

THE ORIGINAL HOLLOWAY FRIENDLY SOCIETY LIMITED

Minutes of the One Hundred and Forty third ANNUAL GENERAL MEETING

Held in the Board Room, Holloway House and also via videoconference on Tuesday 4th June 2024 commencing at 1.00pm

Directors and Officers Present

Directors:

Derek Wright – Chair
Anna East
Adrian Humphreys
David Cheeseman
Andrew Horsley
Lynzi Harrison
Suzy Esson – Executive Director

Officers:

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 143rd AGM, and thanked them for their attendance and interest in the affairs of the Society.

Notice

The notice of the meeting was taken as read.

Resolutions

Resolution 1: To agree that the minutes of the meeting of 06 June 2023 are correct

The minutes of the Annual General Meeting held on Tuesday 06th June 2023, available on the website, were taken as read.

The resolution was proposed by Derek Wright and seconded by Anna East. The Resolution was carried on a show of hands, there were thirteen 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 results of the proxy vote were 130 for the Resolution, 1 against and 1 withheld.

Resolution 2: To receive and approve the Society's 2023 financial statements including the report of the Society's Board

Prior to proposing the Resolution the Chair acting as Interim Chief Executive presented his strategic overview, reproduced verbatim below:

“ Having successfully developed our revised 5 year Strategy towards the end of 2023, Stuart Tragheim announced his retirement, at the end of February, so that the board could recruit a new person to deliver that strategy. During his 7.5 years as CEO, Stuart had successfully revitalised sales, put Holloway back on the map, put in place a new Executive team and implemented a new IT system.

Whilst we recruited a new CEO the board asked me to combine the roles of interim CEO and Chair. We are now at the final stages of our recruitment and ... So, whilst it is me presenting the CEO report I must thank Stuart and the Executive as well as all colleagues for delivery the results.

As we entered 2023, we looked forward to a year during which the economic and social effects of the Covid-19 pandemic would be normalised and the Society would return to rebuilding momentum in delivering our mission “to support our Members at their time of need, through innovative, market leading solutions, built on the legacy of the creator of income protection and our founder, George Holloway”.

As I now look back on our progress over 2023, I continue to be impressed with the way in which colleagues have risen to the challenges thrown at us all. Suffice to say my hoped-for period of calm did not arrive as we experienced the economic headwinds brought on by:

- Continued war in Europe
- Uprising in the Middle East
- Continued period of high, by recent standards, inflation
- Political instability in the UK and now a General Election to look forward to.

Business levels across the income protection have recovered to pre-pandemic levels. Competition increased with higher levels of pricing activity. Interest rates remained high, compared to the previous 20 years, over the year which put pressure on prices and disposable earnings.

Against this backdrop I believe we delivered some truly significant achievements. I would like to thank everyone who has contributed to this impressive list – all of our colleagues both present and past – and to our Board for their continued support.

Over the past couple of years, our core market proposition was revamped. MySickPay was launched in late Q1 2022. Towards the end of 2022 we added another new proposition, HomeProtector, which extends our core offering into new market segments (such as home buyers and renters). HomeProtector took time to gain traction but it is pleasing to see take up develop strongly towards the end of 2023 and into 2024

Alongside our new product set, we listened to market feedback and invested in simplifying our point-of-sale journey for our Members and their supporting advisers. During 2022, we introduced automated underwriting by deploying UnderwriteMe into our processes which significantly reduced the time spent assessing and underwriting new business applications and shortly. We have continued to invest in our PRISM administration platform to bring about a culture of continuous improvement and service levels around claims have significantly improved.

As a Member-centric Society, we remained focused on providing products and services to meet their needs. We increased our member-support activity by introducing GP services. We believe it is important to support our Members where we can in order that they do not lose important cover for themselves and their families by lapsing their policies through affordability concerns.

Turning to our Key Performance Indicators....

Earned Premiums net of reinsurance increased over the year to £11.5m (2022: £11m).

Sickness Claims paid, net of reinsurance, increased to £4.26m (2022: £3.471m).

On Operating Expenses, Commission was higher, due to new business, at £2.49m (2022: £1.67m). Expenses were lower at £6.89m (202m: £7.42m). One off costs were £0.14m (2022: £0.83m).

In line with other Income Protection friendly societies, our Fund for Future Appropriations, which describes how much is available either to distribute to Members or to use as capital to write more new business, increased in the year to £74m from £58.8m. The change during 2023 was mainly driven by changes to the Solvency regulations which constitute the provision for adverse deviation in our Financial Statements.

The value of the Society's investments increased to £19.8m from £17.8m. The change reflects investment performance, planned drawdown of investments to meet the capital plan and the receipt of moneys advanced under a new financial reinsurance agreement.

Total Membership. Over the year, the total number of Members increased to nearly 27,000.

New Sales. 2023 sales were 57% higher than in 2022, at £1.635m API (2022: £1.111m).

Solvency Ratio is a measure of the Society's capacity to absorb adverse variations in the risks it takes within its business. The Solvency Ratio has remained broadly stable and was 188% at the end of 2023.

Lapses were broadly in line with assumptions.

Engagement covers how committed our Colleagues are to the Society and its goals. We measure this through responses to regular colleague surveys that document how they are feeling at points throughout the year. We worked hard to ensure that everyone working at the Society knew what was going on and how their contribution made a difference to the service we provide. The Society adopted an agile working strategy during the pandemic, which continued during 2023 and is now a permanent feature.

Community and Environment Community and Environment In 2023, we continued our support for the James Hopkins Trust, a local children's charity providing support for severely disabled under 5s and their families. Following established practice, the Society was pleased to match and top up the amount raised by colleagues in 2023, with the result that £4,000 in total was donated during the year. We have set ourselves an ambitious target of £10,000 for this year.

We have continued to take action to maintain and mitigate the Society's environmental impact. Print volumes have been reduced by approximately 85% relative to pre-pandemic levels and we have reduced the number of printers maintained on-site by 50%. We extended our purchase of carbon offsets in 2022 to include emissions from business mileage in the overall calculation. Our investment managers have positioned the Society's investments to deliberately be at the low end of the carbon spectrum.

We will continue to develop our activities relating to climate change and sustainability.

Bonus rates. Traditional Holloway plans were designed to build up a capital sum to be provided at the maturity of the plan. The capital sum grows by the application of bonuses, which reflect a share in the Society's profits.

Apportionment of surplus. This is calculated as an annual amount per unit held, which is added to the capital account of the Member. Based on the advice of our With Profits Actuary, the Board has maintained the level of allocation bonus rate for 2023 at the same rate it declared for 2022.

Compound bonus. Based on the advice of our With Profits Actuary, the Board increased compound bonuses from their 2022 levels. The amounts to be credited to Members' Accounts for 2023 is 2.25%, up from 1.75% the previous year.

Final bonus. Final bonus is added to the capital sum immediately prior to the maturity of the plan, or in other specific circumstances. The levels of current final bonus are available on request.

Our forward-looking strategy

In September 2023, we reviewed our strategy and concluded that, for 2024, we would pursue a "managed growth plus" strategy. This is best characterised as

- Aiming to grow our business faster than in previous years albeit in a controlled way, in line with our available capital
- Managing headcount and financial resources carefully

- Remaining as an Income Protection specialist and developing a small number of new products over time to enable us to diversify our portfolio
- Retaining focus on the intermediary market for our core protection products
- Investing modestly to further improve our service to Members and advisers and to drive further operational efficiencies

We will continue to explore ways to boost our income and capital positions via inorganic means (for example, acquisitions of closed books of business, developing third-party administration capabilities, etc.) as the opportunities arise.

In conclusion

The foundations of the Society's strategy are built on its member-centric 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.

All of us at Holloway remain firmly committed to the ethos and ideals of the Society as captured within its Mission, Purpose and Values and to working tirelessly to achieve them for the wider Membership. I look forward to continuing this work into 2024 and beyond.

May I close by wishing all our Members, colleagues and supporters a prosperous 2024.”

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

Martin Collins asked about embedded value as no figures had been provided on it for a few years.

DW responded on behalf of the Board, noting that embedded value isn't disclosed but is an important measure. It is similar in value to own funds and has increased compared to both its 2018 and 2022 values.

MC asked about cash. He can see that reinsurance funds had been received last year so cash would not run out in 2024 but it might still be a problem in coming years.

DW explained that the reinsurance agreement was in two parts and included commission financing so wasn't so simple. It will be repaid over a number of years at a good rate of interest. Even if there had been no reinsurance the Society would not have run out of cash in 2025 due to increased business volumes.

MC asked about the coverage for Member balances. The surplus had dropped in recent years. Has the Society managed to turn this around and have sufficient assets to cover member balances?

DW noted that the Society's plans always ensure there are more assets than member balances. Intangible assets are not included in this calculation. The money spent in previous years on PRISM (the Society's administration system) means it can now keep costs down as it works much more efficiently. He believes the Society is in a good place for the future.

Clive Warwick asked what happened to the newsletters that used to be sent with the annual statement – he thinks the last was 2017.

DW noted these had stopped and will take on board the request.

CW asked about final bonus rates which he understood were 10% but previously had been in the range of 5% up to 25% for a policy over 25 years in age.

DW noted that the bonus rates are reviewed every year and are based on the advice of the Society's With-Profit's Actuary. He will look into it for CW.

MC asked when the annual statements will be issued.

DW replied that they will be issued at the end June/early July as in previous years.

MC asked whether there plans to appoint any executive directors to replace Stuart Tragheim and Mark Allen.

DW noted that Suzy Esson had been appointed to the Board as an executive director.

There were no further questions.

The Resolution was proposed by Anna East and seconded by Andrew Horsley. The Resolution was carried on a show of hands, there were thirteen votes in favour of the resolution, no votes against and no abstentions.

The results of the proxy vote were 131 for the Resolution, 0 against and 1 withheld.

Resolution 3: To approve the Directors' Remuneration Report for the year ended 31 December 2022

The Chair noted that this is an advisory vote. The report is on page 43 of the 2023 Report and Accounts.

The Resolution was proposed by Anna East and seconded by Andrew Horsley. The Resolution was carried by a vote of hands, there were thirteen votes in favour of the resolution, no votes against and no abstentions.

The results of the proxy vote were 126 for the Resolution, 5 against and 1 withheld.

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

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

The Resolution was proposed by Derek Wright and seconded by Anna East. The Resolution was carried on a show of hands, there were thirteen votes in favour of the resolution, no votes against and no abstentions.

The results of the proxy vote were 128 for the Resolution, 3 against and 1 withheld.

Resolution 5: To re-elect Mrs A. East

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 2022.

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.

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 Andrew Horsley. The Resolution was carried on a show of hands with twelve voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Mrs East).

The results of the proxy vote were 125 for the Resolution, 4 against and 3 withheld.

Resolution 6: 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.

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 Anna East. The Resolution was carried on a show of hands with twelve voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Dr Humphreys).

The results of the proxy vote were 122 for the Resolution, 7 against and 3 withheld.

Resolution 7: To re-elect Mr D. Wright

The Chair explained that as the subject of this resolution he will stand down as Chair and Mrs A East assume the Chair for this item.

The Chair explained that Mr. D Wright 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, and now attained the age of 70, this election has been carefully considered by the Board, which supports the proposal.

The Resolution was proposed by Anna East and seconded by Andrew Horsley. The Resolution was carried on a show of hands with twelve voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Mr Wright).

The results of the proxy vote were 121 for the Resolution, 8 against and 3 withheld.

Mrs A East stood down and Mr D Wright resumed the Chair

Any other business

One question had been raised in advance by a Member who wished to know when he would be able to access his account online as he had been previously told this was something the Society was looking into.

DW explained that the Society is looking into providing online access for Members but doesn't know when it will be available. This type of development takes a large amount of time and resource to make sure it is delivered in a safe and secure way, so it must be prioritised against other business and member benefits. More recent projects have focused on removing the dependency on some legacy outsource relationships and improving operational resilience.

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 1.30pm.

Confirmed.....

Date.....