

Frequently asked questions

These questions and answers are intended only as a guide and should be read together with the rest of this document including the Key facts of the Transfer set out on pages 6 to 9.

- 1. How do I vote?** You can vote by attending the meeting on the 20 November 2024 at The Holy Name of Mary Parish Hall, The Avenue, Middlesbrough, TS5 6QT starting at 7pm or you can vote by using the Proxy Form enclosed with this information pack. This proxy form can be posted with the prepaid envelope or can be handed to your agent. (A proxy vote is a ballot cast by a person who can't attend the meeting where the vote is being held. This means Tees Mutual members do not need to physically attend the meeting and can appoint someone else to vote in their place. A person designated as a proxy will cast a proxy vote in line with the member's directions as written on their proxy voting card or will vote at their own discretion if the member prefers not to specify how they should vote.
- 2. What are the key features and advantages of the proposal?** Please refer to the reports from the Chair and Chief Executive of Tees Mutual and Chief Executive of Oddfellows in this document. Please also see the key facts section. Your agent has received training on the terms of the transfer and can provide factual answers but is unable to offer you any advice.
- 3. When will the proposed Transfer be effective?** If the relevant resolution is passed at the Tees Mutual Annual General Meeting on 20 November 2024 and the PRA confirms the Transfer, it is expected that the Transfer will become effective at 11:59pm on 28 February 2025.
- 4. What is the purpose of the proposed rule amendment?** The rule amendment will convert Tees Mutual's with-profit policies to non-profit so that they will no longer qualify for variable bonuses dependent on the surpluses generated by Tees Mutual. Instead, if the Transfer goes ahead, policies will benefit from the fixed bonus that Oddfellows has agreed to pay.
- 5. What will happen to my policy when the proposed Transfer becomes effective?** On the Effective Date, the policy will become insured and administered by Oddfellows. You will pay premiums to Oddfellows instead of to Tees Mutual and Oddfellows will pay claims under your policy in place of Tees Mutual. Policies will become entitled to receive the fixed bonuses as set out earlier in this document.
- 6. How will my interests be protected?** Oddfellows will be bound by the provisions of the Transfer set out in a transfer agreement, which contains specific provisions protecting the interests of transferring members. The sum assured and any bonuses that have accrued on your policies will be paid out on either death or maturity with a minimum payout for endowment policies of 105% of the premiums you have paid. Members are also protected by the Financial Services Compensation Scheme and have access to the Financial Ombudsman Service, both of which will continue to apply if a transfer is successful.
- 7. Will the proposed Transfer have any adverse effect on my policy?** Generally, no. However, the fixed final bonus offered by Oddfellows is lower than the final bonuses currently paid by Tees Mutual on maturity (or the death of the life assured) under its endowment policies. There is no guarantee that Tees Mutual would be able to pay final bonuses at these levels in the future and in fact its current financial position means it is most unlikely to be able to do so, whereas the fixed bonuses offered by Oddfellows are guaranteed. Oddfellows is also offering holders of endowment policies the certainty of getting back the full amount of the premiums they have paid if they surrender their policies early and at least the full amount of the premiums they have paid plus a 5% uplift if the policy is held to maturity. Furthermore, for with-profits policies the sum assured and annual bonuses already added to the policy will be protected on transfer. With-profits policies will not qualify for any future variable bonus but will qualify instead for the fixed bonuses that Oddfellows has agreed to pay. The terms and conditions of Free Paid-up non-profit policies will not be affected by the transfer. In addition, the Appropriate Actuary of Tees Mutual has concluded that Oddfellows is a significantly larger society with comfortable levels of free assets and therefore the financial security of members would not be adversely affected by the Transfer.
- 8. Is the Transfer subject to any conditions?** Yes, the principal conditions are that the Transfer will not go ahead unless members approve it by a special resolution and also approve the rule amendments at the Tees Mutual AGM on 20 November 2024. The Transfer is also conditional on confirmation by the PRA, which will need to be satisfied that various provisions of the Friendly Societies Act have been complied with.

9. **What if I don't like the proposal?** If you believe that you will be adversely affected by the proposal, we encourage you to contact Tees Mutual to discuss your concerns. Please contact your usual agent in the first instance. Alternative contact details are: email info@TeesMutual.co.uk; write to us at 1-3 Kensington Road, Middlesbrough, TS5 6AL; or call us on 01642 855199. We also encourage you to vote on the resolutions to be proposed at the Annual General Meeting on 20 November 2024. If the Resolution passes, you will be entitled to make representations either in writing or orally to the PRA before it decides on whether to confirm the Transfer. The deadline and instructions for making representations and date of any PRA hearing will be notified in advance.
10. **If the Resolution passes and I don't want to transfer to Oddfellows, can I cancel my policy?** Yes, you can contact your agent or the office and request a surrender. Tees Mutual will provide you with a summary of how your surrender value has been calculated and this will also inform you of the loss of death cover if you proceed with the surrender and show a comparison between the value of the premiums you have paid in and the surrender value due. Please be aware that you may receive less than you have paid in on your policy if you surrender it before the effective date of the transfer.
11. **How can I find out more information about Oddfellows?** Please visit <https://www.oddfellows.co.uk>
12. **How will I contact Oddfellows if the Transfer goes ahead?** Please see the Key Facts section which refers to the transition period and the service options available to members. During the transition period of at least 12 months you can continue to contact the Tees Mutual office in Middlesbrough after which you will need to contact Oddfellows, although a Tees Mutual Customer Care Manager will also be based in the North-East. You can contact Oddfellows by post at: The Oddfellows, Oddfellows House, 184-186 Deansgate, Manchester, M3 3WB, by email at info@oddfellows.co.uk or by telephone on 0800 028 1810.
13. **Will I become a member of Oddfellows if the transfer goes ahead?** If the transfer is agreed Tees Mutual members will cease to be members of Tees Mutual and will become Benefit members of Oddfellows Friendly Society. Oddfellows will contact all Tees Mutual members with details regarding their Fraternal membership.
14. **Is Tees Mutual proposing to compensate me for the loss of my membership rights in Tees Mutual?** Tees Mutual's residual capital reserves will transfer to Oddfellows along with all liabilities. This is to support the Tees Mutual policies going forward and is part of what allows Oddfellows to offer the bonus structure set out earlier in this document. Financial compensation in the form of a token payment to Members is not the intended purpose of the Society. This would also be extremely short term, and not enable the long-term security of Members.
15. **I have questions that need answering before I can make my decision, but which are not answered here.** If you have questions that need answering before you can make your decision, but which we haven't answered here, please contact Tees Mutual by post, email or telephone. By post: 1-3 Kensington Road, Middlesbrough, TS5 6AL. Email: info@teesmutual.co.uk or telephone: 01642 855199.
16. **Are there any tax implications for me regarding this transfer?** There will be no difference before or after the transfer in how your policy is treated for tax purposes.
17. **What will be the effect on my membership rights?** You will cease to be a member of Tees Mutual but will become a 'Benefit Member' (under their Rule 4 (3)(a)) of the Oddfellows instead. Oddfellows organises its membership differently from Tees Mutual. Instead of members having the right to attend and vote at AGMs and other general meetings, members of Oddfellows appoint deputies who attend and vote at an annual conference. Benefit Members of the Oddfellows whose policies form part of Oddfellows non-profit fund (which will include former Tees Mutual members) have the right to appoint one such deputy for each 500 members whose policies are insured in that fund. The Oddfellows has another category of members known as 'Oddfellows Members' (sometimes also referred to a "fraternal members") who pay an annual subscription and can participate in the social activities of an Oddfellows Branch as well as enjoying various other benefits. Former Tees Mutual members who wish to become Oddfellows Members will be able to pay a reduced subscription of £10 for their first year of membership if they join within the first six months after the effective date of the Transfer.

Glossary

Actuary. Actuaries work with insurers like Tees Mutual and Oddfellows, to help them forecast long-term financial costs and investment risks.

Annual bonus. This is a bonus based on the sum assured of a with-profits policy. If your sum assured is £1000 and the annual bonus is 1% you get a £10 bonus added to your sum assured. This is guaranteed and paid at claim or maturity in addition to the sum assured.

The Board. Board members are elected each year at the AGM to manage the society on behalf of the members.

Direct Debit. An automated payment method that people use to pay for things like household bills.

Financial Conduct Authority (FCA). The Financial Conduct Authority is the conduct regulator for around 50,000 financial services firms.

Fiduciary Duty. A fiduciary duty is the legal responsibility to act solely in the best interest of another party.

Friendly Society. Is a mutual organisation or benefit society composed of a body of people who join for a common financial or social purpose.

Oddfellows Friendly Society or Oddfellows. The Oddfellows is the trading name of The Independent Order of Odd Fellows Manchester Unity Friendly Society Limited, which is incorporated and registered in England and Wales under the no. 223, with its registered office at 184-186 Deansgate, Manchester M3 3WB. Oddfellows is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, registration No. 109995, Please visit their website to find out more about Oddfellows <https://www.oddfellows.co.uk/about/>

Prudential Regulation Authority (PRA). The PRA supervises around 1,500 financial institutions including banks and insurers.

Proxy Vote. A proxy vote is by means for a person to participate in a vote even if they themselves can't attend the meeting where the vote is being held. This means Tees Mutual members do not need to physically attend the meeting and can appoint someone else to vote in their place. A person designated as a proxy will cast a proxy vote in line with the members directions as written on their proxy voting card (or, if the member prefers, the proxy can be directed to vote at their discretion).

Runoff. When a society closes to new business and continues until the last policyholder has been paid out.

Tees Mutual. Tees Mutual is a trading name of The Kensington Friendly Collecting Society Limited (KFCSL) which is incorporated and registered in England and Wales under the no. 79COLL, with its registered office at 1 Kensington Road, Middlesbrough TS5 6AL. KFCSL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. KFCSL's Financial Services Register number is 110058.

Terminal bonus. This is a bonus based on your sum assured and is paid when a policy matures or is claimed on. If your sum assured is £1000 you will receive £100 as an extra bonus on claim or maturity.

Transfer of engagements. A transfer of engagements involves the transfer of a society's business to another society.

With-profits. A type of insurance policy where the eventual payout will vary depending on the surpluses generated by Tees Mutual and the bonuses it is able to declare. Most of Tees Mutual's policies are with-profits policies.