

# Metropolitan Police Friendly Society Limited

## Annual General Meeting

### 12 May 2016

The 68<sup>th</sup> Annual General Meeting (“AGM”) of the Society was held on Thursday 12 May 2016 at the West Auditorium, 27<sup>th</sup> Floor, Empress State Building (“ESB”), Empress Approach, Lillie Road, London, SW1 1TR. The meeting opened at 12 noon and the following are the minutes:

Documents circulated ahead of the meeting included copies of the Annual Report & Accounts for the year ended 31 December 2015 and copies of the draft minutes of the 67<sup>th</sup> AGM held on 14 May 2015. Copies of the Memorandum and Rules were available at the meeting.

#### 1. Attendance

The Chair, Michael McAndrew QPM, welcomed the 24 members and 22 guests who were in attendance.

Apologies were received from Mick Park (member); Paul Deller (Non-Executive Director); and Patrick Girling (Chair of the Audit, Risk and Compliance Committee).

#### 2. Chair’s Report

- 2.1 The Chair went on to explain the content of the meeting. He also highlighted Metfriendly’s positive performance as reflected within the Annual Report and Accounts. He particularly noted the excellent investment performance which saw the Society’s assets rise to over £117 million at the end of 2015.
- 2.2 He drew attention to a recent fall in membership over past years but reported that thanks to a new marketing approach there has been a marked and significant change in the number of younger members taking up Metfriendly products. This was due in main to the efforts of the Sales & Marketing team who were supported by the office staff at Orpington. He informed members of the successful member engagement event that took place at ESB during the year and indicated that more were planned.
- 2.3 Mr McAndrew then went on to explain to the meeting that Patrick Girling was stepping down as a Non-Executive Director. Patrick had been one of the first directors elected to the Board who held relevant professional experience and he had led the oversight of the important areas of audit, risk and compliance. The Chair thanked Patrick for his contribution to the Society and went on to explain that as the Chair of the Nomination Committee he was personally leading the search for a replacement director.
- 2.4 The Chair informed the meeting that Simon Allford had recently joined the Society as the new Finance Director and indicated his appointment was part of the succession planning relating to the senior management team for the future.
- 2.5 He concluded his report with some personal thanks to his colleagues on the Board of Management who give generously of their time to ensure that the Society continues to move in the right direction and in the right way. He expressed gratitude to Stuart Bell, Chief Executive Officer and Don Ratcliffe his deputy, who are responsible for the continuing good reputation and performance of the Society and to all the staff at Orpington for their continuing goodwill, application and dedication. He also thanked the Police Federation and the Superintendents’ Association for their continuing and resolute support. Finally he thanked the members for continuing to support the Society and investing in its products.

#### 3. Presentation

- 3.1 Sales and Marketing Director, Ben Grainger, then introduced Peter Le Beau MBE who gave a very powerful presentation about the 7 Families Initiative, a project to establish how financially vulnerable families can be affected by long term illness or disability. Peter explained how the project, which has been funded by a number of organisations including friendly societies, has assisted 7 ordinary families through a period of illness when a family member has not been able to work. In particular he made reference to Nicky Thornley a police officer from Grampian Police who was injured in a motor cycle accident and was now partially paralysed and Paul Pickford whose very moving story Peter was able to convey to the audience through a video film. He concluded his presentation by hoping that Metfriendly might use the information gained through the 7 Families Initiative to demonstrate to members of the police service of the benefits of income protection. The Chair thanked Peter for his very moving and compelling presentation.

#### **4. CEO's Report**

- 4.1 Stuart Bell then addressed the meeting stating that Metfriendly was very proud to have an income protection product tailored for the police service extending cover into medical retirement. He believed this was the only such product available in the UK. He went on to report that whilst Metfriendly's origins were in providing savings contracts, nowadays lump sum investments are equally important to members. In 2015 of the total premiums of £16.2 million over 40% came from lump sum investment and he expected this to grow as 2016 had started with a record quarter for lump sums.
- 4.2 Mr Bell stated that, compared to the last 10 years, investment performance in 2015 had been lacklustre, as it had been for most asset classes against a backdrop of near-zero returns on cash. He stated that with-profits products provide members with certain guarantees and that the Society's capital stood behind those guarantees. He reported that the Society was able to maintain a robust level of cover for the capital we were required to hold. He drew attention to the Annual Report which stated that the Society covered its regulatory requirement by 280%. With the change to the new Solvency II regulatory regime he stated that we continued to report a high level of coverage – well over 300% on 1 January 2016.
- 4.3 Mr Bell reported the Society's assets had grown strongly and whilst premiums had been stable membership had been falling until recently. After increasing resources devoted to business development new membership was now increasing with the Society currently on track to meet its medium term membership goal ahead of schedule. Total membership, he reported had grown over the 12 months to 31 March. He reported the Society was achieving good results attracting younger members at Hendon and continued to deliver pre-retirement Options seminars which remain popular and oversubscribed – and these contribute to the record lump sums entrusted to the care of the Society.
- 4.4 Mr Bell concluded his report by stating that the Society had committed the resource it needs to expand and had done so in the expectation that it will continue to flourish. He stated the management of the Society had been strengthened with the appointment of a new Finance Director, Simon Allford who joined in March. Mr Bell reported the Society was well placed to meet the capital and governance requirements of its regulators.

#### **5. Questions**

- 5.1 There were a number of question from members including one asking why the proposed merger with Police Mutual did not go ahead back in 2009. Mr McAndrew replied that after consideration of the information and advice provided by its professional advisers, the Board of management concluded that it was not in the best interests of members to go ahead.
- 5.2 Another member asked what contact the Society had with the City of London Police. Mr McAndrew replied that Peter Clarke, an Inspector with that force was currently a member of the Board of Management and held the position of Senior Independent Director. Additionally Mr McAndrew stated he had worked in the past with Mr Dyson, the City Commissioner and was hoping to meet with him soon. Mr McAndrew also reported there were plans to hold a member relations event in the City.
- 5.3 Another member asked how the Society set bonuses and how they achieved a fair surrender value for members. She also asked why the bonus rate for the ISA was different to the With Profit Bond. Mr Bell replied that the returns for these two products were different mainly due to the tax treatment whereby the Society had to pay tax on the With Profit Bond returns whereas the ISA was tax-free. He went on to say that the Society used a formula when setting annual bonuses and that in a good year final bonuses would reflect the investment returns which are reflected in the asset share of the product. He stated surrenders were set to be as close as possible to the asset share value.
- 5.4 Another member referring to the summary in the Strategic Report, noted that maturity payments were reducing but surrender claims were increasing and asked whether there was any reason behind this. Mr Bell replied that he saw no cause for concern about the claims figures which reflected the differing types of policy now being provided such as an ISA which when cashed in, was treated as a surrender claim.
- 5.5 Finally another member asked the Society to look carefully at the new types of tax free savings planned by the Government and to consider some type of mid-service financial awareness seminar.

## 6. Votes

Mr McAndrew took members through the new voting procedure which had been adopted for the AGM which used a hand held device to register a vote. Any votes cast in the room would be added to the proxy votes already received with the result shown live on the projection screen. A test question was used to demonstrate that the process worked correctly.

All motions were proposed by the Board.

### 6.1 AGM Minutes

The minutes of the 67<sup>th</sup> Annual General Meeting held on 14 May 2015 which had been published in draft on the website were tabled as a true and accurate record of that meeting. There were 861 votes in favour of the motion; 3 votes against; and 5 votes withheld. The Chair declared the motion was carried.

### 6.2 Annual Report

The Annual Report for the year ended 31 December 2015 was tabled. There were 865 votes in favour of approving the report; 3 votes against; and 0 withheld. The Chair declared the motion was carried and the Annual Report was therefore adopted.

### 6.3 Remuneration Policy

The Remuneration Report as published within the Annual Report was tabled. There were 849 votes in favour; 17 votes against; and 4 votes withheld.

### 6.4 Remuneration Report (Advisory Vote)

The Remuneration Report as published within the Annual Report was tabled. There were 851 votes in favour; 15 votes against; and 5 votes withheld. The Chair noted the result.

### 6.5 Re-Election of Directors

The Chair announced that under the provisions of Rule 26 the following Directors were deemed to have been elected.

Stuart Henry BELL	Timothy John BIRSE	Janet Frances CASSETTARI
Peter Delwyn CLARKE	Paul Matthew DELLER	Fiona Estelle GREGORY
Michael John McAndrew	Donald Paul RATCLIFFE	Joanna Mary Alison YOUNG

### 6.6 Auditors

The proposal to reappoint Mazars LLP as the Auditors and to allow the Board to fix their remuneration was tabled. There were 857 votes in favour; 12 votes against; and 2 votes withheld. The Chair declared the motion was carried.

## 7. Any Other Business

There being no other business the Chair thanked Ben Grainger, Sales & Marketing Director for his organisation of the meeting.

He also thanked the Metropolitan Police Service for the use of Empress State Building as the venue for the meeting and for providing the catering.

The meeting closed at 1.30pm