

WILTSHIRE FRIENDLY SOCIETY LIMITED

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

HELD ON 10 SEPTEMBER 2020

Due to the Coronavirus pandemic, and in accordance with temporary provisions set out in the Corporate Insolvency and Governance Act 2020, the meeting was held remotely by video conference. Mr Lee Davis, as Company Secretary, hosted the meeting from the Society's office at Holloway House, Epsom Square, Trowbridge, BA14 0XG.

1. INTRODUCTION

The Annual General Meeting commenced at 10.07am. The Chair, Mr Roger Harrison, welcomed those attending the Meeting.

The Chair also introduced the Board and explained that the Chairs of the Staffing, Salaries & Nominations and Audit, Risk & Compliance Committees 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 confirmed that this year, due to the Covid-19 restrictions, the voting arrangements and meeting format had changed, as was communicated in the Member AGM pack. He confirmed that:

- the AGM was being run virtually only, with no member attendance in person;
- 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 he saw fit at today's meeting;
- after each resolution he would declare the total votes for the resolution and confirm that the proxies he held on behalf of members would be cast in favour of the resolution.

The Chief Executive introduced the Senior Management team of Mrs Sarah Barrell, Mr Lee Davis and Mr Edward Smith.

2. APOLOGIES

An apology was received from Mr Gurney.

3. RESOLUTION 1 - TO APPROVE THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 19 JUNE 2019

The Chair asked the meeting if they had had chance to read the Minutes of the previous Annual General Meeting, held on 19 June 2019.

The Chair asked for questions, there were none. No questions were posed prior to the meeting.

Annual General Meeting Approval	
Chair Signature	Date

The Chair declared a summary of the votes cast in respect of the approval of Minutes of the Annual General Meeting held on 19 June 2019 as follows, and confirmed the proxy votes would be cast in favour of the resolution:

	Online & Postal	Proxy to Chair	Total
For	32	67	99
Against	1	0	1
Vote Withheld	1	0	1

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 he would now sign the minutes as such.

4. RESOLUTION 2 – TO RECEIVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

He added that Mr Bones, Mrs Whitehead and Mr Gratland would be presenting on specific elements of the Financial Statements.

Chairs Report – Introduction:

- The Chair was very pleased to be presenting his seventh statement as the Society's Chair.
- It had been a very different and challenging year to date, with our lives directly impacted by the pandemic implications and restrictions.
- It was of paramount importance to the Society to make sure it was here to support its members, should they have become ill from COVID-19 or any other incapacity.
- From an operational perspective, through a planned move to remote working, we had been able to continue to provide our members the same quality of personal service throughout that time.
- The pandemic may not yet be over, and would continue to cause challenges to us all, however the Society was coping well and remained fully operational and here to support its members.

Financial Strength

- The Society's Free Asset Ratio (as a percentage of admissible assets) was 22.9%. This was an increase from 18.8% in 2018.
- The Society's strong financial position at the end of 2019 meant that it had been able to deal with the financial challenges caused by the pandemic crisis and continued to have a strong balance sheet.
- The Board remained extremely aware of the need to continually review the ongoing sustainability of the Society and to ensure that its strategy remained aligned to that need and ultimately those of its members.
- The Society's strategy continued to focus on remaining independent, to protect its core Holloway membership base and to acknowledge and adapt to changes within its marketplace. Mr Gratland would explain more about that strategy later in the meeting.

Annual General Meeting Approval	
Chair Signature	Date

Society Performance headlines:

- The Society's performance continued to remain stable throughout 2019 and the Board remained positive about the Society's future as an independent provider.
- Overall premium income was reduced slightly to £1,565,000 (2018:- £1,610,000). Performance remained largely stable at a time when the Society continued to develop new business income streams. These were slower to develop than hoped for as the Society worked hard to enter new markets. However, the Board remained satisfied with progress to date and with the strategic direction taken to increase both the product range and the distribution channels used to sell those products.
- Our core operating expenses and total expenses reduced slightly from the previous year, which resulted from our close cost management controls.
- Claims benefit paid was down in 2019 at £773,000 (2018:- £793,000). This reduction had not been at the expense of claims admission however.
- In 2019 the Society paid 96.47% of all claims received, and 96.92% of all claims received within the last three years. We remained pleased and proud of these rates as they demonstrated the value of the Society's protection benefit. The Society's claims admittance statistics are considered high in the context of income protection providers.

Investment Returns:

- Investment performance in 2019 was very strong, aided by the market recovery through the year due to Brexit stability and the easing of tensions between the United States and China.
- We worked very closely with our Investment Advisers, LGT Vestra, and maintained a balanced portfolio investing in quality stock with a longer-term investment view.
- Mr Bones would touch more on this later in the meeting.

Member Bonuses:

- On the recommendation of the Society's Actuary, Apportionment and Bonus rates had been maintained for 2019.
- We believed the rates being paid still represented very good value when compared with market deposit returns.

Membership

- Our membership was changing - by choice, through the implementation of the Strategic Plan.
- Our existing Holloway membership was naturally declining, and whilst we were still adding new Holloway memberships, it was the Group and Sports propositions that would give us the potential new membership growth for the future.
- As you will now know, we were looking to implement new Society Rules. We had provided the membership with a host of information so that it could vote on the resolution to adopt those new Rules. The voting results would be confirmed later in the meeting.

Mr Harrison introduced Mr Bones.

Mr Bones gave a short presentation about the Financials within the Financial Statements, noting:

Key Performance Indicators (KPIs) – Page 12

- The KPIs are used by the Board to aid decision making.
- Total premium income was broadly stable again, though slightly down, a key focus remained to bring in new premium income and to retain our existing income. Increasing premium income remains a key area of the Society's strategy.
- Expenses were tightly controlled, and down on the previous year, which meant our ratio of operating expenses to premium income was improving.
- Our Free Asset Ratio improved to 22.9%, towards the top of the KPI range, due mainly to a reduction in the claims reserve and the increase in the unrealised investment gains at year end.

Annual General Meeting Approval	
Chair Signature	Date

Investments – Pages 8 and 24

- 2019 was a positive year as we saw a market recovery from the challenges of the previous year, and as Brexit finally happened and international tensions in the United States and China settled.
- Financial Assets increased to just over £14million.
- We had unrealised investment gains amounting to £799,000 in the year, compared to overall unrealised losses in 2018 of £763,000.
- The Society balanced risk with potential return, investing over the longer term, and its portfolio was strategically positioned and managed to minimise the effects of market fluctuation and to take advantage of opportunities as they presented.

Members Apportionment & Bonus – Page 8

- Bonus rates have been maintained at 2018 rates and providing and maintaining bonus rates is a key performance indicator for the Board.

Auditors Report – Pages 19 to 22

- The opinion was that the Statements represented a true and fair view of the Society's affairs and surplus for year end 2019. The Statements had been properly prepared in respect to accounting practice and in accordance with the Friendly Society's Act 1992.
- The disclosure of the impact of COVID-19 within the Financial Statements was appropriate.

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

Mrs Whitehead explained about the Society Board, referencing pages 13 to 15 in the Financial Statements.

The Society's Board structure – This remained unchanged in the last year, the Board number of 6 Non-Executive Board Members was appropriate to the Society's size and enabled costs to be controlled.

Board Committee development – The Board delegated functions to its Committees. The Committees had not changed in 2019. The Terms of Reference were, and continued to be, reviewed annually.

Board independence – Board independence was defined by the AFM's Corporate Governance Code and Board Members ceased to be independent when they had served on the Board for more than 9 years. In 2019 there were 2 independent Board Members (33%) which was within the AFM's Corporate Governance Code prescribed limits.

This would change in 2020 hence the Board had a succession plan in place and would be recruiting a new independent Non-executive Board member during 2020.

Board skills and experience – The Board maintained the diverse skills and experience required to drive the Society forward. Each Board member brought different skills, experience and perspective to the Board operation and we 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.

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

Annual General Meeting Approval	
Chair Signature	Date

Mr Gratland referred to pages 10 to 11 in the Financial Statements.

- **Strategic Focus**

The Society Strategy is focused on remaining independent, protecting its core Holloway membership base and acknowledging and adapting to changes within its marketplace. The Society was evolving.

- **Society Strategy remained clear:**

- Focus on what it knows.
- Play to its specialism.
- Spread the word through targeted marketing.

The Society provides one product type only and will continue to focus on that one product type.

The Society had built, and continued to develop, a reputation as a specialist provider, diversifying into product variations of that one product type. The Society therefore promoted itself to the outside world as a ‘Specialist Income Protection Provider.’

The Society spreads its word though both its own direct sales channels, its Sales Team and Social Media, and the intermediary market.

To support that push it had recruited a new Sales & Business Development Consultant who had just now become operational.

- **‘Growth’ is from our new products**

Future growth and sustainability would come through driving increased revenue from new income protection initiatives, both in terms of the Society’s products and distribution markets.

Firstly, in terms of product, the 2020 Rules change would enable the Society to consider launching a new individual protection only type plan, for specific target markets and distribution initiatives.

It was the Society’s flexibility in product development, together with an understanding of risk and underwriting capability, which enabled it to actively pursue these new business opportunities – one such example was the development of a Holloway based Farrier product, created with a partner intermediary, for a targeted market for newly qualified and existing Farriers.

The Society was further developing plans for sports players and sports clubs, using the experiences gained in selling professional rugby plans.

The Society was already firmly established in the Group market, having specific products for employer funded and employee funded options, or a combination of both. This was a unique offering in the Group Income Protection market.

Secondly, in terms of distribution the intermediary market remained increasingly more important in delivering the Society sales growth – our intermediary market is the Independent Financial Adviser and Financial Adviser firms. Business written through non direct distribution channels amounted to 87% of the total in 2019 (2018:- 67%).

So whilst the Holloway products remained and had an active sales and marketing plan, it was the new Group and Sports products that were proving attractive to the changing marketplace and would give the potential for the targeted growth the Society sought, both in new premium and new members.

Annual General Meeting Approval	
Chair Signature	Date

- **We regularly review and assess**

The Society had a rolling Strategic Plan that articulated the business model. It is reviewed at least annually by the Board, and quarterly by himself and the Senior Management Team, to ensure it remained focused on required priorities and developments.

Close control and monitoring of the success of the Strategic Plan initiatives and costs, together with associated impact on Society capital, continued to identify any requirement or opportunity to develop, amend or implement alternative plans to protect our members interests.

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 handed back to the Chair, Mr Harrison.

Mr Harrison gave a short Chair's Summary.

Looking Ahead

- The Society had coped well with the recent challenges of the pandemic and financial market fluctuation.
- The Society remained in a strong capital position.
- We continued to look forward, to developing our products and reaching new markets.
- Our aim remained to increase both new business premiums and to grow our membership numbers, whilst continuing to control costs.
- We also place importance on maintaining our governance controls to ensure regulatory compliance and safe stewardship of the Society on behalf of our members.

The Chair confirmed that the Financial Statements had been available on the website since 19 August 2020. He then declared the meeting open for discussion of the Financial Statements.

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

5. RESOLUTION 3 – TO APPROVE THE BOARD REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 resolution and confirmed the proxy votes would be cast in favour of the resolution:-

	Online & Postal	Proxy to Chair	Total
For	30	67	97
Against	1	0	1
Vote Withheld	3	0	3

The Chair declared the resolution was duly carried.

Annual General Meeting Approval	
Chair Signature	Date

6. RESOLUTION 4 – TO RE-ELECT MEMBERS OF THE BOARD OF MANAGEMENT LISTED BELOW

The Chair declared the following votes in relation to this resolution and confirmed the proxy votes would be cast in favour of the resolution. He announced that Mr M S Gurney, Mrs M A Pedder, Mr D C Bones, Mr L S Paul and himself were offered for re-election. A summary of the votes cast was as follows:

	For Online & Postal	For Proxy to Chair	Total For	Against	Withheld
R T Harrison	33	67	100	0	1
M S Gurney	33	67	100	0	1
Mrs M A Pedder	33	67	100	0	1
D C Bones	33	67	100	0	1
L S Paul	33	67	100	0	1

The Chair declared that all members were duly re-elected.

7. RESOLUTION 5 – TO RE-APPOINT MOORE (FORMERLY MOORE STEPHENS) AS AUDITOR

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

	Online & Postal	Proxy to Chair	Total
For	33	67	100
Against	1	0	1
Vote Withheld	0	0	0

The Chair declared the resolution was duly carried.

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

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

	For Online & Postal	For Proxy to Chair	Total For	Against	Withheld
Mike Stillwell	33	67	100	0	1
John Pepler	33	67	100	0	1
Colin Cheshire	33	67	100	0	1

The Chair declared that all arbitrators were duly re-elected.

Annual General Meeting Approval	
Chair Signature	Date

9. RESOLUTION 7 – TO APPROVE REPLACEMENT OF THE SOCIETY’S MEMORANDUM, ALL RULES, SCHEDULES AND CURRENT AMENDMENTS WITH REVISED 2020 RULES (“NEW RULES”), SUBJECT TO ANY AMENDMENTS REQUIRED BY THE FINANCIAL CONDUCT AUTHORITY (“FCA”); TO TAKE EFFECT ON SUCH DATE AS THE BOARD OF MANAGEMENT AND THE FCA SHALL DETERMINE.

The Chair informed the meeting:

- This was an important change to the Society Rules.
- Members had received and had access to:
 - o A Summary communication in the AGM pack; and on the Rules webpage:
 - o Proposed changes – Memorandum & Rules and Schedules
 - o Existing Rules documentation
 - o Proposed New Rules documentation

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

	Online & Postal	Proxy to Chair	Total
For	31	67	98
Against	1	0	1
Vote Withheld	2	0	2

The Chair declared the resolution was duly carried.

The Chair summarised the Society would:

- now carry out a final proofread and would amend any grammatical/format errors;
- submit the new Rules to the Regulator for their review;
- adopt the new Rules on Regulator confirmation.

He noted that the Chief Executive had identified a required addition to rule 9.5(c) to provide clarity regarding the Board adding prescribed regulation to hold Board meetings virtually – this was achieved by adding “including virtual meetings” after “meetings”. He asked the meeting to approve this de minimis change.

The meeting unanimously approved this point of clarification in the new Rules.

10. RESOLUTION 8 – TO APPROVE RE-APPOINTMENT OF A RULES COMMITTEE IN ACCORDANCE WITH SOCIETY RULE 44.1;
- SUBJECT TO APPROVAL OF THE NEW RULES IN ACCORDANCE WITH THE RESOLUTION PROPOSED AT 7 ABOVE; THE RULES COMMITTEE APPOINTED UNDER RESOLUTION 8 SHALL SIT ONLY UNTIL REGULATORY REGISTRATION OF THE NEW RULES IS EFFECTED.

Annual General Meeting Approval	
Chair Signature	Date

The Chair informed the meeting that the new Rules were approved in resolution 7, hence resolution 8a applies. He declared the following votes in relation to this resolution and confirmed the proxy votes would be cast in favour of the resolution:-

	Online & Postal	Proxy to Chair	Total
For	33	67	100
Against	1	0	1
Vote Withheld	0	0	0

The Chair declared that resolution 8a is carried and that resolution 8b did not apply.

11. ANY OTHER BUSINESS & CLOSURE OF MEETING

The Chair informed the meeting that the resolutions of the 2020 AGM had now been concluded.

He explained that under Rule 22.8 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.

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 getting the Society through the pandemic crisis and for keeping the Society running smoothly.

The Chair also thanked the Chief Executive and his fellow Board members for their expertise and commitment to the onward development of the Society, particularly in the context of the period since February 2020 in light of the pandemic.

Lastly, on behalf of the Board, the Chair thanked the members for their loyalty to the Society and we looked forward to continuing with the high level of service that our members depended on.

The meeting was declared closed at 10.46am.

Jon Gratland
Chief Executive
10 September 2020

Annual General Meeting Approval	
Chair Signature	Date