

A year of exceptional growth in 2005

Message to all members from your Board of Management

As outlined in last year's report, we have embarked upon a challenging course to grow the Society. Using the particularly solid base, the hard work put in over the previous years really paid dividends in 2005, resulting in substantial growth. It is my pleasure to announce that our income protection premiums grew by an unprecedented 20.8%, up from 3.95% in 2004 and the number of members holding an income protection policy swelled to 16,471 from 14,452.

These are exceptional results of which we can all be extremely proud, and one of the factors that have made these even more exceptional is that during 2004, business written in the whole income protection market had fallen by around 25%. Clearly, we have achieved a significant turnaround, not only for the Society, but within the market in general.

In other areas of the business, the figures continue to look equally promising, especially within the Sickness Benefit Claim department where 2005 witnessed a 14% reduction in payments, down to £710,485 from £830,740 in 2004. It is important to bear in mind however, that we still wish to pay all genuine claims with maximum speed and minimum fuss, but we have no hesitation in expelling members who deliberately exaggerate their claims. Holloway Friendly maintain one of the best claims paying records in the Income Protection market, which demonstrates that our underwriting and claims teams are assessing and processing applications in an exemplary manner. Both of these teams are supported by our Reinsurers and Chief Medical Officer and I express my thanks to all involved in the achievement of these figures.

Once again, I am delighted to confirm that our apportionment of surplus and terminal bonus levels have been maintained for 2005, although there will be a slight reduction in the compound bonus from 3.75% to 3.50% to reflect the fall in interest earnings over the year. The assets of the Society increased by around £2.07 million during 2005, bringing the total to just over £35 million and despite the growth, our free asset ratio improved to 7.7%, up from 7.4% in 2004.

With the substantial increase in new business, it would have been quite possible to see service levels to our members and Independent Financial Advisors slip, but due to the exceptional endeavours of all our staff, underpinned by our internally developed and robust I.T Systems we continued to provide an efficient, friendly and accurate service. The staff's achievements were recognised by our supporting

IFAs who took the time and effort to vote for Holloway Friendly in the prestigious Financial Adviser service awards. This is the first time that we appeared in these and we gained an impressive Four Star rating, which placed us in the upper quartile for service to IFAs from all product providers. I would naturally like to thank all IFAs who voted favourably for us and of course to the management and staff whose hard work and dedication achieved this superb result.

My sincere thanks also goes out to the Board and our external professional advisers for their support received during these challenging and rapidly changing times. There is little doubt that their knowledge of the financial services market, coupled with the desire to further grow and strengthen the Society has been a major contributor to a splendid year.

In summary, 2005 was a year to remember for Holloway Friendly and with more innovative product developments already in the pipeline I hope that 2006 will prove to be yet another successful year and see us reaching further milestones.

Notice of Annual General Meeting

Notice is hereby given that the One Hundred and Twenty Fifth Annual General Meeting of the Society will be held at Holloway Chambers, Gloucester, at 4.00p.m. on Tuesday 27th June 2006, for the following purposes:-

1. *To confirm the Minutes of the Annual General Meeting, held on 28th June 2005.*
2. *To receive and, if approved, adopt the Report of the Board of Management and the Society's Accounts for the Year ended 31st December 2005.*
3. *To elect Board Members.*
4. *To appoint an Auditor.*
5. *To confirm the alteration of the Rules in accordance with the provisions of Rule 28(5).*
6. *To transact any other business not requiring notice of motion.*

Martin Collins
Secretary

Direct Dial Phone Numbers

Please note the following direct dial numbers:

Claims Dept: 01452 782754

Direct Debits: 01452 782756



David Macgregor
Chief Executive

Extract of Financial Statements

Outlined below is an extract of significant figures taken from the financial statements. A copy of the full Report and Financial Statements for the year ended 31st December 2005 can be requested from the Society's Head Office or downloaded from our website at www.holloway.co.uk/members/documents.htm

	2005	2004
	£	£
Investment income	1,429,733	1,395,897
Income protection premium income	4,074,951	3,373,227
Gains and losses on investments	1,012,528	262,513
Net operating expenses	1,911,725	1,384,645
Sickness benefit net of reinsurance	689,593	810,499
Surplus apportioned to members	1,282,401	1,315,331
Bonus on Members' Fund	692,993	732,322
Retirement Fund balance	21,219,208	21,139,243
Sickness Reserve	2,609,586	3,569,788
General Reserve	7,550,958	5,154,829
Total Assets	35,248,854	33,170,445

Allocation and Compound Bonus

	Holloway		PRFS	
	Table	Rate per unit	Table	Rate per unit
Allocation	Old Table	£1.30	Standard	£1.30
	New Table	£1.50	D13	£0.95
	New Classic	£1.00	D26	£0.70
	Classic Plus	£0.50	S26	£0.00
	Premier	£0.10		
	Commuted	£1.86	Commuted	£2.40
	Flex & Protect	£0.00		
	Omega	£0.00		
Compound Bonus	All Tables	3.50%	All Tables	3.50%

Rule Amendments

During the course of the year the Society reviewed paragraphs 5, 6, 9 and 19 of Schedule 6; Classic Plus Plan and paragraphs 6, 7, 10 and 21 of Schedule 7; New Classic Plan to improve the terms of members who work outside the UK by extending cover to the EU and European UK territorial waters.

The Society also introduced a new Schedule; 9 - Omega; which is a deferred 52 week extended mortgage payment protection insurance. This contract is sold exclusively through Commitments Protection Ltd.

If any member requires further explanation, please contact the Society's Chief Executive, David Macgregor for a copy of the appertaining rules. These alterations are intended to take effect from the date of registration.

Four Star Service Accolade as voted by Financial Advisers

David Macgregor, Chief Executive of Holloway Friendly receiving the Four Star Service award from *Financial Adviser*.

As mentioned in the message from the Board of Management, Holloway Friendly has achieved a Four Star service rating from Financial Adviser, a leading industry newspaper. Despite intense competition from other providers, this highly sought after accolade was made after around 2200 Independent Financial Advisers gave their vote in the service standards survey.

The survey includes all aspects of service offered including New Business processing, Product Support, Personal Contact and Electronic Trading. In fact Holloway Friendly are top within the Four Star section for new business, an area that is most under scrutiny by Independent Financial Advisers.

"We are delighted to receive this award and obtain recognition for all the hard work put in by the staff at the end of a memorable year for the Society. Service standards are so important to our customers. We have made great advances in many areas, especially new business processing and with the introduction of extensive online facilities" says David Macgregor, Chief Executive of Holloway Friendly.

This prestigious event was held during a gala evening at the Natural History Museum in London and is seen as a showcase for providers in the Financial Services Industry.



Important Dates for your Diary

27 June, 2006:	Annual General Meeting
21 December, 2006:	Last date for payment of premiums for 2006. Please note that any arrears after that date will be deducted from members' balances in accordance with Rule 6, Schedule 1, Part A. All premiums received after this date will be credited in and for 2007
25 December, 2006 to 1 January, 2007 inc:	Holloway House closed for Christmas and New Year Holidays
26 June 2007:	Annual General Meeting (Provisional)



**HOLLOWAY
FRIENDLY**

The Original
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Founded in 1880.
Authorised and
regulated by the
Financial Services
Authority for
investment purposes
FSA Firm Reference
Number 109986

Registered and
Incorporated under the
Friendly Societies Act
1992.

We offer income
protection insurance and
ten year savings plans
for adults and children