

NEWSLETTER

The why and how of discretionary claims

In the 19th century Friendly Societies were created as a means for people to contribute a small amount of money to a common fund which would be available to help those in need at a time when they might not be able to help themselves. One such Society, of course, is your Society – the Anglo Saxons

In the early days it was commonplace for Friendly Society's to help pay for funerals and sick pay for those unfortunate people who did not have the means to meet those costs when they arose.

Making such awards to people was traditionally a discretionary decision taken by a Committee of Management when a member asked for help. However, the approach changed in the last century whereby just about every Friendly Society moved to paying benefits based fully on an insurance policy basis. Anglo Saxons is, we believe, one of only two Societies still operating on a predominantly discretionary awards basis with its members.

Operating on an insured basis brings a much higher degree of certainty about what can be claimed and the amount that can be paid – however, it is much more expensive with quite high premiums being payable. By contrast discretionary benefits are payable, if at all, at the discretion of the Board of the Society. This flexibility means membership subscriptions can be very low, but there is less certainty about how much may be paid for a claim.

At Anglo Saxons The Board of Directors has commenced a review of the level of discretionary awards it may be able to pay and the reasons for

which it should make payment. An example of this could be the difference of what is paid for contact lenses when compared to spectacles. If we used the example of a member who pays £60 a year for membership and who makes a claim for new spectacles every third year, then it may work out that the subscriptions paid broadly match the cost of a claim for the new spectacles. However, if the member is claiming for contact lenses continuously and it is £250 per year you can see that the cost is far in excess of the subscriptions.

The Society's last accounts showed that it received £43000, in subscriptions but paid out a total of £400000 in discretionary awards. This huge difference is covered by the Society making money on its investments and utilising reserves. However, we must treat all of our membership fairly and it has become clear that an element of unfairness to some members has developed. Currently, the variance is considerable between the amounts and frequency of claims, with some members claiming monthly and others claiming only occasionally. Therefore, we will be developing a claims process which seeks to distribute awards on a fairer basis across all of our members. We will keep the membership advised of developments.

It is important, as economic times toughen, that members do not automatically assume that every claim for a discretionary award can continue to be paid in full. Please bear this new approach in mind before paying for spectacles, contact lenses or other miscellaneous medical expenses.

The future of our Head Office premises.



As many of you will know the Society's offices are based in Berkley Road in Gravesend Town centre. They consist of two converted terraced houses and are adjoined by the Anglo Saxons Meeting Hall.

The Hall itself is now in poor repair and the converted houses now also require attention. Given that the space available is also

too large for our needs, the time has come to decide what our future office provision should be. Planning permission has been obtained to refurbish all the properties and to convert the office space back to two separate residential dwellings. Permission has also been obtained to refurbish the Hall and to allow it to be used as office space.

We have several options going forward. One is to sell all three in their current poor condition; another is to refurbish them and then sell all three; a third option is to sell two and retain the converted Hall as offices.

As a first step the Society will relocate to temporary serviced office accommodation and this is likely to occur in November.

Until advised otherwise members and tenants should continue to communicate with us by telephone and email, as we cannot see anyone in person due to Coronavirus restrictions.

Coronavirus challenges

All of our worlds have been turned upside down!

Since the spring of this year we have all had to come to terms with a new way of living. It's not been easy at times, but we are pleased to say we have managed the business safely through the challenges.

There have been personal challenges of course – such as running the Society from our home bases or, indeed, when we were able to return to the offices maintaining a "Covid safe" office working environment at all times. This meant we have not been able to admit visitors to the offices and of course were unable to hold the Annual General Meeting or the Half Yearly General Meeting in the Anglo Saxons Hall. To enable an AGM vote to take place we introduced for the first time a proxy voting system which was a considerable success with almost 200 votes cast. To provide information about the Society we have stepped up communications both in writing and on the Society's website.

Our regulators, The Prudential Regulation Authority and the Financial Conduct Authority expected us to take additional care in safely managing the affairs of the Society as the world entered this period of unprecedented risk in our lifetimes. Part of that has been delaying discretionary claims payments so that they are now paid out in the quarter following the one in which they were received by us. This has enabled us to be able to gauge the impact on our cashflow as the pandemic developed.

Thank you all for your patience in waiting a little longer to receive payment of discretionary awards.

So far, we are able to say the Society has not been adversely impacted financially but we are still not out of the woods. As assistance schemes such as "furlough" now begin to end we may start seeing adverse impacts of rising unemployment and a damaged economy so we will be continuing our prudent approach for a further period.

Please do visit our web-site occasionally to understand the latest position as we do publish updates there.

Anglo Saxons
Friendly Society Limited