

The Original Holloway Friendly Society Limited

**Minutes of the One Hundred and Fortieth
ANNUAL GENERAL MEETING via Video
conference on Tuesday 8th June 2021
commencing at 1.00pm**

Directors and Officers Present

Derek Wright *# – Chair
Stuart Tragheim *# – Chief Executive
Anna East *#
John Holland *#
Adrian Humphreys *#
Graham Newitt *#
David Cheeseman *#
Paul Harwood *# – CFO/CRO
Alison Poyner # – Company Secretary

All Directors present were Members of the Society.

The Company Secretary noted that the meeting was quorate in terms of Members present and represented.

Chair's Address

The Chair welcomed Members to the 140th AGM, the first since his appointment as the Society's Chair and thanked them for their attendance and interest in the affairs of the Society. This was the Society's second virtual Annual General Meeting, the format having been established because of the coronavirus pandemic.

Notice

The notice of the meeting was taken as read.

Resolutions

Resolution 1: To agree that the minutes of the meeting of 23 June 2020 are correct

The minutes of the Annual General Meeting held on Tuesday 23rd June 2020, available on the website, were taken as read.

The resolution was proposed by Derek Wright and seconded by John Holland. **The Resolution was carried** on a show of hands, there were ten votes in favour of the resolution, no votes against and no abstentions. The Chair was directed to sign the minutes as an accurate record of the meeting.

The proxy vote was 371 for the Resolution, 2 against and 10 withheld.

Resolution 2: To receive and approve the Society's 2020 financial statements including the report of the Society's Board

Prior to proposing the Resolution the Chair called upon the Chief Executive to present his strategic overview, reproduced verbatim below:

“Before setting out my Strategic Report, I would like to extend my sympathies to all our Members and colleagues whose lives have been touched by coronavirus. We never forget that the Society exists because of real people doing real work, and the scale and suddenness of this pandemic has affected us all.

I am delighted to be able to share our progress in this, my fifth annual report to Members.

2020 was dominated by the impact of the coronavirus pandemic on all of our lives and we are still living through its effects in the middle of 2021. It has been a challenging year for the long-term protection market as a whole and for our sector in particular. Your Society suffered those same challenges and we had to take some fairly drastic action in light of those new evolving market conditions. More on this later.

We are a purpose-led organisation. Our purpose is to be there when Members need us most. In practical terms, this means protecting your income when you can't work because of sickness or accident. That is why we exist. Regularly reminding ourselves of our purpose helps ensure that all of us who work at the Society do so in the best interests of our Members and the wider public.

As we plan to continue to grow our business, we need knowledge about the market, Members' needs and the risks that we can afford to run. We will grow if we have better systems, a wider product range and become better known. My job is to make sure that we gather the knowledge, put it to good use and therefore become a larger Society, more valuable to its Members.

Our strategy is to grow by offering useful and affordable products. New Members are introduced by Independent Financial Advisers, who recommend us to their clients. We have to be good at what we do to justify the Advisers' recommendations. In short, the Society grows because we look after our Members, and Advisers are confident about recommending us.

Important Trading Results 2020

Earned Premiums net of reinsurance increased during the year by £1.717m (19.8%) to £10.367m.

Sickness Claims paid, net of reinsurance, grew by over 40% to £3.419m. We supported almost 700 Members and their families by paying their claim. The increase largely reflects greater Membership numbers. We have received relatively few coronavirus-related claims.

Net Operating Expenses reduced to £9.259m (a reduction of 26.4% compared to 2019). The reduction was due to lower sales and action taken to reduce expenses, both as a result of the pandemic.

The Fund for Future Appropriations has reduced in the year by £11.857m (15.6%) to £64.161m, from £76.018m. The change was driven by a reassessment of future claims and by changes in the economic environment partly driven by the coronavirus pandemic.

The value of the Society's investments fell from £31.196m to £26.585m (a reduction of 14.8%). The change primarily reflects a drawdown of investments to meet the capital investment needs of the Society.

Total Membership is a simple measure of success. The Society thrives, the greater its Membership. We currently have over 26,000 Members, around 1,000 more than at the end of 2019.

New Sales are measured by their annualised premium at the point of sale. We call this measure the Annual Premium Income or API. 2020 sales were lower than in 2019, at £1.535m API, driven by temporary changes we made to our products to protect the remaining Membership.

Colleague engagement. We work hard to ensure that everyone working at the Society knows what is going on and how their contribution makes a difference to the service we provide. Our work in this area includes several different forms of regular communication. It is two-way, including surveys and less structured ways in

which people can raise questions. Keeping in touch has been particularly important while people have been working from home.

Reacting to the Pandemic

Our performance, financial and operational, was dominated by our reaction to the pandemic.

We reviewed our product range. We introduced a temporary coronavirus exclusion for new business. This meant that we would not pay benefits to new Members if they were off work with coronavirus. We removed some popular products from sale.

We took these steps to protect the wider Membership. We were worried that the prices we charge did not reflect the risk of being unable to work because of a coronavirus-related condition and that people might buy our plans intending to hold them only until the immediate danger passed. These changes did not affect Members who had bought their plans prior to the pandemic.

We altered our underwriting approaches at the start of lockdown by not seeking GP reports where other information could be used instead, and so relieving pressure on the NHS. As pressure receded, we were able to reintroduce our standard approaches. We are satisfied that this action did not create any new risks.

Operationally, we very quickly moved all of our people to home working. This required new technology, new management approaches and new oversight. In particular, we were careful to ensure that our systems and controls were not weakened because of the new way of working. Our planning for the pandemic ensured that the costs of this move were very low.

We were careful to monitor the mental health of all of our people. Home working was very different for most and could be lonely, especially for those living alone. We continually sought to ensure that everyone was well looked after and well managed.

We decided that it would be inappropriate to have short- and long-term employee bonus plans in place during 2020. The Short-Term Incentive Plan was replaced with a much more modest, simpler bonus and the three-year Long-Term Incentive Plan commencing on 1 January 2020 was cancelled.

The Society chose not to use any of the government furlough schemes, preferring instead to reduce discretionary spending and redeploy people to support Members or progress the Society's strategy.

Service to Members

This is vital for Members and the Society's growth. At the start of the lockdown, we were overwhelmed with queries from Members who were checking whether their plans might provide a benefit. This led to longer queues than we would like and we

re-deployed people from other areas to help. Even so, it took some time to restore service to normal.

Building the Future

PRISM development continued throughout 2020, alongside new product development work. This work will allow us to extend our product range early in 2021. I am delighted to be able to report that the first 4 phases of PRISM are now live and working well. We have 2 more phases to go before we can finally close our old legacy system, HOST, which will happen before the end of 2021.

Charitable giving

In 2020, we continued our support for the James Hopkins Trust, a local children's charity providing support for severely disabled young children and their families. While our support was limited by pandemic restrictions, we were nevertheless able to arrange some fund raising.

Following established practice, the Society was pleased to match and round up the amount raised in 2020, with the result that £2,500 in total was donated during the year.

We are thrilled to contribute to this very worthwhile local charity.

Conclusion

The foundations of the Society's strategy are its strong service culture. The new products that PRISM allows us to offer are built on this service culture and mean that the Society is attractive to new Members and to Advisers everywhere.

While coronavirus has set back our plans, the Society is positioned well to capitalise on new opportunities as they emerge.

The Executive, senior management and all of our people remain enthusiastic about the Society's mission and are committed to taking the necessary steps to achieve it for the wider Membership. I look forward to the opportunity to continue this work into 2021 and beyond."

The Chair asked if there were any questions on the Report and Accounts.

Martin Collins asked what had been the impact of the results on embedded value in 2020. Paul Harwood explained that embedded value had fallen in 2020, driven primarily by changes in interest rates and a review of claims costs.

Martin Collins asked for the rationale in the changes to bonus rates, especially for commuted plans. Derek Wright explained that the rates reflected the Society's experience including the costs of managing different plan types and that any changes were made after advice from the With Profits Actuary.

The Resolution was proposed by Derek Wright and seconded by John Holland. **The Resolution was carried** on a show of hands, there were ten votes in favour of the resolution, no votes against and no abstentions.

The proxy vote was 376 for the Resolution, 2 against and 5 withheld.

Resolution 3: to approve the 2020 Director's Remuneration Report

The Chair noted that this is an advisory vote. The report is on page 43 of the 2020 Report and Accounts.

The Resolution was proposed by Anna East and seconded by John Holland. **The Resolution was carried** by a vote of hands, there were ten votes in favour of the resolution, no votes against and no abstentions.

The results of the proxy vote was 360 for the Resolution, 12 against and 11 withheld.

Resolution 4: To agree that BDO,55 Baker Street, London, W1U 7EU should be the Independent Auditor

The Board were recommending that BDO be re-appointed for a further year.

The Resolution was proposed by Derek Wright and seconded by John Holland. **The Resolution was carried** on a show of hands, there were ten votes in favour of the resolution, no votes against and no abstentions.

The results of the proxy vote was 374 for the Resolution, 3 against and 6 withheld.

Resolution 5: To re-elect Mr J. Holland

The Chair explained that the elections to the Board were in line with the Society's rules as agreed with and approved by the Members in 2017.

The Chair explained that Mr J. Holland is retiring by rotation and, being eligible, offers himself for re-election for a term of one year as a Non-Executive Director of the Society.

Having served more than six years on the Board, this election has been carefully considered by the Board, which supports the proposal.

The Resolution was proposed by Derek Wright and seconded by Adrian Humphreys. **The Resolution was carried** on a show of hands with nine voting in favour of the resolution, no votes against and one abstention (the aforementioned Mr Holland).

The results of the proxy vote was 370 for the Resolution, 9 against and 4 withheld.

Resolution 6: To re-elect Mrs A. East

The Chair explained that Mrs A. East is retiring by rotation and, being eligible, offers herself for re-election for a term of one year as a Non-Executive Director of the Society.

The Resolution was proposed by Derek Wright and seconded by John Holland. The Resolution was carried on a show of hands with nine voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Mrs East).

The results of the proxy vote was 373 for the Resolution, 7 against and 3 withheld.

Resolution 7: To re-elect Dr A. Humphreys

The Chair explained that Dr A. Humphreys is retiring by rotation and, being eligible, offers himself for re-election for a term of one year as a Non-Executive Director of the Society.

The Resolution was proposed by Derek Wright and seconded by John Holland. The Resolution was carried on a show of hands with nine voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Dr Humphreys).

The results of the proxy vote was 370 for the Resolution, 7 against and 6 withheld.

Resolution 8: To re-elect Mr P. Harwood

The Chair explained that Mr. P Harwood is retiring by rotation and, being eligible, offers himself for re-election for a term of three years as an Executive Director of the Society.

The Resolution was proposed by Derek Wright and seconded by John Holland. The Resolution was carried on a show of hands with nine voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Mr Harwood).

The results of the proxy vote was 373 for the Resolution, 7 against and 3 withheld.

ANY OTHER BUSINESS

The Chair asked if there were any questions from the floor. There were none.

CHAIR'S CLOSING REMARKS

Closure of the meeting

The Chair thanked those present for their attendance and expressed his hope that they would attend the next Meeting.

There being no further business the Chair closed the meeting at 1.28pm.

CONFIRMED.....

DATE.....