

**MINUTES OF THE ONE HUNDRED AND THIRTY SEVENTH
ANNUAL GENERAL MEETING OF THE SOCIETY**

HELD ON 25 JUNE 2024

The Meeting was hosted by Mrs Caroline Whitehead, the Society Chair, from the Society's office at Holloway House, Epsom Square, Trowbridge, BA14 0XG.

1. INTRODUCTION

The Annual General Meeting commenced at 10.01am. The Chair, Mrs Caroline Whitehead, welcomed those attending the meeting.

The Chair also introduced the Board and explained that they were present to answer any questions from those attending.

The Chair noted that the following documents were available if attendees wished to view them:

- Board of Management Terms of Reference.
- Staffing, Salaries & Nominations Committee Terms of Reference.
- Audit, Risk & Compliance Committee Terms of Reference.
- Senior Independent Director Terms of Reference.

The Chair also introduced the Chief Executive, Jon Gratland.

She also confirmed that:

- votes had been already cast ahead of the meeting by members, both online and by post.
- members, as an alternative to voting themselves, could choose to appoint the Chair as Proxy to vote as she saw fit at today's meeting.
- after each motion she would declare the total votes for the motion and added that the proxies the Chair held on behalf of members would be cast in favour of each of the motions.
- there were no null and void votes.

Finally, the Chair asked the room if anybody had already voted. No members had done so.

2. APOLOGIES

The Chief Executive confirmed that there were no apologies.

3. MOTION 1 - TO APPROVE THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 27 JUNE 2023

The Chair asked the meeting if they had had chance to read the Minutes of the previous Annual General Meeting, held on 27 June 2023.

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The Chair declared a summary of the votes cast in respect of the approval of Minutes of the Annual General Meeting held on 27 June 2023 as follows, and confirmed the Chair discretionary proxy votes would be cast in favour of the motion:

	Proxy to Chair discretion - Online & Postal	Proxy to Chair instruction – Online & Postal	Cast at the Meeting	Total
- For	11	81	7	99
- Against	0	0	0	0
- Withheld	0	1	0	1
- Null and Void	0			

The Chair declared the resolution was duly carried.

The Chair asked if there were any matters arising. There were none.

The Chair declared the minutes were confirmed as a true copy and that she would now sign the minutes as such.

4. MOTION 2 – TO RECEIVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Chair introduced the Financial Statements and explained that they were for information only, no vote was required.

She added that Mr Bones, Mr Dyer, Mrs Astley Marsh and Mr Gratland would be presenting on specific elements of the Financial Statements.

Chair’s Report - Introduction:

Key Messages

- The Society had seen the impact of external factors on the business over the last 18 months, just as other firms had.
- In terms of what the Society could control, it prioritised the needs of the members and the Society was committed to its business strategy – to be ‘Your Specialist Income Protection Provider’ that pays claims and bonuses.
- The Society had succeeded in doing just that in 2023, with over 97% of claims paid and paid bonuses at the same rate as last year for the most part.
- The growth strategy supported these goals whilst ensuring that the Society remained true to its mutual “Values”.
- We had a strong financial base and so we were in a good position to weather the challenges that the future will hold.

So, looking back to 2023, the year of the Financial Statements.

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Sales & Performance

- 2023 had been a stable performance overall. The Chair confirmed that premium income was a little lower and we had managed to control our expenses.
- Our sales strategy was now focussed on the intermediary market rather than the direct sales market which was withdrawn from in early 2023. Intermediaries were better placed to access our target markets, particularly the Group Employer business that was an increasingly important part of our business as the Chief Executive would explain later.
- Our Holloway members had built the business we were today. It was important we delivered the benefits those members expected. Knowing their claims will be paid was one thing, to get a a member bonus was another and Apportionment and Bonus rates had mainly been held at 2023 rates. We only reduced the Apportionment on post 2012 memberships by 0.5%.
- Our investment portfolio performance was an important contributor to our income and performance. During 2023 we managed to regain some of the losses in our investment portfolio that were evident in 2022. We structured our portfolio to withstand market forces, and our strategy to focus on quality investments remained. The portfolio had performed well in the past with this strategy and we expected recovery and better performance in the future.
- A good indicator of our financial strength was our Free Asset Ratio. It had improved to 12.6% in 2023 and this was a strong result.
- We remained steadfast in wanting to continue as an independent business fully able to service our members interests.

Our Board & Governance

- More planned changes happened this year to the Board. This had brought new ideas and refreshed our approach to the challenges we faced, and which made a real difference.
- It also demonstrated the importance we placed on strong governance of the Society.
- Chris Gough and Andy Dyer joined us and we said goodbye to Martin Gurney after 17 years of valuable service.
- Something the Chair was particularly proud of was how we had embraced the FCA’s Consumer Duty regulation which took effect in 2023. It had been very useful in guiding our development in not only meeting our responsibilities but to also improve our member experience through the changes we had and will continue to make. We had an ongoing development plan that continues to focus on our key responsibilities and to turn that into actions to improve our business.

Mrs Whitehead asked if there any questions. There were none.

Mrs Whitehead introduced Mr Bones and Mr Dyer.

Mr Bones gave a short presentation about the Key Performance Indicators (KPIs) within the Financial Statements, noting:

Key Performance Indicators (KPIs) – Pages 17 and 18

- The KPIs were the headline numbers that the Board used in its review and decision making.
- Total premium income was down slightly on the previous year though again stable.
- Expenses were well controlled, and decreased slightly this year overall. That cost control was not at the expense of member service however. We had invested in new staff for 2023 and 2024 to improve our operational controls and to provide an enhanced service to our members and intermediaries.
- The Chair had explained earlier that paying claims was our main reason for being. Our benefit claims ratio remained fairly constant over the last couple of years.
- Mr Dyer would talk more about our assets, our investment portfolio and properties next.
- The Free Asset Ratio, our financial strength measure, improved slightly to 12.6% from 11.9% in 2023. This was within the target range and at a level we would expected for our business.

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Mr Dyer noted:

Investments – Pages 9 and 45

- The economy had continued to be impacted by a variety of world and economic events. The investment portfolio was directly impacted by the financial markets.
- Our two properties had reduced in value due to the commercial property conditions.
- The investment value at the end of 2023 was £13.25m, the value at the end of 2022 was £13.07m, so there had been a small recovery.
- Investment trading losses had reduced in 2023 and there was a big swing from unrealised losses in 2022 to unrealised gains in 2023 which was positive.
- We had lost tenants in two of our Holloway House suites in 2023 and this had impacted the property rental income and also the value of the property. We continued to search for new tenants and expected to see both income and property value improve when those tenants were found.
- Inflation was a key contributor to investment performance and we had seen that come under control and start to drop into 2024.
- The Society invests over the long term and expected the financial markets will recover in the future, and had therefore maintained an investment strategy which balanced risk with potential return. The portfolio investments were held in fixed interest, shares and cash. Our property also formed a part of the overall investments.
- The Society includes an Economic, Social & Governance (ESG) assessment into its portfolio management. The ESG assessment was not at the expense of the main portfolio objective, which remained to achieve a balance of maximising income whilst pursuing prudent investment strategies and to ensure protection of the Society’s capital.

Auditors Report – Pages 39 to 43

- The opinion was that the Statements represented a true and fair view of the Society’s affairs and surplus for year-end 2023. The Statements had been properly prepared in respect to accounting practice and in accordance with the Friendly Society’s Act 1992.

Mr Bones asked for questions.

A member asked why the investment returns had reduced. Mr Dyer explained that the economic downturn in the year had impacted the growth within the portfolio. The Chief Executive added that the rise in inflation had presented a challenge, though inflation was now coming down.

Mr Karn, a member, and also a consultant on the Investment Committee, explained that regulation forces the Society to invest two-thirds of its investment portfolio in gilts and bonds, which only allowed for one-third to be invested into equities. The Investment Advisers, who had performed their role well, invested in American equities which had performed very well. However, Bonds had fallen in value because of high inflation, but it was anticipated by the Investment Committee that the value of these Bonds would go up in the next year as interest rates come down.

Mr Bones introduced Mrs Astley Marsh who gave a short presentation about the Society Board as explained within the Financial Statements.

Mrs Astley Marsh presented via Teams as she was not present in person at the meeting.

Mrs Astley Marsh introduced herself before she explained about the Society Board, referencing pages 19 to 26 in the Financial Statements.

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The Society’s Board structure

- Mrs Astley Marsh referred to a slide which showed the current Board and their experience.
- The Society had maintained the number of Board members, with two new joiners (Chris Gough and Andy Dyer) in 2023. This provided a suitable mix of new Board members and more experienced ones, with a range of skills and experience.

Board independence

- Board independence was defined by the AFM’s Corporate Governance Code.
- At the end of 2023, 83% of the Board were independent.
- This was important from a governance perspective as we continued to seek to maintain strong and appropriate governance, with fresh challenges and ideas.
- Whilst not expecting any changes this year, the Board maintained a clear succession plan in place to monitor and anticipate required changes in the future.

Board skills and experience

- The Board had sought to develop the diversity and skills and experience through its recent recruitment. Each Board member brought different skills, experience and perspective to the Board operation and reviewed the skills required for the Board on an annual basis.
- The Board were actively engaged in driving the Strategy forward through the Chief Executive and Management Team.

Board Committee development

- The Board delegated functions to its Committees.
- There were 6 Committees in 2023. The Consumer Duty Committee however closed at the end of 2023 with its Consumer Duty responsibilities now picked up by the Governance Committee.
- The Committee Terms of Reference continued to be reviewed and updated as required, with the Committee memberships being restructured to take account of the experiences of the existing and new Board members.

Mrs Astley Marsh asked for questions, there were none.

Mrs Astley Marsh introduced the Chief Executive, Mr Gratland, who gave a short presentation about the Society’s Strategy contained within the Financial Statements.

Mr Gratland, the Chief Executive, introduced himself before he introduced the Management team of Mrs Sarah Barrell, Mr Lee Davis, Mr Edward Smith and the Operations staff who were attending for the first time.

He explained the Society Strategy. It was referred to in pages 14 to 17 in the Financial Statements.

Strategic Focus

- The Society’s focus had not changed – it is focussed on remaining independent, protecting the core Holloway membership base and acknowledging and adapting to changes within its market place to grow the number of members and premium income.
- The rolling Strategic Plan, reviewed annually, was the way the Board assessed and implemented that strategy.
- The Society provided one product type only - and would continue to focus on that one product type.
- It continued to develop a reputation as a specialist provider in niche markets. This enabled diversification through product variations of that one product type. The Society therefore promoted itself to the outside world as a ‘Specialist Income Protection Provider.’

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‘Growth’ is from our Strategic Focus

- Growth would come from two areas – product and distribution – both of which were the focus of the website.
- **Product** - The true opportunity for membership growth is in the ‘Group’ product market i.e. income protection for employers to insure their employees, was the growth opportunity the Society was pursuing. The Society has product terms that differentiated it to the other providers, for example, no one else, at present, offered the 4 week deferred period under that product. Our job was therefore to make the intermediaries and employers aware of what we do differently, hence the rebrand we undertook last year to refresh and modernise how we look and also the focussed website development and social media campaign we had in place to spread the word.
- **Distribution** - The intermediary market was increasingly important in delivering the Society sales growth – that’s Independent Financial Adviser and Financial Adviser firms. There were many and they have many clients so we need them to see the value in our products. Business written through non direct distribution channels amounted to 68% of the total in 2023. That had been an important development in informing a change in the distribution approach in 2023.
- There has however been a steep decline in the last 3 years of prospective individual members approaching the Society directly for their cover.
- A Board Strategy review meeting at the start of 2023, evaluated the 2022 sales results, and a decision was made to cease direct sales distribution of all products.
- Rest assured, prospective members could still take out a new Holloway plan through an independent financial adviser or our Farrier partner intermediary, the latter of which had a wealth of experience in advising on Society plans.
- The Society offered an ‘Information Only’ option for members, which gives members a simple and effective way to discuss any required membership variations. Members were presented with options and clear information, so that they could then make an informed decision on whether to vary their membership.

Ongoing review

- The Board focuses on close control and monitored the success of the Strategic Plan initiatives and costs, together with associated impact on Society capital.
- The Board was very aware that the Society needed to be viable in the long term, as well as the short term, and therefore had mechanisms in place through its forecasting and reporting to ensure that was monitored and acted on as required.

In summary, the Society aimed to maintain financial strength and develop and to grow through planned sales initiatives, to establish a long-term independent existence and to add additional value that would benefit Society members.

Mr Gratland asked for questions.

A member asked if there were any planned changes to extend retirement ages given the workforce was getting older. The Chief Executive explained that morbidity risk – the chance of becoming ill or incapacitated – increased as you get older this would mean that the premium would be increased. The Society keeps plans in line with retirement rates. Products are reviewed annually and at this time there were no plans to change the current retirement ages.

Mr Gratland handed back to the Chair, Mrs Whitehead.

Mrs Whitehead gave a short Chair’s Summary.

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Looking to the Future

- The Society had a strong and resilient strategy for growth.
- We had seen new opportunities emerge from the refocussed sales strategy.
- It had developed a capable team in its staff and Board.
- It had a strong financial base, in a good position to weather the challenges of the future.
- It maintained a strong focus on preserving its governance controls to ensure regulatory compliance and safe stewardship of the Society on behalf of members.
- We were focussed on looking after the members we had and acquiring new members to help the Society grow.

The Chair confirmed that the Financial Statements had been available on the website since 1 June 2024. She then declared the meeting open for discussion of the Financial Statements.

The Chair asked for questions, there were none.

The Chair confirmed that this motion carried no vote and that the Financial Statements had been received and adopted and the resolution duly carried.

5. MOTION 3 – TO APPROVE THE BOARD REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Chair referred to the Board Remuneration Report and informed the meeting that the Board of Management Remuneration Report was an advisory vote only.

Whilst this was not a legal requirement, the Board considered it to be best practice for members to be able to express a view on this matter.

The Chair declared the following votes in relation to this motion and confirmed the Chair discretionary proxy votes would be cast in favour of the motion:-

	Proxy to Chair discretion - Online & Postal	Proxy to Chair instruction – Online & Postal	Cast at the Meeting	Total
- For	12	79	7	98
- Against	0	2	0	2
- Withheld	0	0	0	0
- Null and Void	0			

The Chair declared the resolution was duly carried.

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6. MOTION 4 – TO ELECT, OR RE-ELECT, MEMBERS OF THE BOARD OF MANAGEMENT AS LISTED BELOW

The Chair declared the following votes in relation to this motion. She announced that both she and Mr D C Bones were offered for re-election. A summary of the votes cast was as follows:

	For Proxy to Chair discretion - Online & Postal	For Proxy to Chair instruction – Online & Postal	For Cast at the meeting	Total For	Against	With held	Null and Void
C J Whitehead	11	81	7	99	0	1	0
D C Bones	11	81	7	99	0	1	0

The Chair declared that the two members of the Board were re-elected, and the resolution duly carried.

7. MOTION 5 – TO RE-APPOINT MOORE AS AUDITOR

The Chair declared the following votes in relation to this motion:-

	Proxy to Chair discretion - Online & Postal	Proxy to Chair instruction – Online & Postal	Cast at the Meeting	Total
- For	12	79	7	98
- Against	0	1	0	1
- Withheld	0	1	0	1
- Null and Void	0			

The Chair declared the resolution was duly carried.

8. MOTION 6 – TO RE-ELECT THE ARBITRATORS TO SERVE FOR THE COMING YEAR

The Chair declared the following votes in relation to this motion:-

	For Proxy to Chair discretion - Online & Postal	For Proxy to Chair instruction – Online & Postal	For Cast at the meeting	Total For	Against	With held	Null and Void
Mike Stillwell	11	81	7	99	0	1	0
John Pepler	11	81	7	99	0	1	
Colin Cheshire	11	81	7	99	0	1	

The Chair declared that all arbitrators were duly re-elected and the resolution duly carried.

9. ANY OTHER BUSINESS & CLOSURE OF MEETING

The Chair explained that under Rule 21.4 of the Society’s existing Rules there were no other items to discuss which had been raised by the Board of Management or by the members.

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She informed the meeting that the resolutions of the 2024 AGM had now been concluded.

The Chair stressed that the Society continued to maintain a very loyal team of hard-working employees and thanked each one for their commitment and enthusiasm over the last year and also this year for keeping the Society running smoothly.

The Chair also thanked the Chief Executive and her fellow Board members for their expertise and commitment to the governance and the onward development of the Society.

Lastly, on behalf of the Board, the Chair thanked the members for their continued support and that she looked forward to supporting members again in the coming year.

The meeting was declared closed at 10.44am.

Jon Gratland
Chief Executive
25 June 2024

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Chair Signature	Date