

Cornish Mutual Assurance
Annual General Meeting for Year Ending 30 September 2022
Minutes
5:00 PM 30 March 2023
CMA House, Truro or
Via Zoom

Ms Schwarz, Company Secretary, opened the meeting at 17:00 by welcoming people attending and reading the Notice. She also asked that participants on Zoom keep their microphones muted and Members raise any questions using the chat function. She reminded those attending that if they had already voted on line or by post not to vote again at the meeting. She then handed over to Mr Oatey, Chair, to conduct the business of the meeting.

Mr Oatey welcomed Members to the 120th Annual General Meeting.

- 1) The first order of business was to approve the Minutes of the Annual General Meeting held on 31 March 2022 at 5.00pm via Teams and at CMA House, Truro. Ms Schwarz read out the minutes and the following votes on the motion were noted.

	For	Against	Abstain	Total
On-line/Postal	745	0	13	758
At Meeting¹	6	0	0	6
Total	751	0	13	764

The motion was carried, and the minutes approved.

- 2) Mr Oatey invited Mr Beaumont, Managing Director to give an update on business performance.

Mr Beaumont opened by saying that our board has challenged the business to be more ambitious and this has resulted in widening the scope of support we are providing the Membership in pursuing our purpose of protecting the farming community.

We all too regularly see the consequences of injuries and fatalities on farms and in 2022 we launched a Health and Safety offering, thus laying the foundations of a broader advice service. In view of the diverse challenges faced by Members, we are looking at further advisory services which we could deliver cost effectively across farm businesses of different scales. We think the mutual model with its instinct to spread knowledge and support, as well as financial capital, is well placed to help. Consequently, we are looking at diversifications which will broaden our protection remit beyond insurance and help Members address other challenges too. Mr Beaumont encouraged Member to participate in discussions and surveys as these will inform development of our services.

While new initiatives create an interesting additional aspect to the business, insurance is our core offering and will remain the main way we protect Members for the foreseeable future.

¹ "At Meeting" includes those physically present and on Zoom

The nature of insurance is inherently volatile – our technical profits can vary from one year to the next. Our results show insurance profit before reinsurance varying from a £1m loss to a £6m profit over the last 8 years.

This year's results include the impact of Storm Eunice, a large weather event on a scale we would expect to occur less than once in ten years, despite climate change. We were able to help hundreds of Members through this event and from a financial perspective it is pleasing that our insurance results were still positive despite the scale of the claims.

Inflation increases the uncertainty in our results and the whole insurance industry is wrestling with this challenge. We are focusing on helping Members insure for the correct amount in the face of increasing valuations and balancing the need for sufficient premium to cover rising costs with the financial demands on Members. We are conscious that farming businesses have faced some of the highest inflation of any sector.

Like any insurance company we use reinsurance to protect our capital from the most extreme events. In our annual report you can see we have reduced the cost of reinsurance; however, while we have built some better seasonal protection into our arrangement, for some events we bear a larger share of losses than we may have done in previous years.

Overall, we have kept the cost of providing an exceptional service down to a competitive level compared to many other insurance companies. Our Members stay with us from one year to the next and this loyalty means we are not paying high costs to win new business. This directly helps us keep premiums under control as does the fact that Members recommendation is the main source of new business.

We monitor our service levels continuously and get independent feedback on how we are doing. All our work points to the Members being well looked after and happy with the service we provide.

Our expense ratio increased modestly this year due to a one-off cost we expect to incur in moving our defined benefit pension scheme off our balance sheet to Legal and General. In a year full of stories about pension scheme risk we are pleased to report we are completing this action and removing entirely a risk that once was considered the largest the company faced.

Finally, investments are another key aspect of our financial performance. We set performance targets and risk management constraints for our investment managers who make the daily investment decisions on our behalf. As we all know the world is a volatile place and in common with other holders of financial investments, we have seen a large loss over the period. While a detractor from our overall financial performance the result is consistent with what we would expect to see from asset portfolios pursuing similar goals to Cornish Mutual.

I would like to thank Members for their continuing support of the organisation. We have seen an increase in the number of people choosing to renew their insurance with us over recent years. This is down to the other group of people who I need to thank which is those who work at Cornish Mutual and put so much effort and consideration into keeping Member interests at the centre of their working days.

Mr Oatey thanked Mr Beaumont for the update.

- 3) The Meeting was asked to receive the Statement of Accounts for the year ended 30 September 2022 and the Report of the Directors and Auditors thereon. The following votes were noted.

	For	Against	Abstain	Total
On-line/Postal	745	3	10	758
At Meeting	5	0	0	5
Total	750	3	10	763

The motion carried.

- 4) Next order of business was to confirm the Directors' Remuneration. The following votes were made and the motion carried.

	For	Against	Abstain	Total
On-line/Postal	710	23	25	758
At Meeting	5	0	0	5
Total	715	23	25	763

- 5) The item to elect Clare Ryder as a Director was withdrawn as Mrs Ryder resigned for personal reasons on 16/03/2023 after ballots went out but before the AGM.
- 6) The final item was to appoint BDO and to authorise the Directors to fix the Auditors' Remuneration. The Members voted as follows and the motion carried.

	For	Against	Abstain	Total
On-line/Postal	738	2	18	758
At Meeting	5	0	0	5
Total	743	2	18	763

- 7) Mr Oatey asked for questions from the floor. Mr Hill asked if the legal changes regarding whiplash injuries had reduced claims and so reduced premiums as Parliament intended. Mr Beaumont said we had seen a reduction in the frequency of claims but that any savings this may have provided would be lost in the mix of other factors, in particular inflation. Our pricing is based on the technical cost of the insurance with a low profit margin to keep the premium for Members as low as we can.

Mr Mahon said we had seen fewer whiplash claims but this was countered by an increase in other injuries that fall outside the whiplash reforms. He said a case was currently going through the high court that could tighten up further on questionable injury claims.

There being no other business or questions, Mr Oatey closed the meeting at 17:18

Date of next the Annual General Meeting is 28 March 2024 at 16:30.