

Liverpool Victoria Friendly Society Limited (the "Society")

Minutes of the Annual General Meeting ("AGM") held at the

Hilton Hotel, Bournemouth

on Friday 26 July 2019 at 3.00pm

Present: Alan Cook Chair
Richard Rowney Director & CEO
Andy Parsons Director & CFO
David Barral Director & Senior Independent Director
Alison Hutchinson Director
Tanya Lawler Director
Colin Ledlie Director
David Neave Director
Luke Savage Director
Wayne Snow Director
Michael Jones Company Secretary
Members of the Society¹ ("**Members**")
Members of staff

Apologies: None

Ref	Minute	Action	By
1	<u>Introduction</u>		
1.1	The Chair welcomed the Members to the meeting and declared that a quorum was present.		
1.2	The Secretary outlined the running order for the meeting and explained that a short film of the business' accomplishments for the last year would be presented followed by the CEO's remarks. The floor would then be opened to questions ahead of the formal business of the meeting.		
2	<u>CEO Review</u>		
2.1	Mr Rowney explained that the Group had performed well in 2018 achieving £89m Operating Profit Generation, a strong Capital Position of 172% CCR and a positive £136m Operating Profit which was up 1% on 2017.		
2.2	The General Insurance ("GI") business had experienced strong growth in Personal Lines, which was up 6% from 2017 to £1.3m; however achieved less growth in Commercial Lines, which was a predicted outcome of the Allianz transaction. Operating Profit was £107m; which although was 11% less than 2017, was a credible result considering the 'Beast from the East' which had had a significant impact on performance in Q1.		
2.3	The Life business had performed in line with 2017 with an overall Operating Profit of £60m and individually the		

	Protection and Retirement business units generating £296m £1.4m of profit respectively.		
2.4	Mr Rowney explained that the sale of LV='s remaining 30.1% share in the GI business had been announced earlier in the year. Once completed, this meant that LV= would have received £1.078bn for the GI business and would be used to grow the Life and Pensions business and support the Society's capital position.		
2.5	The Members were reminded that a Special General Meeting ("SGM") was held on 22 nd May 2019 to vote on a proposal to convert from a Friendly Society to a Company Limited by Guarantee. The Board was delighted with the 8.8% turnout and with the 93% vote in favour for the two resolutions. Members were advised that the application for conversion was with the Regulators; however this was only the first step in the process and the business continued to actively engage with the Regulators, With-Profits Actuary and With-Profits Committee regarding the second phase, the Scheme of Arrangement.		
2.6	Mr Rowney summarised the Five Year Plan and commented that the first phase, "laying the foundations", was nearing completion with the progress made with Project Silk and the conclusion of the GI sale. Phase two "fix and grow" was progressing with the launch of the new ISA product in the smoothed managed fund range and an increased focus on developing and strengthening the 'best loved' status with members, advisors and employees. The third phase "transform" would be initiated by the end of 2020 with an increased digital focus and a new membership proposition and offering of products and services. Mr Rowney was encouraged that although we were only two years into five, there was still a lot of positive work achieved.		
2.7	The Members were advised that a 'Green Heart Revolution' had been launched which was intended to support and foster a sustainable business with good employee and customer engagement.		
2.8	Mr Rowney concluded that the Society prides itself on the number of prestigious awards that it achieves. He highlighted that it was very inspiring that LV= remained the Moneywise 'Most Trusted Life Insurance Provider' for seven consecutive years.		
2.9	Mr Rowney endorsed the Board and encouraged that the Society continued to be 'in good hands'.		
3	<u>Questions</u>		
3.1	Mr Rowney welcomed questions from the Members.		

3.2	A Member noted that bonus figures were included in the presentation and questioned how it compared with previous years. Mr Parsons, CFO, accepted the question and noted that the level of Mutual Bonus awarded for 2018 was in line with previous years at 1% however, the amount individually received would have decreased slightly due to the investment performance over 2018.		
3.3	A Member observed that the general public perception of LV= and the Society's advertising created a strong association with insurance. Now the business was exiting the general insurance market and focusing on life and pension, how would the Board ensure that the business and brand continued to grow?		
3.3.1	Mr Rowney advised that a Brand Licence Agreement was in place with Allianz and therefore the LV= brand would continue to be promoted after the GI sale. As the majority of life and pension products were sold through financial advisors it was difficult to build a consumer base, however there were potential opportunities to introduce selective advertising but acknowledged that it wouldn't have the equivalent impact as the current direct marketing campaigns for the GI products.		
3.4	A Member enquired about the ISA product. Mr Rowney advised that the ISA was launched in June and was targeted to those who were looking to consolidate multiple saving plans ahead of retirement.		
3.5	A Member questioned how many personnel were employed by LV=. Mr Rowney explained that there was approximately 6,000 employees across the Group; with 1,750 in Life and Pensions and the remainder in GI. It was noted that with the conclusion of the GI transaction, there would be approximately 1,500 staff employed by LVFS.		
3.6	A final question from the floor enquired about sponsorship and noted that LV= was praised for its previous sporting sponsorship and was there any intention or benefit in doing more. Mr Rowney explained that he didn't foresee the Society actively participating in sport sponsorship in the future and noted that the market was increasingly seeing firms representing socially responsible causes. He however expected that the Society would, where appropriate, use promotion and sponsorship in a way that continued to promote the LV= brand.		
3.7	The Members were thanked for their questions.		
4	<u>2018 Resolutions</u>		
4.1	The Secretary explained the voting procedure that would be followed and advised that only Members were permitted to		

vote. Members were advised that the UK Corporate Governance Code recommends that all Directors stand for annual election. In line with this, all of the Directors were as such retired at this AGM and submitting themselves for election or re-election.

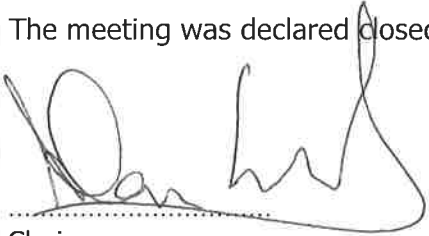
4.2 The Secretary explained that in line with the Society's Rules, each Resolution would be put to a show of hands and a poll would only be conducted if a vote in the room was at variance with the proxy vote. It was noted that the Board members had voted, where applicable, by proxy in advance.

4.3 The Secretary put each of the Resolutions, as set out in the notice of the AGM, to the Members. The vote relating to Resolution 2, the re-election of the Chair, Mr Barral, the Senior Independent Director, would conduct the vote.

4.4 Each Resolution was carried by a show of hands. It was noted that Resolution 12 received one vote against in the room, and Resolution 13 received three votes against from Members in the room.

4.5 The Chair confirmed that in each case the show of hands was consistent with the proxy vote and, for information purposes only, reported that the proportion of proxy votes in favour of each Resolution was:

No.	Resolution	In Favour	Against	Abstentions
1	To receive the 2018 Report and Accounts.	47,826 99.09%	437 0.91%	770
2	To re-appoint Alan Cook as a director.	47,311 98.01%	963 1.99%	766
3	To re-appoint Richard Rowney as a director.	47,273 98.06%	935 1.94%	831
4	To re-appoint Andy Parsons as a director.	47,146 97.93%	995 2.07%	899
5	To appoint Wayne Snow as a director.	47,125 98.12%	905 1.88%	1,009
6	To re-appoint David Barral as a director.	47,199 98.11%	908 1.89%	930
7	To re-appoint Alison Hutchinson as a director.	47,363 98.20%	868 1.80%	806
8	To appoint Tanya Lawler as a director.	47,298 98.26%	839 1.74%	899

	9	To re-appoint Colin Ledlie as a director.	47,107 97.99%	966 2.01%	965		
	10	To re-appoint David Neave as a director.	47,032 97.77%	1,075 2.23%	932		
	11	To re-appoint Luke Savage as a director.	47,123 97.96%	979 2.04%	934		
	12	To approve the 2018 Directors' Remuneration Report for the year-ended 31 December 2018.	44,986 95.02%	2,358 4.98%	1,692		
	13	To re-appoint Pricewaterhouse Coopers LLP as the Society's auditor until the end of the next AGM.	46,315 96.67%	1,596 3.33%	1,129		
5		Closing					
5.1		The Chair noted that the Society's commitment to corporate governance meant that there were more Resolutions put forward for the Members' consideration and thanked the Members for attending and for their continued support.					
5.2		The meeting was declared closed at 3.30pm.					
							
		Chair					
		<u>Glossary of Abbreviations/Terms Used in Minutes</u>					
		Board: the board of the Society					
		LV=: The Society and its group companies					
		Resolution(s): the ordinary resolution(s) proposed to the Members					
		Solvency II : The EU capital regime for insurers					
		Strategic Partnership: the joint venture with Allianz within the GI business					

¹ The meeting was attended in person by 41 members

