulatory risks, reports to the regulator and implementation of the new data protection legislation.

Third meeting of 2018

The committee considered the group's business continuity arrangements, the report on conduct, reputation and regulatory risks and the money laundering reporting officer's report. In addition, the committee also undertook a self assessment of its own performance and reviewed the adequacy of its terms of reference.

Fourth meeting of 2018

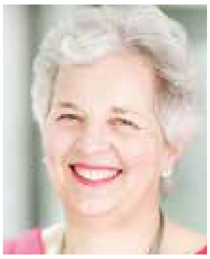
The committee considered the progress on the implementation of the changes to the group's business continuity arrangements and the report on conduct, reputation and regulatory risks.

Alister Weightman
Operational risk and reputation committee chairman
15 March 2019

The remuneration committee


Huw Winstone


Davinderpal Kooner


Kathryn Woolass

Role of the remuneration committee

The role of the remuneration committee is to assist the board in discharging its duties in relation to the group's remuneration related matters.

The main responsibilities of the remuneration committee include:

- oversight of remuneration arrangements for directors
- monitoring the level and structure of remuneration for the management team
- determining the targets for any performance related pay plans for the group
- oversight of any changes in employee benefit structures for the group

The committee is also responsible for ensuring that contractual terms regarding termination and any termination payments are fair to the individual and the group, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

The committee is scheduled to meet at least once a year to review and set the remuneration policy for the directors, as well as determining the total individual remuneration package for each executive director. As a rule, no director participates in any part of the meeting covering their own remuneration. Any executive director and the head of human resources may also attend the meetings at the invitation of the chairman.

Full details of the committee's terms of reference can be found on our website **www.dentistsprovident.co.uk.**

Committee composition

The committee comprises the chairman, vice chairman and an independent non-executive director appointed by the board.

Committee membership and attendance at scheduled meetings

Huw Winstone (chairman)	3/3
Davinderpal Kooner	2/3
Kathryn Woolass	3/3

Remuneration report

The remuneration policy

The objectives of any good remuneration policy are to attract, motivate and retain effective people. The key features of our remuneration policy in relation to our executive directors are as follows:

- to reward genuine contribution to the long term success of the society with packages aligned to the interests of our members
- to give due consideration to the market environment but be largely driven by the individual's level of responsibility, competence and contribution to our success
- to make the retired dentists' plan mandatory for executive directors, to align their long term financial interests with those of our members
- to ensure that notice periods are in accordance with general market practice

Executive directors' base salary

An executive director's base salary provides the core reward for the role and is set at a level designed to recruit, retain and motivate the skilled individuals required to deliver our strategy. Our remuneration committee (without any input from executive directors) reviews base salaries annually. When doing so, it takes into account factors such as:

- inflation data
- the individual's responsibilities, skills and experience
- the competitiveness of the salary, by reference to other organisations of similar size and industry and, most importantly, the results of the annual performance reviews
- feedback from independent remuneration consultants

The committee considered the performance of the individual executive directors, their skills and experience and the responsibilities of their roles. The committee noted that the duties performed by the executive directors were wider than those typical for their standard roles. The comparison with the executive directors' peers was a secondary, but nonetheless important consideration.

Based on the above, the committee proposed a 5% increase in remuneration for the executive directors.

In addition with effect from 1 January 2018, the chief executive became entitled to the part of his 2017 salary increase, which had been deferred until the launch of the new plans.

Executive directors' bonuses

Our board has recognised for many years the asymmetric nature of the risk/reward relationship, especially in relation to bonuses, and the logistical difficulties of implementing a plan that fits appropriately with the group's not for profit objectives.

For this reason, we continue to shun bonuses for executive directors. The primary component of executive directors' reward is therefore the base salary.

Fees for the chairman and non executive directors

The executive directors are responsible for setting and reviewing the fees of the non executive directors each year.

The chairman is consulted on the fee arrangements generally and the vice chairman on the fees for the chairman. Changes to the fees normally take effect from 1 January each year.

Non executive directors receive a basic fee and additional fees are payable for membership and chairmanship of the various committees. They may also claim session charges based on the British Dental Guild rate but only for duties which do not form part of their normal duties and responsibilities.

There were no changes to non executive directors' remuneration in the year.

Benefits

The executive directors do not receive any benefits other than life insurance and a fixed benefits allowance. Non executive directors are not entitled to any contractual benefits.

Retirement benefits

The chief executive was a member of the group's targeted final salary, defined contribution pension scheme. The chief executive stopped accruing further benefits under the scheme from 1 January 2017 and the scheme was wound up in 2018. Instead, since 1 January 2017, he is entitled to a cash allowance in lieu of pension. The cash allowance is set as a percentage of base salary in accordance with pre existing terms of employment. The maximum pension allowance payable is 30% of base salary.

Simon Elliott is a member of the group's defined contribution arrangement, which is open to all employees. The committee also reviewed the retirement benefit arrangements for Simon Elliott as part of their overall review of executive remuneration and recommended increasing the group's pension contribution level from 8% to 12.5% from 1 January 2018.

No pension benefits are available to non-executive directors, including the chairman.

Directors' remuneration

Details of directors' remuneration are set out in note 12 to the financial statements.

Service contracts

Subject to the requirements of the law and best practice, the directors' service contracts and terms and conditions of employment aim to strike the appropriate balance between the interests of the group and those of the individual. Copies of the directors' service contracts and letters of appointment are available for inspection at the registered office of the society.

The current notice period for non executive directors is six months and nine months for executive directors, which can be given by either party.

Non executive directors are not entitled to any compensation for loss of office and executive directors' compensation is limited to contractual notice pay entitlement.

External directorships

The executive directors are permitted to hold appropriate external non executive director appointments, provided they do not conflict with their commitments to the group. The executive directors may retain the fees paid for these services, subject to prior approval by the chairman.

No non executive directorships were held by the executive directors during the year.

Key items considered during 2018

The key items considered in the year were:

First meeting of 2018

The committee considered the remuneration related disclosures in the annual report and discussed the progress of closure of the group's legacy pension scheme. The committee also reviewed the disclosures in the annual report regarding the work of the committee.

Second meeting of 2018

The committee considered the appropriateness of the executive remuneration policy and agreed the basis for the executive remuneration review at its next meeting.

The committee also undertook a self assessment of its own performance and reviewed the adequacy of its terms of reference.

Third meeting of 2018

The committee considered the remuneration for executive directors, approved the remuneration budget, as well as the bonus pool for operational employees.

Huw Winstone
Remuneration committee chairman
15 March 2019

Directors' report

This report should be read in conjunction with the strategic report on pages 4 to 17

Principal activity and objectives

Dentists' Provident is a not for profit mutual organisation, incorporated under the Friendly Societies Act 1992. The group's principal business activity is the provision of income protection insurance to dental professionals in the UK and Ireland.

A full discussion of the group's strategy is contained in the 'our business model' section of the strategic report.

The group did not undertake any activities during the year that were outside its powers.

Business review and future developments

An analysis of the future developments and performance of the business can be found within the chief executive's report.

A description of the material risks facing the group are set out in the risk management section of the strategic report.

Bonuses

The recommended final bonuses applicable to the various plans are set out on page 4. Total bonuses allocated to members in 2018 amounted to £7.670 million (2017: £7.332 million).

Directors

The names and biographies of the individuals who served as directors of the society during the year are set out on pages 18 to 19.

Indemnification of directors

In accordance with the society's memorandum and rules and applicable laws in England and Wales, the group provided an indemnity to the directors of the society and its subsidiary. In addition, the group maintained directors' and officers' liability insurance for the benefit of its directors and officers during the year under review.

Donations

Charitable donations totalled £20,600 (2017: £18,800). The group's policy on donations is to provide assistance to small local charities, bodies involved in improving dental health and those providing services to members of the dental profession facing financial and health issues.

Changes in fixed assets

Details of significant changes in the fixed assets of the group are shown in note 18 to the financial statements.

Business viability and going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report.

The board has assessed the viability of the group over a five year period based on the group's strategic plan. The plan was approved by the board in September 2018 and covered the period 2019-2023.

As detailed in this annual report, the group has a robust process for managing its operations and for the approval of the risk appetite, risk monitoring and reporting. The board believes that the group is well placed to manage its business effectively, having regard to its nature, scale and complexity. The board does not have any reason to believe the group will not continue to be in operation over the foreseeable future.

The board also believes the group has adequate resources and recurring income to continue in operation for the foreseeable future. Accordingly, the going concern basis has been used in the preparation of the financial statements.

Solvency

Throughout the financial year, the society maintained its solvency in excess of the required margin for its relevant class of business.

Accountability and internal controls

The board acknowledges its overall responsibility for the group's system of internal controls and for reviewing its effectiveness. On a day to day basis, the group's senior management is responsible for the operation, management and effectiveness of the system of internal controls. No material changes have been made to the internal controls system in the year.

The board has reviewed the effectiveness of the system of internal controls during the year, including financial and operational controls. The board confirms that there is a continuous process for the identification, evaluation and management of the key risks facing the group, which was in place throughout the year and up to the date of the approval of the annual report and financial statements.

The board acknowledges that it is neither possible nor operationally efficient to eliminate risks completely. The group's system of internal controls is designed to manage, as opposed to eliminate, control risks and can only provide reasonable assurance against material misstatement, loss or error. Significant effort is dedicated to being fully aware of the risks to the group and managing these to an acceptable level.

Cautionary statement regarding forward looking information

This annual report contains forward looking statements. These are made by the directors in good faith, based on the information available at the time of the approval of the annual report. The statements should be treated with caution due to the inherent risks and uncertainties underlying such forward looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward looking statement.

The society does not intend to update any of these statements.

Auditors

On 1 February 2019 Moore Stephens LLP merged with BDO LLP. As a result, Moore Stephens LLP resigned from office and BDO LLP were appointed to fill the casual vacancy of auditor to the society. BDO LLP have indicated their willingness to continue in office as auditor and a resolution concerning their appointment will be proposed at the forthcoming annual general meeting.

Moore Stephens LLP have confirmed that there are no circumstances in connection with their resignation which they consider need to be brought to the attention of the society's regulators, members or creditors.

Statement of directors' responsibilities

Directors' responsibilities for preparing the financial statements

The following statements should be read with the statement of auditor's responsibilities included in the independent auditor's report. They are made to help members distinguish between the responsibilities of the directors and those of the auditor in relation to this year's financial statements.

The directors are responsible for preparing the financial statements. It is also their responsibility to state that they consider that the annual report, when taken as a whole, is fair, balanced and understandable and provides the information necessary for members to assess the group's performance, business model and strategy.

Under the Friendly Societies Act 1992, the directors are required to prepare and approve financial statements for each financial year. The directors must only approve the financial statements when they are satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the group and the society for that year. The financial statements of the group and, where relevant, the society, have been prepared in accordance with:

- United Kingdom generally accepted accounting principles (UK GAAP)
- The Friendly Societies Act 1992

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the basis that the group is a going concern, unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for ensuring that proper accounting records are maintained. These must disclose, with reasonable accuracy at any time, the financial position of the group and the society and enable the directors to ensure that the financial statements comply with the Friendly Societies Act 1992.

The directors are also responsible for:

- safeguarding the assets of the group and the society
- taking reasonable steps to prevent and detect fraud and other irregularities
- ensuring the maintenance and integrity of the corporate and financial information included on the society's website

UK legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the current directors, whose names and functions are listed in the governance section on pages 18 and 19, confirms that, to the best of their knowledge and belief, the group and the society's financial statements, which have been prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the group and of the society and, taken as a whole, are fair, balanced and understandable.

Statement of disclosure to auditor

The directors of the society, at the date of approval of the annual report and financial statements, confirm that in so far as they are aware:

- there is no relevant audit information of which the society's auditor is unaware; and
- the directors individually have taken all necessary steps that they ought to have taken to make themselves aware of all relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board

Kirby Mardle
Director and group secretary
15 March 2019

Financial statements

Independent auditor's report

To the members of Dentists' Provident Society Limited

Opinion

We have audited the financial statements of Dentists' Provident Society Limited (the "Society") and its subsidiary (together the "Group") for the year ended 31 December 2018 which comprise the consolidated income and expenditure account, consolidated balance sheet, Society income and expenditure account, Society balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Group's and Society's financial statements:

- give a true and fair view of the state of the Group's and of the Society's affairs as at 31 December 2018 and of the Group's and Society's deficit 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 Friendly Societies Act 1992.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to principal risks, going concern and viability statement

As a result of the directors' voluntary reporting on how they have applied the UK Corporate Governance Code (the "Code"), we are required to report to you whether we have anything material to add or draw attention to:

- The disclosures in the Annual Report set out on pages 14 to 17 that describe the principal risks and explain how they are being managed or mitigated;
- The directors' confirmation set out on page 35 in the Annual Report that they have carried out a robust assessment of the principal risks facing the Society, including those that would threaten the business model, future performance, solvency or liquidity;
- The directors' statement set out on page 35 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties in the Society and the subsidiary's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; or
- The directors' explanation set out on page 35 of the annual report as to how they have assessed the prospects of the Society, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Society will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualification or assumptions.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Area of focus	Work performed to address this risk	Conclusion of findings
Valuation of technical provisions The Group financial statements include a net technical provision of £98.52 million (2017 : £102.13 million), which represents the estimated costs of settling benefits and claims associated with income protection products. This is set out in further detail in note 21. We have assessed this area as being of significant risk to the audit due to the significance of these amounts in deriving the Group's results and because of the assumptions underpinning the calculation, which can be highly subjective.	In assessing the valuation of the technical provision, we performed the following procedures: • We have utilised an independent actuary to report to us on the methodology and assumptions that underpin the calculation of the provision and the accuracy of the calculation itself. • We have obtained and reviewed the actuarial reports prepared by the Society's actuary and our reviewing actuary and ensured that all relevant judgements and estimates have been considered in forming our opinion. • We have reviewed and assessed changes to the assumptions used in the technical provisions to ensure these are reasonable and in line with acceptable parameters.	We have no matters to communicate in respect of the valuation of the technical provisions.
Investment valuation The valuation of certain investment funds is subject to judgement as market valuations are not available at the year end date.	In auditing these valuations, we have: • Reviewed the valuation of the funds and assessed the movement quarter to quarter during the year to assess the probability of material volatility in the valuation at year end. We are satisfied that there is no evidence of material misstatement in the valuation • Assessed the performance of the wider investment market in the final quarter of the year, to assess whether there has been wider volatility in the market, which would indicate a material misstatement of valuation. No such volatility was noted that would impact the fund materially. • Ensured that foreign exchange rates have been assessed in comparison to market data and were found to be reasonable.	We have no matters to communicate in respect of the investment valuations.

Our application of materiality

In planning and performing our audit we were influenced by our application of materiality. We consider materiality to be the magnitude by which misstatements, including omissions, could change or influence the economic decisions of reasonably knowledgeable users that are taken on the basis of the financial statements. Importantly, we also take into account the nature of identified misstatements and the particular circumstances of their occurrence when evaluating their effect on the financial statements as a whole, and so misstatements below these levels will not necessarily be evaluated as immaterial.

We set certain quantitative measures and thresholds for materiality, which together with other, qualitative, considerations, helped us to determine the scope of our audit and the nature, timing and extent of the procedures performed. Based on our professional judgement, we determined materiality for the financial statements as a whole to be £950,000 (2017: £2,100,000). The principal determinant in this assessment was the Society's fund for future appropriations, which we consider to be the most relevant benchmark, as it reflects a key measure of the performance of an insurance company and is used to assess the level of free reserves and in determining solvency. Our materiality represents 0.5% (2017: 1%) of this number. In 2017, a lower level of materiality was determined and applied to non-balance sheet items, being £250,000. In 2018, only one level of materiality has been used in conducting our work.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Basic performance materiality was set at £475,000 (2017: £1,000,000 for balance sheet and £130,000 for income and expenditure items) which represents 50% (2017: 50%) of the above materiality levels.

We agreed with the Audit Committee that we would report to them any misstatements in excess of £48,000 (2017: £9,000) that we identified through the course of our audit, together with any qualitative matters that warrant reporting.

An overview of the scope of the audit

The audit of the Group financial statements includes the audit of the Society and its subsidiary. The scope of the audit for the financial statements has been determined by our application of our materiality to the financial statements in association to the risks of the Society when determining the level of work to be performed. All audit work was performed directly by the audit engagement team with the assistance of appointed experts.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of technical provisions which are subject to management judgement and estimation.

We gained an understanding of the legal and regulatory framework applicable to the Society and the industry in which it operates, and considered the risk of acts by the Society which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with The Friendly Societies Act 1992, PRA and FCA rules, FRS 102 and FRS 103. We obtained our understanding through internal and external training, the use of an appropriately qualified and experienced audit team who specialise in the insurance sector.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error.

We focused on laws and regulations that could give rise to a material misstatement in the Society financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- review of correspondence with the PRA and FCA; and
- review of the Society's compliance plan, annual MLRO report, breaches register and Internal Audit reports.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely, as auditor of the financial statements, we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that might reasonably represent a risk of material misstatement due to fraud.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Friendly Societies Act 1992

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Opinion on corporate governance statements

In accordance with our instructions from the Society, we review whether the Corporate Governance Statement reflects the Society's compliance with those provisions of the Annotated UK Corporate Governance Code specified by the Association of Financial Mutuals. We have nothing to report in respect of this review.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Friendly Societies Act 1992 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; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities Statement set out on page 36 , the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Audit Committee on 9 September 2016. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and Society and we remain independent of the Society in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Society's members, as a body, in accordance with the Friendly Societies Act 1992. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's 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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Tom Reed

Thomas Reed
Senior Statutory Auditor

For and on behalf of
BDO LLP
Statutory Auditor
London, UK

15 March 2019

Income and expenditure account

For the year ended 31 December 2018

	Note	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Earned premiums	5	14,073	14,162	14,073	14,162
Investment income	6	2,049	1,360	1,542	859
Unrealised (losses)/gains on investments	7	(3,377)	23,061	(3,229)	21,386
Total income		**12,745**	38,583	**12,386**	36,407
Claims incurred	8	(11,008)	(9,645)	(11,008)	(9,645)
Withdrawals from bonus accounts by members		6,182	4,803	6,182	4,803
Technical provisions	21	4,514	(1,746)	4,514	(1,746)
Other provisions	22	473	(1,972)	473	(1,972)
Changes in long term business provisions		11,169	1,085	11,169	1,085
Bonuses to members	9	(7,670)	(7,332)	(7,670)	(7,332)
Net operating expenses	10	(5,038)	(4,146)	(4,891)	(3,988)
Investment management expenses		(296)	(214)	(296)	(213)
Total expenses		(5,334)	(4,360)	(5,187)	(4,201)
Taxation	13	(44)	(292)	–	–
Transfer (from)/to fund for future appropriations	20	**(142)**	**18,039**	**(310)**	**16,314**

Balance sheet

31 December 2018

	Note	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Assets					
Land and buildings	14	23,000	23,044	–	–
Investment in subsidiaries	15	–	–	4,600	4,600
Other financial investments	16	255,760	251,648	255,236	251,128
Total investments		278,760	274,692	259,836	255,728
Negative technical provisions	21	34,681	36,155	34,681	36,155
Debtors	17	154	244	6,986	6,984
Tangible fixed assets	18	6,742	6,819	6,740	6,814
Cash at bank		7,149	14,891	5,642	13,725
Total other assets		13,891	21,710	12,382	20,539
Prepayments and accrued income		411	244	300	132
Total assets		**327,897**	**333,045**	**314,185**	**319,538**
Liabilities					
Fund for future appropriations	20	189,029	189,171	177,523	177,833
Technical provisions	21	133,199	138,282	133,199	138,282
Provision for liabilities	22	1,499	1,972	1,499	1,972
Provision for deferred taxation	23	1,753	1,778	–	–
Creditors	24	2,417	1,842	1,964	1,451
Total liabilities		**327,897**	**333,045**	**314,185**	**319,538**

The attached notes form an integral part of these financial statements. The financial statements were approved by the board of directors and authorised for issue on 15 March 2019.

Kathryn Woolass
Group chairman

Farrukh Mirza
Group chief executive

Giles Kidner
Chairman of the audit committee

Notes to the financial statements

For the year ended 31 December 2018

1. General information

The Dentists' Provident group, resident in the United Kingdom, comprises the Dentists' Provident Society Limited (the parent undertaking) and its wholly owned subsidiary, 1908 Property Holdings Limited.

The registered office is 91-94 Saffron Hill, London, EC1N 8QP. The nature of the group's operations and its principal activities are set out in the strategic report section of the annual report.

Unless otherwise indicated, all figures are rounded to the nearest £1,000.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standards 102 and 103 (FRS 102 and 103) issued by the Financial Reporting Council. These financial statements are presented in accordance with the Friendly Societies (Accounts and Related Provisions) Regulations 1994.

2.1.1 Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report section of the annual report. This section further describes the financial position of the group, liquidity position, the group's objectives, policies and processes for managing capital, its financial objectives, details of its financial instruments and its exposure to key risks.

The group meets its operational capital requirements through maintaining part of its assets in suitably liquid assets such as cash and cash equivalents. The board believes the group has adequate resources to manage its business risks and the society and the group have sufficient resources to continue in operation for the foreseeable future. Accordingly, the going concern basis has been used in the preparation of the financial statements.

2.1.2 Statement of cash flows

No statement of cash flows has been presented as Dentists' Provident meets the definition of a mutual life assurance company.

2.2 Basis of consolidation

The group financial statements consolidate the financial statements of the parent and its subsidiary drawn up to 31 December. The subsidiary has been consolidated from the date it commenced trading and all intercompany balances, surplus and transactions are eliminated.

2.3 Foreign currencies

The functional currency of the society and its subsidiary is pounds sterling as it is the currency of the primary economic environment in which the group operates.

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rate of exchange prevailing at the balance sheet date. All exchange gains and losses are included in the income and expenditure account.

2.4 Insurance classification

Insurance contracts are defined as those contracts under which the society accepts significant insurance risk from the member, by agreeing to compensate them if a specified uncertain future event adversely affects them. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

2.5 Revenue recognition

2.5.1 Premium income

The Society's contracts are long term insurance contracts and premium income is recognised in the income and expenditure account when due from the members of the society. Where a contract lapses due to non receipt of premiums, then any premium income accrued but not received relating to the period after the date of lapse, is offset against premiums.

2.5.2 Investment income

Investment income includes dividends, interest, rent, realised gains and losses on the sale of investments and related expenses. Dividends, interest and rent are recorded on an accruals basis. Realised gains and losses on investments are calculated as either, the difference between the net sales proceeds and original cost in the case of investments purchased in the year, or as the difference between the net sales proceeds and prior year's valuation.

2.5.3 Unrealised gains and losses

Unrealised gains and losses on investments are calculated as the difference between the current and prior year end valuations, or purchase price, if acquired in the year.

2.6 Taxation

The existing activities of the society are not chargeable to income or corporation tax in the UK.

The corporation tax currently payable is based on the subsidiary's taxable surplus in the financial year. Taxable surplus differs from net surplus as reported in the income and expenditure account, because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible.

The group's liability for current tax is calculated using applicable tax rates that have been enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. It arises where transactions or events have occurred as at the balance sheet date, that result in an obligation to pay more, or a right to pay less, tax in the future. Timing differences are differences between the group's taxable surplus and its results as stated in the financial statements. These differences arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable surplus from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply to the reversal of the timing difference. Deferred tax relating to the sale of an investment property of the subsidiary is measured using the tax rates and allowances that will, or are reasonably expected to apply to the sale of the asset.

Where items are chargeable or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of the financial statements as the transaction or event which resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if:

- the group has a legally enforceable right to set off the tax assets and liabilities; and
- the tax assets and liabilities relate to taxes levied by the same taxation authority on the same taxable entity.

2.7 Tangible fixed assets

Tangible fixed assets, comprising fixtures, fittings, plant and equipment and computer software and equipment, are stated at cost net of depreciation and any provision for impairment. Cost includes any associated expenditure directly attributable to the acquisition of the asset. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life. The group uses the following rates:

- Fixtures, fittings, plant and equipment at 10% and 12.5% per annum on a straight line basis
- Computer equipment and software at 10%, 20% and 25% per annum on a straight line basis

No depreciation is provided on assets in the course of construction.

2.8 Retirement benefit costs

Payments to the defined contribution retirement benefit scheme are charged as an employee benefit expense as they fall due. The scheme is independently administered by a third party and contributions are made on a contractual basis.

2.9 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is immediately recognised in the income and expenditure account.

An asset is impaired where there is objective evidence that, as a result of one or more events after initial recognition, the estimated recoverable value of an asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. The impairment loss is reversed only to the extent that the revised carrying amount is no higher than the carrying value had no impairment been recognised.

2.10 Land and buildings

Land and buildings are held by the group to earn rental income and/or provide potential for future capital growth.

Land and buildings are initially recognised at cost, being the fair value of the consideration given, including the directly attributable transaction costs associated with the acquisition. Subsequent capital expenditure is then capitalised and included within the cost of the property.

In the year of acquisition, the cost of the land and buildings is deemed reflective of its fair value in the open market. In subsequent years, land and buildings are measured at fair value annually, with any change in fair value being recognised in the group's income and expenditure account.

2.11 Other financial investments

2.11.1 Recognition

Financial assets and liabilities are recognised when a member of the group becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any instrument or contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2.11.2 Initial measurement

All financial assets and liabilities are initially measured at transaction price.

2.11.3 Subsequent measurement

Debt instruments that are classified as payable or receivable within one financial year, and which meet the following criteria, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

a. Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

b. There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

c. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

d. There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Investments in collective investment schemes are measured at fair value with changes in fair value recognised in the income and expenditure account.

Realised and unrealised gains and losses arising from changes in fair value of investments are presented in the income and expenditure account in the period in which they arise. Dividend and interest income is recognised when earned. Investment management and other related expenses are recognised when incurred.

2.11.4 Derecognition of financial assets and liabilities

Financial assets are derecognised when:

- the contractual rights to the cash flows from the financial assets expire or are settled;
- substantially all of the risks and rewards of ownership of the financial assets are transferred to another party; or
- suitable levels of control of the assets have been transferred to another party so they have the practicable ability to sell the assets in their entirety to an unrelated third party and are able to exercise that ability unilaterally without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

2.11.5 Fair value measurement

Where possible, the group will use the price quoted in an active market for an identical asset as at the measurement date as a measurement of fair value. If this information is not available, the board will follow the fair value hierarchy, as set out by FRS 102 and outlined below, to estimate the fair value.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Loans and other receivables are carried at cost less any provision for impairment in value.

2.11.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.11.7 Deposits held with credit institutions

Deposits held with credit institutions comprise monetary items, the withdrawal of which is subject to a fixed time constraint, and are measured at fair value.

2.11.8 Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment.

2.12 Leasing

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

Rentals receivable under operating leases are recognised as investment income on a straight line basis over the term of the relevant lease.

Rentals payable under operating leases are recognised as operating expenses on a straight line basis over the term of the relevant lease.

2.13 Insurance contracts

2.13.1 Claims

Claims incurred comprise sickness benefit and withdrawals of capital by the members of the society, net of subrogation recoveries. Claims are recognised in the financial statements when the relevant criteria for the payment of the claim are satisfied by the claimant.

2.13.2 Acquisition costs

Acquisition costs represent the direct and indirect costs relating to obtaining and processing new business.

Commissions consist of fees earned by independent third party financial advisers and are directly related to the acquisition of new business.

Having regard to the future premium levels, the directors do not consider the deferred acquisition costs to be material. As a consequence, all acquisition costs are recognised in the income and expenditure account in the period they are incurred.

2.13.3 Technical provisions

At each reporting date the group performs a review of its technical provisions to ensure that the carrying values are appropriate, using current estimates of future cash flows and investment return. If the assessment shows the carrying values of the technical provisions are no longer appropriate, any deficiency or surplus is recognised in the income and expenditure account.

The technical provisions are calculated on a best estimate market consistent basis in accordance with the requirements under the Solvency II regime and appropriate UK Prudential regulations.

The technical provisions include the risk margin, which is an allowance for the cost, to a third party, of undertaking the group's risks that are not hedgeable under the Solvency II regime.

2.14 Insurance receivables and payables

Receivables and payables arising under insurance contracts are recognised when due and are measured at amortised cost using the effective interest rate method. A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated future cash flows have changed.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3.1 Critical accounting judgements

The following are the critical judgements, apart from those involving estimations, which are dealt with separately, that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

3.1.1 Fair value of certain assets

The directors use their judgement in selecting appropriate valuation techniques. Where possible, prices quoted for identical assets in active markets are used. However in certain instances, such price information is not available and the group must use alternative valuation techniques instead. Wherever possible, these techniques use market observable inputs derived from recent transactions for similar assets, in similar active markets. However in the absence of such data, other observable market data is used.

3.1.2 Deferred tax

The directors' judgement is required to determine the value of the deferred tax provision which should be recognised in the group accounts. Deferred tax arises on timing differences between taxable surplus and the net surplus of the subsidiary. The amount recognised is estimated using the tax rates that have been substantively enacted at the balance sheet date, which means the amount of tax which is paid in the future could differ from these estimates.

3.1.3 Technical provisions

The directors are responsible for approving the recommendations for the valuation methodology and assumptions used in calculating the technical provisions. These recommendations are prepared and presented in accordance with the applicable Technical Actuarial Standards issued by the Financial Reporting Council and reviewed by the society's chief actuary.

4. Risk management objectives and policies

The business activities of the group expose it to a number of potential risks that can impact its abilities to meet its business objectives. The board is responsible for the group's internal control systems and for reviewing their effectiveness. The systems are designed to manage, as opposed to eliminate, risk and aim to provide reasonable and not absolute assurance.

The group's overall appetite for accepting and managing risks is set by the group's board. The group's risk management policies and procedures cover areas such as risk identification, management and reporting. The primary objective of the risk management framework is to protect the members, employees and other key stakeholders from consequences that could negatively affect the group's ability to meet its contractual, business and social objectives.

This note covers the risks relevant to the group's operations and financial statements from a qualitative and quantitative perspective.

4.1 Insurance risk

The risk under a contract of insurance with a member is the possibility that an insured event will occur and a claim become payable. The very nature of insurance is based on the unpredictability of the timing and severity of events. The principal risks the group faces in this area of business activity comprise the risk of adverse financial impact on the group due to inappropriate pricing of the income protection insurance contracts and the risk of claims experience being worse than anticipated, with the associated impact on the sickness benefit reserve. Other less significant, but nonetheless material, risks under this heading include the loss of future premium income from lower than expected renewal of insurance business and higher than expected costs of managing the insurance portfolio.

The society manages insurance risk by following standard underwriting policies, which take into account the risks the group is prepared to accept, adopting a structured approach to underwriting and regular, formal analysis and monitoring of the insurance portfolio.

The society does not have within its product range any embedded options or guarantees.

The two key drivers of the group's claims experience are the inception rates for claims and the recovery rates for claimants. Part of these risks is mitigated by the fact that the society's income protection contracts allow for the premiums to be reviewed. Additional mechanisms for managing these risks include a structured approach to assessing and managing claims.

The impact of a 20% increase in the morbidity assumption would be to increase the technical provisions by £6.593 million (2017: £6.677 million).

The persistency experience of the society varies over time but has remained stable in the past. Factors affecting persistency include the effectiveness of the sales process of the independent financial advisers, members' perception of the society and the insurance industry, regulatory changes in the dental profession, investment performance and the general economic environment.

Given the past level of persistency, a large proportionate increase in the current lapse experience is unlikely to have a material effect on the society.

The members of the society bear the impact of any changes in expense levels, as the expenses affect the amounts available for distribution to members as bonuses. An increase in the expense assumption of 20% would increase the technical provisions by £8.241 million (2017: £9.146 million).

A decrease in the yield curves used to calculate the technical provisions of 75 basis points would increase the technical provisions by £0.801 million (2017: £0.693 million).

The maturity profile of the technical provisions is set out in note 21.

4.2 Equity risk

The group is exposed to equity risk through its holdings in collective investment schemes. This risk affects a significant but tightly controlled proportion of the overall investment portfolio and the holdings involved are well diversified across companies, industries and geographical regions. The board keeps the investment strategy under review to ensure the group's ability to write business and settle claims is not adversely affected by falls in the market value of equities. The fair value of equity type investments in the group's financial statements at the year end was £137.849 million (2017: £152.977 million).

The equity risk is borne by the members of the society, as changes in equity valuations and income would directly impact the amounts available for distribution to the members. A 10% reduction in equity valuations would reduce the group's surplus for the year by £ 13.784 million (2017: £15.298 million).

4.3 Interest rate risk

The group's exposure to fixed income investments is principally through collective investment schemes. These investments also represent a significant part of the group's investment portfolio and are kept under regular review by the board. The fair value of fixed interest securities is normally inversely correlated to market interest rates, assuming credit and liquidity premia remain unchanged.

The holdings within the collective investment schemes are primarily within highly rated government and corporate debt, asset backed securities and term deposits. The group's fixed interest portfolio tends to have a relatively short duration, which provides a degree of protection against movements in the longer end of the yield curve. The fair value of fixed interest securities, including deposits with credit institutions, in the group's financial statements at 31 December 2018 was £97.027 million (2017: £82.870 million).

Although the group attempts to manage interest rate risk by broadly matching the duration and profile of the assets with underlying member liabilities, the interest rate risk is borne by the members of the society, as changes impacting the effective yield and valuations would directly impact the amounts available for distribution to the members. A 75 basis points reduction in the yield curve would increase the group's surplus for the year by £0.151 million (2017: £0.966 million).

4.4 Property risk

The group has significant exposure to property and property related assets, through a combination of direct holdings and holdings in collective investment schemes. The rental income and valuation are affected by the general conditions in the economy, such as GDP growth, employment trends, inflation and interest rates. In addition, local factors, such as competition in the area from other landlords, attractiveness of the properties to prospective tenants, the state of repairs of the premises and the costs of maintenance and insurance, impact the valuation and rental income from individual properties.

The group manages the risks associated with its own direct investments in property by effective management of the premises, credit evaluations of prospective tenants, application of appropriate lease covenants and ongoing monitoring of existing tenants. A 10% reduction in the valuation of property and property related assets would reduce the group's surplus for the year by £3.928 million (2017: £3.884 million).

4.5 Currency risk

The group's exposure to foreign exchange risk arises primarily through entering into insurance and investment contracts denominated in currencies other than pounds sterling. Currency risk is controlled as part of the group's day to day operations. A number of arrangements have been put in place that provide a partial, non qualifying hedge against currency risk. At the current and preceding year ends, the board did not consider the residual currency risk to be material to the group's operations.

4.6 Credit risk

This is the risk that one party to a financial transaction will fail to discharge its obligations, causing the other party to incur a loss. Credit risk in relation to financial investments and cash and cash equivalents is managed by the investment and capital management committee. The group's investment guidelines are constructed to avoid excessive exposure to any single counterparty and to ensure that debt and fixed income investments are concentrated in high quality investment grade holdings. In addition, the investment and capital management committee has the right to impose stricter credit risk limits, where it deems it appropriate.

The group credit risk in respect of balances with members is managed primarily by the terms and conditions set out in the society's rules, which allow it to cancel the membership of individuals in the event of non payment of premiums.

At the year end, the group had no material debt or fixed income assets that were impaired beyond their reported fair values (2017: £nil).

Further information on the credit risk profile of the group's fixed interest securities and deposits with credit institutions is set out in note 16.

4.7 Liquidity risk

The group is exposed to the daily need for cash resources, mainly from claims for sickness benefits and capital withdrawals. Liquidity risk is the risk that the group, although solvent, is unable to meet its obligations associated with financial liabilities that are settled by cash and cash equivalents.

A significant part of the group's investments are in highly liquid assets, which can be readily converted into cash at minimal cost. In addition, the use of budgets and business plans allows the group the ability to realistically estimate its liquidity requirements.

4.8 Capital risk management

The board is responsible for ensuring that the group holds an appropriate level of surplus capital. The society is also subject to an externally imposed capital requirement by the UK regulatory authorities. It is the group's policy to maintain capital in excess of the amounts determined under the regulatory framework.

5. Earned premiums

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Analysis of gross premiums written by class of business				
Insurance business premiums	11,355	11,471	11,355	11,471
Investment premiums	2,718	2,691	2,718	2,691
Total long term insurance contracts	**14,073**	**14,162**	**14,073**	**14,162**
Analysis of gross premiums written by geographic area				
United Kingdom, Channel Islands and the Isle of Man	13,491	13,571	13,491	13,571
Ireland	582	591	582	591
Total long term insurance contracts	**14,073**	**14,162**	**14,073**	**14,162**

6. Investment income

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Income from subsidiary	–	–	318	296
Income from land and buildings	837	827	–	–
Income from other financial investments	2,554	(227)	2,566	(197)
(Losses)/gains on realisation of investments	(1,342)	760	(1,342)	760
Total investment income	**2,049**	**1,360**	**1,542**	**859**

No contingent income has been recognised in the financial statements in the current or previous year.

7. Unrealised (losses)/gains on investments

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Freehold land and buildings	(148)	1,675	–	–-
Other financial investments	(3,229)	21,386	(3,229)	21,386
Total unrealised (losses)/gains on investments	**(3,377)**	**23,061**	**(3,229)**	**21,386**

8. Claims incurred

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Withdrawals from bonus accounts by members	6,182	4,803	6,182	4,803
Income protection benefit claims	4,826	4,842	4,826	4,842
Total claims incurred	**11,008**	**9,645**	**11,008**	**9,645**

9. Bonuses to members

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Dividends and interest to members on withdrawal	212	141	212	141
Annual bonuses to members	6,796	6,518	6,796	6,518
Terminal bonuses on withdrawal of funds	662	673	662	673
Total bonuses to members	**7,670**	**7,332**	**7,670**	**7,332**

10. Net operating expenses

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Acquisition costs	1,479	941	1,479	941
Administrative expenses	3,559	3,205	3,412	3,047
Net operating expenses	**5,038**	**4,146**	**4,891**	**3,988**
Net operating expenses include:				
Commissions to financial intermediaries	261	112	261	112
Auditors remuneration - audit services	70	80	62	73
Actuarial fees	209	259	209	259
Depreciation and loss on disposal of fixed assets	842	358	839	349

11. Staff costs

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Wages and salaries	1,604	1,582	1,604	1,582
Social security costs	185	182	185	182
Other pension and associated costs	130	120	130	120
Total staff costs	**1,919**	**1,884**	**1,919**	**1,884**

The other pension costs relate to the cost to the group of operating a defined contribution retirement benefit scheme for all qualifying employees.

	2018 Group	2017 Group	2018 Society	2017 Society
Average number of employees, including directors				
Acquisition	9	10	9	10
Management and administration	19	21	19	21
Total	**28**	**31**	**28**	**31**

Details of directors' remuneration included within staff costs above are set out in note 12.

12. Directors' and key employees' remuneration

The remuneration of directors, included within the total staff costs above was:

	2018 £000 Salary and fees	2018 £000 All taxable benefits	2018 £000 Pension related benefits	2018 £000 Total	2017 £000 Salary and fees	2017 £000 All taxable benefits	2017 £000 Pension related benefits	2017 £000 Total
Non executive directors								
Kathryn Woolass	28	–	–	28	26	–	–	26
Martyn Green	15	–	–	15	15	–	–	15
Helen Harrison	–	–	–	–	4	–	–	4
Giles Kidner	10	–	–	10	10	–	–	10
Davinderpal Kooner	18	–	–	18	16	–	–	16
Alister Weightman	15	–	–	15	15	–	–	15
Huw Winstone	15	–	–	15	12	–	–	12
Jim Karim	9	–	–	9	6	–	–	6
Executive directors								
Farrukh Mirza	269	4	81	354	245	4	73	322
Simon Elliott	130	4	16	150	126	2	10	138
	509	**8**	**97**	**614**	**475**	**6**	**83**	**564**

The remuneration of key employees detailed on page 20 and the group secretary, included within total staff costs was:

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Wages and salaries	530	545	530	545
Other pension and associated costs	40	41	40	41
	570	**586**	**570**	**586**

13. Taxation

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
UK corporation tax	69	85	–	–
Deferred tax	(25)	207	–	–
Total tax charge for the year	**44**	**292**	**–**	**–**

The difference between the tax charge above and the amount calculated by applying the standard rate of UK corporation tax to the (deficit)/surplus before tax is as follows:

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
(Deficit)/surplus on ordinary activities before tax	**(98)**	**18,331**	**(310)**	**16,314**
Tax on (deficit)/surplus on ordinary activities at standard UK corporation tax rate of 19% (2017: 19.25%)	(19)	3,529	(59)	3,140
Effects of:				
Income not taxable for determining current taxable profit	59	(3,460)	59	(3,140)
Expenses not deductible for tax purposes	29	16	–	–
Movement in deferred tax on reversal of timing differences	(25)	207	–	–
Total tax charge for the year	**44**	**292**	**–**	**–**

14. Land and buildings

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Valuation				
Freehold land and buildings at the start of the year	23,044	20,525	–	–
Additions	104	844	–	–
Revaluation	(148)	1,675	–	–
Freehold land and buildings at the end of the year	**23,000**	**23,044**	**–**	**–**
Value of land included in the valuation above	8,175	8,424	–	–
Value of land and building occupied by the group for its own use	4,611	3,796	–	–
Value of land and buildings at cost	10,712	10,608	–	–

The investment properties, which are all freehold properties were revalued to fair value on 31 December 2018 based on a valuation by Tuckerman Chartered Surveyors, an independent valuer with recent and relevant experience in the location and class of properties being valued. The properties were valued on an open market basis and in accordance with the RICS Appraisal and Valuation Manual. No special assumptions were applied to the valuation of the properties and there are no restrictions on the realisability of the investment properties.

At 31 December, the group had contracted with tenants for the following future minimum lease payments:

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Within one year	716	765	–	–
In the second to fifth years inclusive	2,555	826	–	–

15. Investment in subsidiaries

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Shares in group undertakings	–	–	4,600	4,600

The directors are of the opinion that the aggregate value of the investment is in excess of the amounts stated above.

Information about the subsidiary	Country of incorporation	Principal activity	Holding	% held
1908 Property Holdings Limited. 91–94 Saffron Hill, London EC1N 8QP	United Kingdom	Property holding	4,600,000 ordinary shares of £1 each	100%

16. Other financial investments

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Valuation				
Shares and other variable yield securities	154,134	173,088	154,134	173,088
Debt and other fixed interest securities	93,381	69,991	93,381	69,991
Deposits with credit institutions	8,245	8,569	7,721	8,049
Total other financial investments	**255,760**	**251,648**	**255,236**	**251,128**
Cost				
Shares and other variable yield securities	99,503	108,017	99,503	108,017
Debt and other fixed interest securities	81,376	60,934	81,376	60,934
Deposits with credit institutions	8,245	8,569	7,721	8,049
Total other financial investments	**189,124**	**177,520**	**188,600**	**177,000**

The group and the society have a portfolio of investments in private equity and debt funds. The structure of these funds is such that the commitment is drawn down over the investment period. The total amount committed, net of drawdown, at the balance sheet date for the group and the society was £2.960 million (2017: £2.912 million).

The credit risk profile of fixed interest securities and deposits with credit institutions shown above is as follows:

	2018 Group	2017 Group	2018 Society	2017 Society
Investment grade	90%	84%	90%	84%
Sub-investment grade	3%	5%	3%	5%
Unrated	7%	11%	7%	11%

17. Debtors

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Due from members	–	5	–	5
Other debtors	154	239	39	61
Amounts owed by subsidiary undertaking	–	–	6,947	6,918
Total debtors	**154**	**244**	**6,986**	**6,984**

18. Tangible fixed assets

	2018 £000 Group Fixtures, fittings, plant and equipment	2018 £000 Group Computer equipment and software	2018 £000 Group Total	2018 £000 Society Fixtures, fittings, plant and equipment	2018 £000 Society Computer equipment and software	2018 £000 Society Total
Cost						
At the start of the year	480	7,098	7,578	455	7,098	7,553
Additions	17	748	765	17	748	765
At the end of the year	**497**	**7,846**	**8,343**	**472**	**7,846**	**8,318**
Depreciation						
At the start of the year	382	377	759	362	377	739
Charge for the year	61	781	842	58	781	839
At the end of the year	**443**	**1,158**	**1,601**	**420**	**1,158**	**1,578**
Net book value						
At the start of the year	98	6,721	6,819	93	6,721	6,814
At the end of the year	**54**	**6,688**	**6,742**	**52**	**6,688**	**6,740**

The net book value of computer equipment and software includes assets in the course of construction totalling £Nil million (2017: £6.654 million).

19. Analysis of investments by fair value hierarchy

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Land and buildings				
Level 1	–	–	–	–
Level 2	–	–	–	–
Level 3	23,000	23,044	–	–
Total	**23,000**	**23,044**	**–**	**–**
Shares and other variable yield securities				
Level 1	150,651	170,240	150,651	170,240
Level 2	–	–	–	–
Level 3	3,483	2,848	3,483	2,848
Total	**154,134**	**173,088**	**154,134**	**173,088**
Debt and other fixed interest securities				
Level 1	88,782	65,680	88,782	65,680
Level 2	–	–	–	–
Level 3	4,599	4,311	4,599	4,311
Total	**93,381**	**69,991**	**93,381**	**69,991**
Deposits with credit institutions				
Level 1	8,245	8,569	7,721	8,049
Level 2	–	–	–	–
Level 3	–	–	–	–
Total	**8,245**	**8,569**	**7,721**	**8,049**

20. Fund for future appropriations

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
At the start of the year	189,171	171,132	177,833	161,519
Transfer (to)/from the income and expenditure account	(142)	18,039	(310)	16,314
At the end of the year	**189,029**	**189,171**	**177,523**	**177,833**
Excess capital under Solvency II				
Fund for future appropriations	189,029	189,171	177,523	177,833
Revaluation of assets under Solvency II	(6,533)	(6,510)	(6,533)	(6,510)
Solvency capital requirement	(93,831)	(113,511)	(93,831)	(113,511)
Excess capital under Solvency II	**88,665**	**69,150**	**77,159**	**57,812**

The revaluation of assets under Solvency II relates to items of computer equipment and software which are not admissible as assets under the regulations.

The directors are of the opinion that the excess capital under Solvency II as opposed to the fund for future appropriations is more representative of the amounts available for distribution to members.

21. Technical provisions

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
(Credited)/Charged to the income and expenditure account				
Change in best estimate liability of the insurance portfolio	1,474	3,085	1,474	3,085
Change in best estimate liability of the members' bonus accounts	(2,230)	1,132	(2,230)	1,132
Change in risk margin	(3,758)	(2,471)	(3,758)	(2,471)
Change in technical provisions	**(4,514)**	**1,746**	**(4,514)**	**1,746**
Best estimate liability of the insurance portfolio				
At the start of the year	(36,155)	(39,240)	(36,155)	(39,240)
Changes in assumptions	2,075	(257)	2,075	(257)
Changes in membership	(2,762)	1,850	(2,762)	1,850
Other surpluses and deficits	2,161	1,492	2,161	1,492
At the end of the year (A)	**(34,681)**	**(36,155)**	**(34,681)**	**(36,155)**
Best estimate liability of the members' bonus accounts				
At the start of the year	116,422	113,436	116,422	113,436
Changes in assumptions	(814)	1,894	(814)	1,894
Changes in membership	3,184	4,460	3,184	4,460
Other surpluses and deficits	(3,695)	(3,368)	(3,695)	(3,368)
At the end of the year (B)	**115,097**	**116,422**	**115,097**	**116,422**
Analysis of best estimate liability of members' bonus accounts				
Members' bonus accounts	88,379	87,474	88,379	87,474
Best estimate of future bonus account liabilities	26,718	28,948	26,718	28,948
At the end of the year	**115,097**	**116,422**	**115,097**	**116,422**
Risk margin				
At the start of the year	21,860	24,331	21,860	24,331
Change in risk margin	(3,758)	(2,471)	(3,758)	(2,471)
At the end of the year (C)	**18,102**	**21,860**	**18,102**	**21,860**
Negative technical provisions (A)	**(34,681)**	(36,155)	**(34,681)**	(36,155)
Technical provisions (B) + (C)	**133,199**	**138,282**	**133,199**	**138,282**
Maturity profile of negative technical provisions				
On demand, no fixed maturity or within one year	34	(6)	34	(6)
Between one and five years	(1,084)	(813)	(1,084)	(813)
Between five and ten years	(7,148)	(5,580)	(7,148)	(5,580)
More than ten years	(26,483)	(29,756)	(26,483)	(29,756)
Maturity profile of technical provisions				
On demand, no fixed maturity or within one year	82,148	79,069	82,148	79,069
Between one and five years	13,009	11,772	13,009	11,772
Between five and ten years	19,059	21,287	19,059	21,287
More than ten years	18,983	26,154	18,983	26,154

Key assumptions

The significant assumptions used to determine the insurance technical provisions are set out below.

Assumption	Details
Short term and future morbidity	This represents expected future sickness and varies by age and gender. This is set with reference to the group's recent experience.
Claims in payment morbidity	This represents the recovery of currently sick members and varies by length of time a member has been sick. This is set with reference to the group's recent experience.
Persistency	This represents members choosing to terminate their policies. This is set with reference to the group's recent experience.
Inflation	This is set with reference to the market implied inflation curve published by the Bank of England.
Expenses	This is set with reference to the group's expected future costs in administering the policies and assets for insured members.
Future interest and dividend	This is set with reference to the prevailing interest rate with consideration of the UK spot yield curve produced by EIOPA. The dividend rates are set assuming a continuation of the last declared dividend rates.
Loyalty bonus	This is set assuming a continuation of the prevailing loyalty bonus at the end of the reporting year.
Discount rate	The UK and Euro spot yield curve produced by EIOPA.

The following table sets out the tables used in calculating the short term and future morbidly experience. In calculating the technical provisions, 50% of the table for males and 65% of the table for females is used as these proportions represent a best estimate of future experience.

	Modified weeks of sickness table – Females			Modified weeks of sickness table – Males		
Age	**First six months**	**Second six months**	**Thereafter**	**First six months**	**Second six months**	**Thereafter**
25	0.5954	0.0922	0.1038	0.4428	0.0517	0.0582
35	0.6620	0.0973	0.2468	0.4924	0.0545	0.1384
45	0.8660	0.1893	1.0210	0.6441	0.1062	0.5726
55	1.3360	0.5038	2.8861	1.0221	0.4408	3.2370

22. Provision for liabilities

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
At the start of the year	1,972	–	1,972	–
(Credited)/Charged to the income and expenditure account	(473)	1,972	(473)	1,972
At the end of the year	**1,499**	**1,972**	**1,499**	**1,972**

The provision comprises obligations in respect of compensation and employee entitlements.
The entire provision is expected to be settled after 12 months.

23. Provision for deferred tax

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
At the start of the year	1,778	1,571	–	–
(Credited)/Charged to the income and expenditure account	(25)	207	–	–
At the end of the year	**1,753**	**1,778**	**–**	**–**

The provision relates to the revaluation gains recognised on the group's land and buildings.

24. Creditors

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Due within one year				
Creditors arising out of direct insurance operations	342	71	342	71
Other creditors including taxation and social security	2,075	1,771	1,622	1,380
Total creditors	**2,417**	**1,842**	**1,964**	**1,451**

25. Leases

At 31 December, the society had contracted to pay the following future minimum operating lease payments:

	2018 £000 Group	2017 £000 Group	2018 £000 Society	2017 £000 Society
Within one year	–	–	189	189
In the second to fifth years inclusive	–	–	236	426

26. Actuaries

The chief actuary of the society is Miss Alexandra Kim Durniat, a Partner in Barnett Waddingham LLP. The society has requested Miss Durniat to furnish it with the particulars required under Section 77 of the Friendly Societies Act 1992. Miss Durniat has confirmed that neither she nor her family, nor any of the partners in Barnet Waddingham LLP were members of the society, nor have they any financial or pecuniary interest in the society, with the exception of fees paid to Barnett Waddingham LLP for professional services, which amounted to £0.209 million (2017: £0.259 million).

27. Related party transactions

All members of the board are members of the society and are required to pay premiums to the society. Individuals practising dentistry are entitled to claim sickness benefits in the event of being unable to carry out their normal duties.

Any such payment would be made under the same terms and conditions as those applicable to all other members of the society. Premiums paid by the directors amounted to £75,712 (2017: £48,189). Sickness payments to the directors amounted to £nil (2017: £nil). There were no outstanding amounts in relation to either at the year end (2017: £nil).

During the year the group procured estate maintenance and construction services in the ordinary course of business from Mardle Developments Limited, a company closely connected with Miss Kirby Mardle, the group secretary. The transactions were undertaken on an arms-length basis and on the standard commercial terms applicable to both parties. The net value of work done by Mardle Developments Limited during the year amounted to £98,000 (2017: £105,000).

The group has taken advantage of the exemptions conferred by Financial Reporting Standard 102, section 33, from reporting details of transactions between the society and its subsidiary undertaking. Details of outstanding balances between Dentists' Provident and 1908 Property Holdings Limited are set out in the notes regarding year end debtors and creditors.

Details of remuneration related transactions between the group and its key management personnel are detailed in the remuneration report and notes 12 and 22.

28. Valuation report

The actuarial valuation required under the UK prudential regulations has been prepared as at 31 December 2018. The valuation report is available for inspection at the registered office of the society.

Other information

Notice of annual general meeting

Notice is hereby given that the twenty sixth annual general meeting of the members will be held at 91–94 Saffron Hill, London EC1N 8QP on Friday 24 May 2019 at 12.00pm (the 'AGM') for the purposes set out below:

1. To elect the officers of the society

a. Miss Kirby Mardle was co opted onto the board with effect from 15 February 2019 and under the rules of the society has offered herself for election.

b. The following directors retire by rotation and have indicated their willingness to offer themselves for re election:

1.1 Giles Kidner BDS, MSc, LDS, FDS(Orth), MOrthRCS

1.2 Farrukh Mirza FCA

1.3 Simon Elliott

1.4 Martyn Green BDS, FDSRCPS, MFGDP(UK), DPDS

1.5 Jim Karim ACA

1.6 Davinderpal Kooner JP, BDS, LDSRCS, MGDSRCS, DGDP(UK), DipMDE(Lond)

1.7 Alister Weightman BDS

1.8 Huw Winstone BDS, LDSRCS, DGDP(UK)

2. To appoint the following as arbitrators of the society

2.1 Prof Robert Lee

2.2 Sunit Malhan

2.3 Saleem Malik

2.4 Shiv Pabary MBE

2.5 Susie Sanderson OBE

2.6 Jerry Staffurth

3. To approve the remuneration policy of Dentists' Provident Society Limited for the year ended 31 December 2018.

4. To approve the remuneration report of Dentists' Provident Society Limited for the year ended 31 December 2018 by way of an advisory vote.

5. To approve the annual report and financial statements of Dentists' Provident Society Limited for the year ended 31 December 2018.

6. To appoint BDO LLP as auditor and to authorise the board of directors to fix the auditor's remuneration.

By order of the board

K. Ma

Kirby Mardle
Director and group secretary
15 March 2019

Arbitrators

Complaints procedure

We take all complaints extremely seriously and formal procedures are in place for handling them. We deal with all complaints as a matter of urgency and they are handled by suitably qualified employees within the society. We aim to resolve all complaints, usually within four weeks of being notified.

Serious complaints are dealt with by the head of compliance and risk. If a complaint is not resolved to the complainant's satisfaction, they can refer the matter to County Court, but only if both parties agree to this method. We will normally only agree to this course of action on disputes regarding a point of law. Alternatively, they can refer the matter to a panel of three independent arbitrators or refer the matter to the Financial Ombudsman Service.

If a member refers the matter for arbitration, they have the right to select the members of the panel from the individuals listed below. Both parties will be bound by the decision of the panel and there is no further right of appeal to the Ombudsman.

Prof Robert Lee – dentist

Robert retired as professor and consultant in 2016 and was awarded Distinction in Orthodontics by the British Orthodontic Society. He is co author to a textbook on Orthodontics, which is published worldwide. Robert continues to submit research reports, teaches part time and works in clinical practice privately.

Sunit Malhan – dentist

After qualifying from The University of London in 1985, Sunit worked at The Eastman Dental Hospital for six months as an SHO in oral surgery. Initially, he was an associate in general practice and then purchased a practice in Hendon in 1988, followed by an Enfield practice in 1997. In 2001, he gained an additional qualification (DPDS) from the University of Bristol. Cosmetic dentistry and nervous patients are Sunit's areas of special interest.

Saleem Malik – senior legal adviser

Saleem qualified as a lawyer over 30 years ago and during that time he has worked in house for banks and for major city law firms. His specialisation is banking law. He is recognised by leading legal directories as a leading lawyer in the field of Islamic finance, an area in which he has practiced for over 16 years.

For the past twenty years he has been an adviser to several city law firms and has his own niche practice serving banks and corporate clients. He works with clients on transactions in England, the Middle East and Far East.

Saleem lectures and writes regularly and has been a contributor to a number of publications.

Shiv Pabary MBE – dentist

Shiv is a graduate of Newcastle dental school and qualified in 1985. Becoming a principal in 1988, he now works between three NHS practices as a general dental practitioner. He is also a dental adviser for NHS England (Cumbria and NE) and a past chairman of the GDC's professional conduct committee and health committee. He is currently a GDC Quality Assurance Inspector for dental programmes.

Having obtained his membership of the faculty of general dental practitioners in 1992, Shiv has held a part time teaching post at Newcastle Dental Hospital in the restorative dentistry department since 1996. He has been a member of the British Dental Association's general dental practice committee from 1996 to 2015 and sat on the education sub committee. He is also vice chair of the British Dental Guild. He has been a vocational trainer for over 15 years and has been a postgraduate dental tutor since 1995. He is currently the tutor in Clinical Governance for the Northern Deanery and is past chairman of the Oral Health Improvement Group in Newcastle. He was a lay magistrate from 1995 to 2015 and holds a Law Degree (LLB Hons) from Northumbria University. He is also a part time Associate Dento-Legal Adviser for Dental Protection.

In 2009, the Queen awarded Shiv with the MBE for his services to NHS dentistry.

Arbitrators Continued

Susie Sanderson OBE – dentist

A general dentist and practice owner for many years, Susie is now a dentolegal advisor for Dental Protection, President of the British Dental Association (BDA) and Speaker of the General Assembly of the World Dental Federation (FDI).

She was the elected Chair of the British Dental Association's executive board from 2006 to 2012 and a member of the principal executive committee until 2015. Currently a member of its health and science committee, Susie continues to represent the BDA on issues relating to the Minamata Treaty, the implementation of the EU Mercury regulation and on dentistry's significance in reducing antimicrobial resistance.

Susie has been involved in the BDA at local and national level for a number of years enjoying a wide scope of involvement including education, finance, healthcare policy, GDPC, DCPs, students and young dentists. She chaired the UK conference of Local Dental Committees in 2005.

Internationally, Susie was until recently a board member and treasurer of the council of European dentists and continues as a UK delegate. She is a member of the CED's dental materials and medical devices working group and leads the work of the Antimicrobial Resistance Task Force.

Susie represents FDI and its science committee on issues relating to AMR in dentistry and was recently one of the speakers in the AMR Forum at the Madrid Annual Congress of FDI.

As a dentological consultant at Dental Protection, Susie is a member of the case management team supporting and advising members who are subject to regulatory investigations by the GDC and other bodies.

In the 2012 New Year's honours list, Susie received the OBE for services to dentistry.

Jerry Staffurth – actuary

Jerry is a retired actuary, previously employed by reinsurer Pacific Life Re, with responsibility for its corporate actuarial, function. He was the company's Chief Actuary. He qualified as an actuary in 1990 and has over 30 years' experience of actuarial roles in the insurance market. He started his actuarial career with Equity & Law and also spent three years working for Colonial Mutual in New Zealand. More recently, Jerry worked for Swiss Life (UK) for 13 years, up to the end of 2004, including eight years as appointed actuary. He subsequently joined Deloitte as a director in their actuarial and insurance practice. At Deloitte, he was responsible for a diverse range of projects in the UK life market, including capital management, product strategy, audit and mergers and acquisitions. He has been involved in a number of actuarial working parties and has contributed to papers on critical illness and treating customers fairly.

Dentists' Provident

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