

## THE ORIGINAL HOLLOWAY FRIENDLY SOCIETY LIMITED

### Minutes of the One Hundred and Forty Second ANNUAL GENERAL MEETING

Held in the Board Room, Holloway House and also via videoconference on Tuesday 6th June 2023 commencing at 1.00pm

#### Directors and Officers Present

Derek Wright – Chair  
Stuart Tragheim – Chief Executive  
Anna East  
Adrian Humphreys  
David Cheeseman  
Andrew Horsley  
Lynzi Harrison  
Mark Allen – 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 142nd 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 07 June 2022 are correct

The minutes of the Annual General Meeting held on Tuesday 07th June 2022, 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 twelve 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 144 for the Resolution, 1 against and 2 withheld.

**RESOLUTION 2:** To receive and approve the Society's 2022 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:

“As we entered 2022, I 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 2022, 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:

- War in Europe
- An energy and subsequent cost of living crisis
- Political instability in the UK
- Monetary challenges brought about by the ill-fated Truss government that have given rise to fiscal challenges

Perhaps unsurprisingly, these influences acted to ensure that our core income protection market remained challenging. Business levels across the income protection did not recover to pre-pandemic levels. Competition increased with higher levels of pricing activity. Interest rates rose significantly over the year which put pressure on prices and impacted our balance sheet by reducing the value of Technical Provisions.

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.

Our core market proposition was revamped. My Sick Pay was launched in late Q1 and our existing suite of protection products largely closed to new business. As 2022 drew to a close we added another new proposition, HomeProtector, which extends our core offering into new market segments (such as home buyers and renters).

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. We introduced automated underwriting by deploying UnderwriteMe into our processes which significantly reduced the time spent assessing and underwriting new business applications. 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 providing extended payment breaks and introduced a hardship fund for our Members to access. 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.

Our achievements were recognised within the industry and we were successful in winning two awards, which was most gratifying. The first was the Moneyfacts award for Best Claims Service and the second was the Protection Review Award for the Best New Protection Product (MySickPay). It is always pleasing to see our achievements being recognised.

#### **Turning to our Key Performance Indicators....**

Earned Premiums net of reinsurance increased over the year to £11m (2021: £10.7m).

Sickness Claims paid, net of reinsurance, were broadly unchanged at £3.471m (2021: £3.481m).

On Operating Expenses, Commission was higher, due to new business, at £1.7m (2021: £1.3m). Expenses were lower at £7.4m (2021: £7.8m). One off costs were higher at £0.8m (2021: £0.1m). One off costs were costs incurred on a number of one-off system enhancements.

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, decreased in the year from £82.1m to £58.8m. The change during 2022 was mainly driven by external markets and in particular future yields, which have risen for all durations. This means the value in today's terms of our future cashflow earnings is lower, although the size of those future earnings is largely unchanged.

The value of the Society's investments fell from £22.9m to £17.8m. The change reflects increases in interest rates and the planned drawdown of investments to meet the capital plan.

Total Membership. Over the year, the total number of Members was broadly stable, at just below 26,000.

New Sales. 2022 sales were higher than in 2021, at £1.11m API (2021: £0.98m). Importantly, the momentum in sales built strongly towards the end of the year as our key developments were delivered. The Society is well positioned to make further progress in 2023.

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 175% at the end of 2022.

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 2022 and is now a permanent feature.

Community and Environment In 2022, 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 2022, with the result that £2,500 in total was donated during the 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 2022 at the same rate it declared for 2021.

Compound bonus. Based on the advice of our With Profits Actuary, the Board increased compound bonuses from their 2021 levels. The amounts to be credited to Members' Accounts for 2022 is 1.75%, up from 1.5% 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 2022, we reviewed our strategy and concluded that, for 2023, we would continue to pursue our "managed growth" strategy. This is best characterised as

- Aiming to grow our business 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 2023 and beyond.

May I close by wishing all our Members, colleagues and supporters a prosperous 2023."

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

Martin Collins raised his concerns about the decreasing amounts of cash and value of the Society's investments. If this continued the Society would run out of cash in four years.

SJT responded on behalf of the Board, agreeing with MC's comments noting that the Board was currently evaluating the available options to resolve this matter.

DW noted that this has been discussed at Board meetings for quite a while. It is being balanced with growth of new business. More recent levels of new business have meant reduced cash flows but the Society will soon be reaching the point when the cash flows turn to positive.

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 twelve votes in favour of the resolution, no votes against and no abstentions.

The results of the proxy vote were 144 for the Resolution, 1 against and 2 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 2022 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 twelve votes in favour of the resolution, no votes against and no abstentions.

The results of the proxy vote were 136 for the Resolution, 2 against and 8 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 twelve votes in favour of the resolution, no votes against and no abstentions.

The results of the proxy vote were 143 for the Resolution, 2 against and 2 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 eleven voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Mrs East).

The results of the proxy vote were 145 for the Resolution, 0 against and 2 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 eleven voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Dr Humphreys).

The results of the proxy vote were 144 for the Resolution, 0 against and 2 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, 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 eleven voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Mr Wright).

The results of the proxy vote were 144 for the Resolution, 0 against and 2 withheld.

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

**RESOLUTION 8:** To re-elect Mr D. Cheeseman

The Chair explained that Mr. D Cheeseman 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 eleven voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Mr Cheeseman).

The results of the proxy vote were 144 for the Resolution, 0 against and 2 withheld.

**RESOLUTION 9:** To re-elect Mr S. Tragheim

The Chair explained that Mr S. Tragheim 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 Anna East. The Resolution was carried on a show of hands with eleven voting in favour of the resolution, no votes against and one abstention (the afore-mentioned Mr Tragheim).

The results of the proxy vote were 144 for the Resolution, 1 against and 1 withheld.

**RESOLUTION 10:** To elect Mr M. Allen

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

The results of the proxy vote were 144 for the Resolution, 0 against and 2 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 1.18pm.

CONFIRMED.....

DATE.....