

National Friendly

Head Office: 11-12 Queen Square, Bristol, BS1 4NT

Minutes of the 147th Annual General Meeting of the Society held
in the Board Room, National Friendly, 11-12 Queen Square, Bristol, BS1 4NT

at 11.30 am on Wednesday 30th September 2020
by videoconference

Present: Tracy Morshead, Chairman
Jonathan Long, Chief Executive Officer
Geoff Brown, Non-Executive Director
Sandy Richards, Executive Director

In attendance: Dawn Carey, Secretary

The Chairman opened the meeting of the Society's 147th Annual General Meeting. He confirmed that the meeting was quorate by proxy.

1. MINUTES OF THE 146TH ANNUAL MEETING OF THE SOCIETY

The Chairman advised that no objections had been raised on the minutes from the previous meeting.

2. MATTERS ARISING

Members Q&As

Schedule of Q&A for comment

The Chairman stated that as the Society had been unable to invite members to attend the AGM in person, they had been given the opportunity to submit questions to the Board for consideration and response.

The attendees discussed the questions and the proposed responses. It was interesting to see that there were a few common questions, particularly in relation to healthcare policies. All members that had raised a question would be sent a response and a summary of the responses would be posted on the Society's website.

The CEO drew attention to a number of comments that were also raised by members. He noted that one was in relation to the increased size of the Board. He drew attention to the fact that although the size of the Board had increased with new appointments, two of the existing Non-Executive Directors would be standing down, meaning that the overall size of the Board had increased by one.

A comment had also been made in respect of the removal of financial highlights within the Performance Summary that showed assets and premium numbers. Although these numbers had not been specifically highlighted, additional detail on the key performance indicators and financial information was included within the narrative of the Performance Summary and within the Strategic Report. Detailed financial information on assets and premiums continued to be set out with prior year comparisons within the financial statements section of the report.

However, it was agreed that the Board would take this feedback on board and will review this when producing next year's Performance Summary.

3. BRIEF BUSINESS UPDATE

The Chairman provided an update on the Society's position and its focus since issuing the annual report and accounts, and to record it in the minutes. He stated that the CEO would also provide further detail.

He set out that, as members may know, the onset of the Covid pandemic earlier in the year had created a great deal of flux in all the markets in which we invest. Bonds and equities had moved against the Society and property followed suit. This created a situation where, for a short time period we breached our Solvency Capital Requirement, although we remained well within our Minimum Capital Requirement. We did however make management actions very quickly and we remedied the breach in June. Since then we have strengthened our capital position and it is a priority to improve this position further.

One way we can do this is to keep improving on our sales performance and add new members to the Society. At the start of the year, we set stretching targets and the Covid situation has caused us to be under target by a relatively low amount. Our year on year sales are up by 26% from last year and this is a much better performance than we hear about from many other companies.

The Chairman continued that our staff have been flexible through this time either working from home or from the office and they have been very committed, coming to terms with circumstances and continuing to excel. The Chairman then quoted from a letter he received from one of our longstanding members.

"Dear Mr Chairman, I speak as a member of some 88 years standing. My parents put me in (sic to the society) at 6 months and have continuous membership since then. I therefore am well able to write to you concerning your staff during these troubled times. Over the years, I have shown my appreciation with biscuits/chocolates at Christmas time. However due to current circumstances, a vote of thanks does not really reflect on the way they have had to adapt.....can I therefore urge you to make special mention of your excellent staff.....please give full credit to your staff. "

The Chair stated that he could not say it better than our member and agreed with him wholeheartedly, thanking all our colleagues for going the extra mile at a very difficult time. He went on to state that although uncertainties remained with Covid, we are aware and understand the possible risks to the Society and we will do what it takes to keep our members financially secure and our staff safe.

Finally, the Chairman took the opportunity to do some additional thank yous. Both Peter McIlraith and Mark Jackson have stepped down at this AGM. Mark has been on this Board for 11 years, and Peter for even more. We thank them both for their insight, knowledge and support and we hope that they continue to flourish in their chosen endeavours.

AGM/2020

He also noted the arrival and welcome of three new Non-Executive Directors. Graham Singleton, who has been in the business since late last year, Mark Searles who joined us early this year and Mary Gavigan who has joined very recently. All are very well qualified and we have already seen the benefit they will bring. We are sure that they will want to meet the membership when we are able to have a face-to-face AGM, hopefully next year.

Finally, the Chairman thanked all our Members for their continued support during such difficult times.

The CEO advised that the Society's key objective is to achieve net growth in its customer base whilst managing regulatory capital and acting in the best interests of the Society's policyholders.

He went on to state that the Board also considers its independence on at least an annual basis as part of this strategy review and at this time, it has concluded that this continues to be in the policyholders' best interests.

The CEO stated that, in 2019, the key objectives in protecting and enhancing member value were:

- Expanding the current proposition with further new products and services.
- Promoting customer retention, offering alternatives when products mature or reach trigger points such as price and benefit review.
- Establishing a presence in the later life care market in accordance with the long-term strategy.

The CEO went on to note that these objectives have been rolled forward into 2020. In respect of the first objective, he stated that the Society only writes profitable new business and has continued to strengthen its income stream, having increased the number of policies issued from 4,910 policies in 2018 to 12,054 policies in 2019.

The CEO advised that the Society has provided its existing and new policyholders with affordable products, such as its recently launched Immediate Needs Annuity, which provides a guaranteed income for individuals entering a care home. Although sales had slowed in Q1 and Q2 of 2020 as a result of the pandemic, the Society has nevertheless seen an increase in policy uptake.

In support of these actions, the Society also has robust cost control measures. The implementation of our new policy administration system and resulting decommissioning of legacy systems, is delivering efficiencies and cost savings in relation to IT server and maintenance. We are also able to write new business at a higher volume without the need for additional administration headcount.

Looking into 2020, the CEO stated that the Society has seen continued sales growth. This is manageable growth by doing things better, such as the way we utilise our staff, who are working hard, particularly during these difficult times. The Society has achieved a great deal and it is performing better than many other organisations. Retaining an operational office has been essential to the wellbeing of our staff and helps provide us with a strong base for growth into 2021.

4. ARRANGEMENTS FOR VOTING

The Secretary confirmed that the arrangements for voting had been conducted under the direction of Richard Hall from Civica (previously known as Electoral Reform Services). It was noted that as members had been unable to attend in person, the voting had been conducted based on proxy votes that had been cast both online and by post.

5. RESOLUTIONS

The Chairman noted that as Geoff Brown had reached the age of 70 he was subject to annual re-election whereas the Chairman was subject to annual re-election as he had served on the Board for over nine years.

The Secretary confirmed that all Resolutions were carried in accordance with the voting arrangements and that the results are tabled below.

Resolution	For	Against
1a. To receive the 2019 Annual Accounts.	2,808	15
1b. To receive the Board's Report for the year ended 31 December 2019.	2,792	12
1c. To receive the Auditor's Report for the year ended 31 December 2019.	2,788	17
2. To approve the Directors' Remuneration Report for the year ended 31 December 2019.	2,703	83
3. To appoint Ernst & Young LLP as Auditors.	2,764	46
4. To re-elect Tracy Morshead as a Non-Executive Director for a term of one year.	2,774	44
5. To re-elect Geoff Brown as a Non-Executive Director for a term of one year.	2,763	51
6. To elect Sandy Richards as an Executive Director for a term of three years.	2,769	55
7. To elect Graham Singleton as a Non-Executive Director for a term of three years.	2,764	46
8. To elect Mark Searles as a Non-Executive Director for a term of three years.	2,757	53
9. To elect Mary Gavigan as a Non-Executive Director for a term of three years.	2,792	40

6. NEXT MEETING

The Chairman advised members that a provisional date of 8th July 2021 had been set for the next meeting. He went on to state that it was the Board's preference to conduct next year's AGM face to face. However, the situation would be reviewed nearer the time to determine the most appropriate means of conducting the meeting.

The Chairman thanked the Society's members for their continued support and closed the meeting.

Dawn Carey
Secretary
30th September 2020