

THE ORIGINAL HOLLOWAY FRIENDLY SOCIETY LIMITED

Minutes of the One Hundred and Forty fourth ANNUAL GENERAL MEETING

Held in the Board Room, Holloway House and also via videoconference on Tuesday 10th June 2025 commencing at 4.00pm

Directors and Officers Present

Directors:

Derek Wright – Chair
Anna East
Adrian Humphreys
David Cheeseman
Andrew Horsley
Ben Pears – Chief Executive
Sandy Richards – Chief Risk Officer

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 144th 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 04 June 2024 are correct

The minutes of the Annual General Meeting held on Tuesday 04th June 2024, 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 150 for the Resolution, 0 against and 3 withheld.

Resolution 2: To receive and approve the Society's 2024 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:

"I was honoured to be appointed Chief Executive Designate of the Society in June 2024, with formal regulatory approval following in September.

From the outset, I was struck by the quality of our Society — our dedicated team, our deeply embedded member-centric culture, and the clear momentum behind our new growth strategy.

Therefore, I am pleased to report that over the past year we have made good progress towards our strategic ambitions. This included sales of MySickPay exceeded expectations, contributing to a net increase in membership. We also advanced our systems and technology to support future scalability, all while maintaining operational costs within our planned budget.

Crucially, we remained true to our mission: to support our Members in their time of need through innovative, market-leading solutions, inspired by the legacy of our founder and the creator of income protection, George Holloway.

In that regard during the year, we helped 409 Members return to work after illness, paid over £5 million in claims to those unable to work, upheld a strong claims payment ratio, and raised more than £20,000 for our charity partner, the James Hopkins Trust.

Much of our progress was enabled by our skilled team, ongoing enhancements to our core operating systems and the adoption of automation tools such as UnderwriteMe, which significantly improved the efficiency of our underwriting process. As a smaller mutual, embracing innovation will be essential to achieving sustainable growth and delivering greater value for our Members.

However, the last year wasn't without its challenges as we saw continued global unrest with ongoing conflicts in Ukraine and the middle east, creating an uncertain backdrop for many companies. Whilst the income protection market was buoyant overall, we did see a trend across the market for rising claims, with NHS waiting times still significantly longer than the historic norm, and Holloway has been no exception increasing the claims paid and the level of support we provided to sick members.

In addition to this, towards the end of the year we transitioned to a new actuarial platform, allowing for a more detailed review of our data, experience, and assumptions. This led to an increase in our future liability assumptions, aligning our projections with the latest experience. An increase in new business sales also meant additional capital strain, as we incur higher initial expenses such as commission, sales and underwriting costs in the first year.

While the adjustment to future assumptions and the new business strain reduced our solvency ratio compared to the previous year, the Society remains well-capitalised, with a year-end solvency ratio of 141%.

In response to the reduced solvency position, we undertook a restructure in early 2025 to better align our operational cost base with our long-term ambitions. Although these changes are not reflected in the 2024 year-end accounts, we anticipate a reduction in operational costs from 2025 onwards.

Looking at our Key Performance Indicators

- Earned Premiums increased to £13.2m from £11.9m at YE2023, which was helped by the highest level of new business sales since the pandemic (£3.2m Annual Premium Income vs £1.6m at YE23).
- Commission costs were higher due to new business volumes increasing at £4.4m compared to £2.5m in 2023, with the average commission level staying fairly static.
- As a result of new business sales our Total Membership increased to 29,617 from 26,952 at YE2023
- Sickness Claims increased to £5m from £4.3m at YE23.
- During the year we helped 409 Members return to work following a period of sickness and maintained a high payout ratio of 96.6% of claims.

- Operating Expenses (not including commission and one-off costs) increased to £7.05m from £6.9m at YE23, an increase of 2% p.a.
- As previously highlighted our Solvency Ratio decreased to 141% from 188% at YE23.
- Our Funds for Future Appropriation (or FFA) decreased to £57.4m, from £73.9m at YE23. This was due to the change in actuarial model, updating our future assumptions in line with our revised experience, writing new business and paying claims.
- 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 2024 at the same rate it declared for 2023.
 - Compound bonus. Based on the advice of our With Profits Actuary, the Board reduced compound bonuses from their 2023 levels. The amounts to be credited to Members' Accounts for 2024 is 1.75%, down from 2.25% 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.
- Environment. The Society has continued to develop its activities regarding climate change and sustainability. Our overarching objective is for the Society to be carbon neutral on Scope 1 and Scope 2 GHG emissions, using appropriate high-quality carbon offsets. We believe that this is an appropriate and proportionate objective for an organisation of our scale and complexity. Our sustainability focus has continued to develop a number of local initiatives where we can make a contribution. Colleagues have contributed ideas which have given rise to initiatives around recycling, and increasing the use of electronic communication to Members, which now includes our annual mailings in respect of our Annual General Meeting.
- We continued to support 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 2024, with the result that £20,000 in total was donated during the year.

Our forward-looking strategy

In September 2024, the Society's Board reviewed our strategy and concluded that, for 2025, we would continue to 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 Society's Board, Executive and Team 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.

The Board believes that we have a sustainable strategy, which will allow us to create member value in the future, continuing to build a Society that puts our Members at the core of what we do and I look forward to continuing this work into 2025 and beyond.

May I close by wishing all our Members, colleagues and supporters a prosperous 2025."

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

Paul Harwood asked what had contributed to the change in technical provisions.

BP responded on behalf of the Board, noting that it was due to a number of factors including the impact of the move to a new actuarial model, worsening claims experience, the move to the IP11 table and increased sales.

PH asked if sales were to targeted occupations or general.

BP explained that the Society is currently selling three products. The main one MSP is priced at an occupational class level and is targeted to gain a broad split of business across the four occupation classes. Since launch MSP has seen a good new business split across the four occupation classes. The Society still has a large number of STIP and Purely policies and these were mainly sold to class three & four occupations, which are more blue-collar professions and the claims experience of these two books has worsened.

Martin Collins asked about cash flow noting he had the same concerns as in previous years.

BP noted that cash flow positivity is a major focus of the Society's strategy. It was the reason the Society underwent an exercise earlier in 2025 to reduce its' operating costs by a third. The strategy is expected to deliver cash flow positivity in three years. There are no short-term concerns regarding cash flow as the Society has roughly £14m of liquid assets. In addition, we are reviewing our reinsurance financing treaty which currently allows up to 60% of new business to be drawn down in cash if we require additional cashflow.

MC noted that the liquid assets nearly match the member balances.

BP explained that the Society is aiming for 100% coverage of members' balances although it is extremely unlikely that all those members en masse would ask for their money to be paid back in any one year.

MC asked about the Society's embedded value as it is no longer shared in the financial statements. BP responded that the Society doesn't track this measure but does measure our own funds (or funds for future appropriations 'FFA') and whether our strategy is positively growing the Society's FFA. BP noted that the FFA had reduced in 2024 for the previously given reasons.

DW noted that it is a measure that tends to fluctuate on a year-by-year basis and has already grown in 2025.

PH asked if there were any conditions re claims experience in the reinsurance treaty.

BP explained that the treaty is solely focused on cash flow and has no real links to claims experience and the price charged for the reinsurance is not linked to claims experience.

There were no further questions.

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 149 for the Resolution, 0 against and 4 withheld.

Resolution 3: To approve the Directors' Remuneration Report for the year ended 31 December 2024

The Chair noted that this is an advisory vote. The report is on page 43 of the 2024 Report and Accounts.

The Resolution was proposed by Andrew Horsley and seconded by Anna East. 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 143 for the Resolution, 4 against and 5 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 150 for the Resolution, 1 against and 2 withheld.

Resolution 5: To agree that the changes to the Society's rules be approved in accordance with section 27.5 of the Society's rules

DW explained the two changes:

- The removal of section 12.2 which stated 'The same person may be appointed as both the Chief Executive and the Secretary. The same persons may not also be the chairman'. We made this change so our Chair could act as Interim Chief Executive while we recruited a new Chief Executive last year
- The removal of the word annotated from all references to the AFM Corporate Governance Code so the rules show the correct name for the code

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 145 for the Resolution, 3 against and 4 withheld.

Resolution 6: To re-elect Mr D Wright

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 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 150 for the Resolution, 2 against and 1 withheld.
Mrs A East stood down and Mr D Wright resumed the Chair

Resolution 7: To re-elect Mr A Horsley

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

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 Mr Horsley).

The results of the proxy vote were 148 for the Resolution, 3 against and 1 withheld.

Resolution 8: 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.

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 eleven voting in favour of the resolution, one votes against and one abstention (the afore-mentioned Mrs East).

The results of the proxy vote were 150 for the Resolution, 1 against and 2 withheld.

Resolution 9: To elect Mr J.B Pears

The Chair explained that in accordance with the rules all new Board Members offer themselves for election at the first AGM after their appointment.

Mr J.B Pears, who, being eligible, offers himself for election for a period of three years as an Executive Director of the Society.

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 Mr Pears).

The results of the proxy vote were 148 for the Resolution, 3 against and 1 withheld.

The Chair noted that Sandy Richards had been appointed to the Board as an Executive Director that morning and the appointment would be coming to next year’s AGM for approval.

Any other business

The Chair asked if there were any questions from the floor. MC asked if Anna East would continue as the Society’s Independent Director. AE explained she was going to continue and that this appointment had been considered and approved by the Nomination Committee.

Chair’s closing remarks

Closure of the meeting

The Chair noted that Adrian Humphreys and Lynzi Harrison were standing down from the Board. He thanked AH for his nine and a half years’ great service which all had benefitted from and he thanked LH for all her hard work over the previous three years. He explained that the Board is currently in the process of appointing a new Non-Executive Director.

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 4.36pm.

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