

embrace



National
friendly

Issue 18 | winter 2009

National Friendly members' newsletter

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a mutual
for the
21st
century

Message from the Chief Executive

What a year! By common consent we have been, and are living through, the most testing economic and financial times for over half a century. It has indeed been a considerable challenge for financial services organisations.

However, despite the external conditions, we are on course to have our most significant sales figures in the history of the Society and we remain confident that this trend will continue.

How has this happened? This year we have strengthened our distribution capability and we are making our processes more efficient. We are also developing a high performing, yet customer centric "can do" culture and significantly enhancing our technology and web capabilities. Our vision for the organisation is to create a mutual for the 21st century, one that meets the health, welfare and protection needs of our customers.



In the background, we are working on developing further products and building our profile through PR, sponsorship and attending as many networking events as possible. This year saw the start of our sponsorship of the Bristol Balloon Fiesta, which was a great success and we will certainly be involved in the 2010 Fiesta.

Corporate Social Responsibility is forming a key part of our agenda and we are aiming to strengthen

National Friendly's position in the community as well as 'doing the right thing' as a business. The recent abseil event, when some of our more adventurous people threw themselves down one of the highest buildings in Bristol to raise money for local charities, is a fine example of this. In the near future we will be working with the Prince's Trust, helping people in the local area forge new, positive lives. We also will use the National Friendly Foundation Fund to spearhead initiatives in local communities.

None of the things we have achieved this year would have happened without the drive and determination of everyone who works at National Friendly. For the first time in decades, we are being talked about. We are still small and are working in uncertain economic and competitive times but we have a window of opportunity and that opportunity is now.



The National Friendly website gets a facelift

The National Friendly e-commerce team has been working with digital agency 26 London to build a new website for the Society.

After the rebrand it was felt that a vibrant, more user-friendly website was needed to present our product information in a simple and easy to understand way. The team chose to work with 26 London after a robust selection process. The agency is well established and has

worked with a broad range of businesses, specialising in translating brands from paper to online.

Our new head of e-commerce, Claire Templeton, has been impressed with their processes and by their



ability to deliver complex projects. The new site will have an intuitive navigation system and include useful tools such as premium calculators. It will be more engaging and interactive and will allow online applications for our all products. Those who would still like to speak to someone before applying can request a callback from our dedicated customer

service team. As part of the design process we called upon our newly formed User Panel, which is made up of a selected team of Society members from our Focus Group. The User Panel has been established to ensure that the new website is designed with its users in mind. The Panel was involved at 3 key stages of the design process and gave us feedback on topics such as the imagery, layout and ease of use. Their comments were invaluable and have been incorporated into the final designs. We plan to continue engaging with our members on the website once it has gone live and for future developments.

The aim is to have the new website live by the end of the year.

visit: www.nationalfriendly.co.uk



425 Direct joins the head office team

National Friendly is increasing its workforce by 40%, following the acquisition of local company 425 Direct Ltd, the new name for the telephony arm of independent financial advice company AWD Chase de Vere.

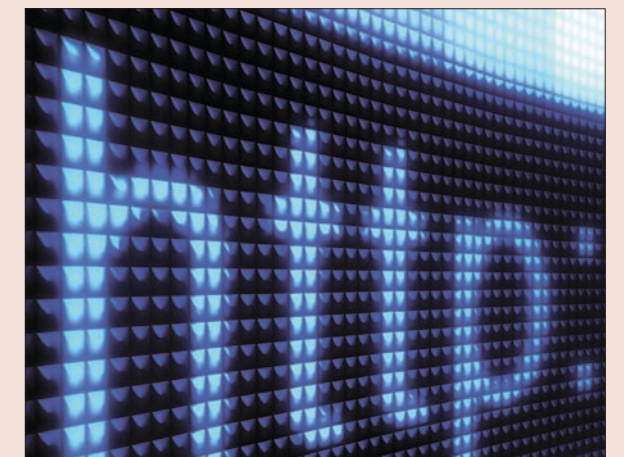
The transfer of ownership will benefit both 425 Direct and National Friendly as AWD Chase de Vere were planning on closing their telephony based operation, which could have left up to 25 people out of work. National Friendly stepped in and we were able to grow our business, whilst providing a stable job for 425 Direct's employees. The 425 Direct workforce relocated to our Clifton headquarters on Monday 5th October. The acquisition is an investment in the future for National Friendly and will create an internal

independent financial advice capacity and increase our ability to deal with direct healthcare business. The move sees 425 Direct become a wholly owned subsidiary company of National Friendly. Under this structure, 425 Direct will continue to offer independent financial advice and the 'compare and buy' market review service it previously provided as part of AWD Chase De Vere. Once established, the team's offering will be provided to all of our members.



Embrace goes digital

As part of our aim to be a more eco-friendly Society this will be the last paper copy of embrace to be automatically sent to all our members. Next year our members' magazine can be requested via email. If you would like to receive an electronic copy instead of a paper one please email members@nationalfriendly.co.uk. Please ensure that you include your full name and your customer reference number. If you do not have access to email and would prefer to be sent a paper copy we will continue to send you a copy in the post.





Newly appointed non-executive directors

This summer we appointed three new non-executive directors to our board. Our non-executive directors play a significant role here at National Friendly; they assist with constructively challenging and enhancing business strategy as well as developing and monitoring the goals for the Society going forward.

Our three new non-executive directors are Alan Lewis, Tracy Morshead and Mark Jackson. Alan Lewis is an experienced and successful venture capitalist. With City and funding experience behind him, he prides himself on being strategically-led, factually-based and proactive. He hopes to bring incisive commercial thinking and drive to his new role.

Tracy Morshead has extensive experience of working with mutual societies. In his previous role as a divisional director at Nationwide, Tracy was a key figure in the Nationwide initiative to establish itself as the UK's leading mutual and brings with him a range of marketing and business development skills.

Successful businessman and medical doctor, Mark Jackson is the CEO of Helphire, the UK market leader in the provision of accident management services. Mark sees National Friendly's values and mutuality as a natural extension of his role within the health service. With experience of working in both business and healthcare sectors, we are looking forward to benefiting from Mark's extensive experience. Commenting on the appointments, chief executive Richard Sear, said: "We are extremely proud to welcome three individuals of such quality and calibre in their respective fields, to our board of directors. With a vast array of financial services and healthcare experience collectively, we look forward to benefiting from their expertise as we develop our vision of a modern mutual."



Tracy Morshead, Mark Jackson and Alan Lewis

The National Friendly member engagement programme

From day one, engaging with and obtaining the views and opinions of our members has been key to National Friendly's development.

For well over 100 years the Society had a divisional structure, with committees based around the country. One member representative from each division was elected onto a delegate board. The board met with senior members of National Friendly staff at least six times a year, at the Bonnington Hotel in London. Over the years the committees gradually closed or were merged and it was felt the delegate board no longer represent the diversity of the Society. Recognising the

importance of retaining a strong member engagement programme, the Society introduced two new communication streams; the Focus Group and the Research Community.

The Focus Group comprises of a cross-section of around 50 members. They are invited to meet with the directors and the Society's management team, as well as completing questionnaires or taking part in surveys by email, phone and post. The Research Community consists of around 400 members of all ages and backgrounds. It provides a non face-to-face platform for National Friendly's members to give feedback on a range of subjects

such as new products, advertising campaigns, product literature, statement information and much more. The Focus Group met for the first time in June this year. The topics discussed were very broad and included the National Friendly Foundation Fund, the use of web based communications and the benefits of direct debit payments.

Members of the Focus Group have also been involved in the development of our new website and their constructive feedback has been very useful in the design process. The e-commerce team would particularly like to thank Mr Peter Keightley for his help with the heritage pages of the new site.



2009 and 2010 annual general meetings



This year's annual general meeting took place on 11th June in the Brunel Suite of the Holiday Inn in Birmingham. This was the first AGM under the new brand name of National Friendly and the first after the delegate and divisional structure was disbanded.

A warm welcome was given to a cross section of the Society's associates, including 41 National Friendly members, and senior management representatives from National Friendly.

The meeting was a positive one with the Society's head of actuarial function stating that new business is forging ahead remarkably well and that despite poor market conditions, the Society still has surplus of capital. The Chairman, Don Burgess, presented a

review of 2008 on behalf of the board. This report echoed that of the actuaries and showed that despite very difficult economic circumstances, our operating results for 2008 had achieved our targets and in some cases exceeded them.

The 137th annual general meeting of the Society will in June 2010.

Every member aged 18 and over is invited to attend and to vote. The following topics will be discussed:

- The Board Report
- The Directors' Remuneration Report
- The Auditor's Report and the Annual Report.

Protect your Occupational Pension

National Friendly have teamed up with UNITE to bring you information on Occupational Pensions.

Set up in the 1930's, UNITE federation is the oldest and largest occupational pensioner organisation in the UK fighting for the rights of all occupational pensioners. On behalf of their 96,000 members, they campaign for increases in the state pension,

improvements to welfare benefits, and a wider provision for long term care. By the end of this financial year, billions of pounds will be left unclaimed by people eligible for a range of entitlements such as Pension Credit, council tax relief, housing benefits, Carers Allowance and Attendance Allowance. It's estimated that 1.7 million pensioners failed to apply for or didn't realise they were entitled to almost £3 billion of Pension Credit.

UNITE is heavily involved in campaigning for a simpler, fairer and affordable care system in this country and is actively campaigning to make the benefits system simpler and more accessible to those in the most need.

UNITE is not linked to Unite the Union.

www.pensioneronline.co.uk

Answers to the Crossword puzzle
ACROSS 1. Ache 3. Helping 8. Tetanus 9. Value 10. Omega 11. Illness 13. Open armed 17. Made new 19. Torso 20. Incus 22. Road hog
DOWN 1. Action 2. Hit record 3. Hospital wards 4. Level 5. Ill 6. Greasy 7. Unease 12. Endorphin 14. Mutual 15. Imbibe 16. Tongue
18. Nasal 21. Cut
23. Extolls 24. Knee

A modern mutual for the 21st century



In May this year National Deposit Friendly Society rebranded as National Friendly. After a prolonged period of research, including focus group sessions with members and non-members, the new name, logo and design style was decided upon and implemented.

Since the Society's conception in 1868 there have been many changes. Originally we were called the Surrey County Benefit Society. This was changed in 1871 to National Deposit Friendly Society to reflect the nationwide ambitions of the Society. The move in direction from healthcare to life insurance and endowment policies in the middle part of the 20th century also was significant.



Thrift logo

The transformation of National Friendly

The original National Deposit Friendly Society logo was a representation of the thrift flower. This was the ideal choice for the Society due to thrift being a fundamental part of insurance. It was used to depict the Society for over 100 years.

One of the main functions of friendly societies, including National Deposit, was to help members fund their healthcare needs and when the NHS was created, friendly society subscriptions fell dramatically.

In order to increase membership after this period of decline, a strong but simple logo that was easily identifiable was needed.



National Deposit logo

In 1966 the thrift flowers were changed to take on a more simplistic graphical form with the new shape representing a family unit as well as the original flowers. The middle symbol represented a mother with her husband and child beside her. The middle stem was joined to the smaller stem to represent the bond between mother and child. The father was seen to be the provider and protector of the family, so the 3rd stem developed into a bold horizontal line to sit below the whole family unit.

So, why the change and why now?

As a friendly society, everything we do is for our members and the re-branding process was no different. The year-long research process highlighted that our brand should be altered to better reflect our outstanding values. We also needed to present our products and services to new customers and with the old name and logo it was getting harder and harder to stand out from the crowd.

Armed with these facts, we set about transforming our image into something that would embody our historical values and keep the Society vibrant and moving forward.

How our past shapes our future

After the research was collated the new name for the Society was announced as National Friendly. The new name was felt to capture the stability, strength, caring and trusting nature that has been ever present within the Society.

The next phase was to create an eye catching, modern logo. We took the idea of a family unit from the old National Deposit logo. As well as representing a family in the traditional sense, it also covered the long held mutual philosophy of a group of people coming together and helping each other.

First proofs

The initial designs were deemed to be too "play school", too abstract, blocky and not hard hitting enough; "National" needed to be the key word in the logo.



Initial designs

Final logo

After analysing the feedback from the first logo proofs, the final design was created. The logo creates stand out, using vibrant colours and the abstract "embrace" image creates a feeling of security and energy. The font size and layout of the words indicates a self-assured confidence from an approachable, member-led organisation.



Our new logo

Design & illustrations

The "brand" of any company is not solely about its logo. A brand should emphasise and reflect a company's values and the emotional and psychological relationship it has with its customers. We wanted to make sure the designs of our literature, from the colours we used, to the fonts, header bars and even down to the paper it was printed on, differentiated ourselves from the

rest of the market, but remained in keeping with our mutual status. We decided to steer away from using photography, and instead have gone down an illustrative route meaning that any visuals will be totally unique and exclusive to National Friendly.



Investment ISA



With-Profits Bond



Healthcare Deposit Account



50+ Plan



Tax-Free Savings Plan

Comments from the focus group and research sessions

“ The word "deposit" in National Deposit indicates savings and this doesn't fit the current product portfolio, let alone future development opportunities. It makes me think of a post office savings account.

The National Deposit logo has an overall feeling of static, it lacks energy.

Friendly doesn't mean anything in a financial sense [to consumers], but does communicate softer values: caring, listening, and accessible.

For brokers, friendly is very similar to mutual in positive connotations: established, trust-worthy etc. National (scale) immediately conveys strength, establishment and fortitude.



Bristol Balloon Fiesta

The Bristol Balloon Fiesta is a key event in the South West's summer festivals calendar and is Europe's largest annual balloon fiesta with half a million visitors attending over 4 days.

For this year's event instead of having one sponsor the cost was spread across 30 companies within Bristol, these companies made up the Bristol Balloon Fiesta 100 Club.

Each sponsor was entered into a prize draw to become one of the event's four main sponsors; National Friendly came fourth and as a result sponsored the Red Arrows' spectacular aerial display on Saturday 8th August. The event was the most successful fiesta in recent years, with record numbers of visitors and glorious sunshine all weekend. Dozens of balloons took to the sky, while thousands of people from the South West watched them pass overhead.

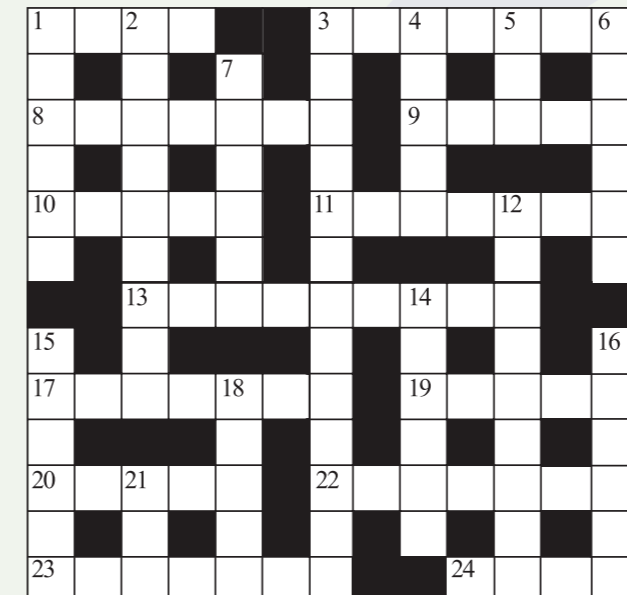
The fantastic weather continued throughout the weekend and when the Red Arrows took to the sky on the Saturday afternoon, their colourful smoke trails looked amazing against a backdrop of clear blue sky.

Speaking at the event our chief executive, Richard Sear, said: "We were very pleased to be involved because the fiesta is an excellent event. We've been in Bristol for more than 25 years and although these are very difficult times, we believe that businesses that can help should be supporting their communities."



Images courtesy of Bristol Balloon Fiestas Ltd.

National Friendly cryptic crossword



ACROSS

1. A revolutionary pain (4)
3. A portion of food would assist (7)
8. Injection of thanks in note for students (7)
9. Appreciate worth (5)
10. Old girl has a Greek letter (5)
11. 5 down in Scotland? (7)
13. Call to free up sea is welcoming (4,5)
17. A hiding place in cat speak is spruced up (4,3)
19. Body is therefore past its peak! (5)
20. Earful of copper in sulphur (5)
22. A pig of a driver (4,3)
23. Praises former rings (7)
24. Potassium sprung from joint (4)

DOWN

1. Court proceeding to get things done (6)
2. What one does to tape No.1? (3,6)
3. Children under health provider becomes provider of health (8,5)
4. No increase for first lady in her fifties (5)
5. Personal promise to poor health (3)
6. Old king relaxed but dirty (6)
7. Peacekeepers slide into agitation (6)
12. Buzz as big fish spins in middle after different directions (9)
14. Shared but without shares! (6)
15. Personally I keep protection against drug I take (6)
16. Language oral (6)
18. Space on side of hooter (5)
21. Share of incision (3)

Answers on page 4

Music Rules Ok!

This September, National Friendly supported the third annual 'Music Rules OK!' event, organised by the South Gloucestershire School's Music Service and the Rotary Club of Bristol Aztec. The event is designed to help children with special educational needs in the South Gloucestershire area.

The fun-packed day involved five specially created musical workshops for the children to get involved with that help to develop their motor skills and co-ordination. In total 65 children from seven local special educational needs schools attended the day.

We're broadening our community involvement projects and, as a company, want to back events that actively support our community. We are extremely proud to be associated with 'Music Rules OK!' and feel that it is incredibly important for children in our local area to be involved in projects like this. Christine Wright,



Teaching & Learning Adviser for Music for the South Gloucestershire Music Service commented "We are extremely grateful to National Friendly for recognising the importance of this event and supporting it in such a generous way."



Donation to the Children's Scrapstore

After the decommissioning of our Bristol print room we were left with around a tonne of ends of line and surplus stock. Rather than throwing the paper into a skip, our marketing operations manager, Brian Peel, decided to donate the paper to the Children's Scrapstore in St Werburghs, Bristol. The Scrapstore collects safe waste from businesses that can be re-used as a low-cost, creative resource by member groups in creative play, care, educational and therapeutic settings. The charity relies on the generosity of



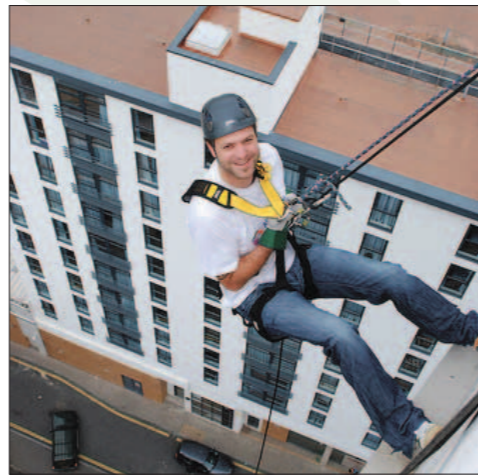
companies like National Friendly donating their unwanted safe, clean waste materials. This is the second time we have donated surplus stock to the Scrapstore and, as a Society, we hope to step-up our involvement with other Bristol-based charities as part of our Corporate Social Responsibility initiative.

National Friendly team challenge abseil

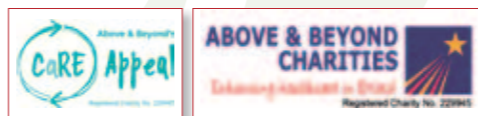
On Saturday 26th September the National Friendly 'Allstars abseil team' successfully completed a sponsored 175 foot descent down the Premier Inn hotel in the centre of Bristol. The fearless team of seven raised in excess of £1000 for the Bristol-based charity Above & Beyond's CaRE Appeal (Chemotherapy and Radiotherapy Environment) and this amount will be matched by National Friendly.



Alun Thomas, Chris Meier, Jacqui Ncube and Yannis Baltos



Rob Osman



Above & Beyond is a charity that raises money for cancer patients in Bristol, funding projects that touch the lives of thousands of people. With 1 in 3 diagnosed with cancer at some point in their lifetime, the disease affects many families in some way. The Bristol Haematology and Oncology Centre (BHOC) opened in 1971 and cares for over 6,500 individuals diagnosed with cancer every year, with up to 1,000 visitors passing through the Centre each day. Above & Beyond's CaRE Appeal has pledged £1.6 million to transform the patient and visitor experience at the BHOC.

National Friendly helps Gloucestershire cricketers Lewis and Kirby to teach future sport stars



Jon Lewis teaching bowling technique



Chris Meier, Steve Kirby, Alan Gledhill & Jon Lewis

Gloucestershire cricket stars Jon Lewis and Steve Kirby have teamed up to help develop young cricketing talent by sharing their skills and passion for the game with the next generation of sporting hopefuls. The former England seam bowlers, who took more than 100 first-class wickets between them last season, intend to pass on their experiences and knowledge to youngsters through a series of sessions aimed at promoting cricket and helping the youngsters gain confidence and feel good about their technique.

Lewis and Kirby's scheme has benefited from the backing and sponsorship of National Friendly who will be subsidising the courses for the next three years. There are a lot of children in

the Gloucestershire area that want to play the game, but don't have the opportunity. National Friendly and Kirby and Lewis want to change that by reducing the costs for all course places. Alan Gledhill, sales and marketing director at National Friendly, said: "As a Bristol-based company, we are committed to supporting local initiatives and we recognised the benefits the KirbyLewis Cricket coaching courses will bring to children in the Gloucestershire area. The courses are a fantastic way for children to learn more about cricket, under the guidance and training of experts in the sport. We are delighted to be able to provide the funding in order to make this happen."

For more information please visit www.kirbylewiscricket.co.uk.





Our award winning Healthcare Deposit Account is evolving

Due to the success of our Healthcare Deposit Account, National Friendly has evolved the plan to provide even more peace of mind for new members.

We have simplified the application process so new members each have their own individual policy with their own personal deposit account and top-up. There is now a range of top-up options, so for a higher monthly top-up premium new members can have more top-up

cover, providing additional re-assurance in the first 10 years.

We have extended the maximum age of entry up to 70, and introduced child policies, where up to five children can be covered on one account, sharing a top-up or each child could have a separate plan with individual cover and top-up.

For more information please visit www.nationalfriendly.co.uk/healthcare



Encouragement for investors

In the Budget earlier this year, the government announced that the limit that can be invested in an Investment ISA will increase to £10,200 for investors in the tax year 2010-11.

The first significant increase for many years, this enables investors to take advantage of a large increase in their tax-free savings and investment limit. Even better,

for those people who reach the age of 50 before the start of the new tax year, their allowance was raised on the 6th October 2009 – a full 6 months early!

National Friendly has consequently raised our allowances for the over 50s from the 6th October to enable our Investment ISA holders to invest their full entitlement of £10,200. For more information please visit www.nationalfriendly.co.uk/isa

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INVESTOR IN PEOPLE