



8 August, 2025

Dear Member,

This letter and its enclosures are important. They have been sent to you because you have an insurance policy with Bus Employees' Friendly Society and are a member of the Society.

The Society's Committee of Management is recommending that the Society is dissolved. This will mean that you will receive a share of the Society's assets but the Society will stop insuring you and you will need to consider whether to take out a replacement policy with another provider.

Because the Society is a mutual organisation the final decision to dissolve will be taken by the members of the Society and a Special General Meeting of members has been arranged at 11am on Friday, 19th September at Redhill Methodist Church, Gloucester Road, Redhill, RH1 1BP to take that decision. If you cannot attend the meeting in person, you will be able to appoint somebody else to attend in your place and to vote on your behalf. Further details on how to do this are set out in this letter and the enclosed documents.

This letter and the enclosures also explain the reasons that have led to the Committee's recommendation as well as the Committee's proposals on how to divide the Society's assets among its members and to compensate any members who are claiming sickness benefit when the decision is taken to dissolve the Society.

Please read these documents carefully. You will need to decide:

- **whether to attend the meeting on 19th September**
- **if you cannot attend, whether to appoint someone else to attend and vote for you - the Committee strongly recommends that you do this if you cannot attend personally**
- **whether you need a replacement insurance policy – please read Question 8 in the attached Frequently Asked Questions for more information about this.**

If you have any questions, please contact the Society by emailing befs@supanet.com, calling 01737 226060 or 07988 224864 or writing to First Floor, 80 Coombe Road, New Malden, Surrey KT3 4QS.

First Floor, 80 Coombe Road, New Malden, Surrey, KT3 4QS
Telephone: 01737 226060 Email: befs@supanet.com Website: www.busemployees.com

Registered under the Friendly Societies Act 1974 – Reg No 1132F
Authorised by the Prudential Regulation Authority & Regulated by the Financial Conduct Authority & the Prudential Regulation Authority



This decision to recommend dissolution has not been taken lightly. Over recent years, our Society has experienced a steady decline in member numbers and increasing difficulty in covering costs. This situation, which already had put the Society's future in severe jeopardy was exacerbated by an unfortunate investment decision during 2024.

In an effort to improve the Society's long-term prospects, the Chief Executive made an investment decision intended to increase returns and support the Society's future stability. This decision did not follow the Society's internal governance procedures and did not involve consultation with the Committee of Management.

Unfortunately, the investment has not yet produced any return. Recognising the impact of this, the Chief Executive has undertaken to repay from his own pocket the full amount invested, £133,610 along with a sum equivalent to the interest the Society would have earned had the funds remained untouched, £3,500, meaning a total repayment of £137,110. He has already repaid £75,000 and is making arrangements to repay the remaining £62,110 by the end of August.

Whilst the above situation was undesirable, it is not the main driver of the proposed dissolution. There is considerable investment that would be required to improve the operations and governance of the Society to meet regulatory expectations and the Society is currently unable to meet its capital requirements as required by regulation. As a result of all these developments, we no longer have the scale or financial resources to continue operating in a viable way and the Committee and the Society's professional advisers are unanimously of the opinion that it is in the best interest of members that the Society is dissolved. This is also the only practicable way forward.

We are now at a point where the Society will be financially insolvent if it carries on its insurance business, which could lead to more serious consequences if not addressed proactively. However, by ceasing the insurance business and winding the society up we are able to liquidate the Society's reserves and distribute them as payments to members.

To ensure we meet our obligations to members and creditors in an orderly and responsible manner, we are proposing a formal legal winding-up. This will mean that the Society will no longer provide insurance cover to its members. Members should consider whether they need to obtain alternative cover from another insurance provider. The Society is unable to advise on an individual case by case basis which provider may be most suited to your needs.

After the Society is dissolved members will receive a share of the Society's assets. The Society's rules require the assets to be distributed in just and equitable proportions decided by the Committee on the advice of Society's appropriate actuary. The Society has issued both savings products (its Provident and its Retirement Savings policies) and protection products (its Sickness and Term Assurance policies). Savings products are investments that are designed to produce a return to the investor at a future date and are fundamentally different from protection products which are designed only to pay out if an event occurs (eg sickness, injury or death before a certain age). On winding up, the Society will be able to make payments to members holding savings products based on the value of their policies (as assessed on the recommendation of the Society's appropriate actuary).

This value will vary depending on when the policy was first taken out, the member's age and the level of premiums paid.



Since sickness policies do not have a readily assessable value and the value of term assurance policies is very low, the Committee of Management is proposing to distribute the remaining assets equally among holders of sickness policies (who form the bulk of the membership) in recognition of the disruption and inconvenience the winding up will cause them with a small additional payment for term assurance policyholders.

The actuary has provided a summary of his advice to the committee, which is enclosed with this letter. The proposed distribution can be shown as a table as follows:

| Policy type | Expected Share of Distribution of the Society's Assets | Likely Amount |
|--------------------|---|--|
| Provident | Value of future benefits less future premiums | £364 - £1,142 with an average of £681. In addition, there is one member who holds five units of provident cover who will receive £2,069 |
| Retirement Savings | Value of future benefits less future premiums | £1,100 or £2,100 |
| Term Assurance | One year's premiums | £52 |
| Sickness | An equal share of the remaining assets after paying the Provident, Retirement Savings and Term Assurance policyholders and adding back any unspent monies from the hardship fund referred to below. | Approximately £205. This will reduce to approximately £90 if the CEO fails to repay the remaining part of the investment losses as he has promised to do. However, in either case the actual amount will depend on costs incurred between now and the date of dissolution, which the Committee will endeavour to minimise. |

The distribution will be cumulative: for example, if a member has a provident policy and a sickness policy they will receive the value of future benefits less future premiums on their provident policy **plus** an equal share of the remaining assets. Nearly all the members holding term assurance policies also have sickness policies and so will all receive their share of the remaining assets **plus** £52 for their term assurance policy.

The Committee is reasonably confident of being able to make the distributions to provident and retirement savings policyholders set out above but the balancing payment to sickness policyholders will depend on a number of factors and is the Committee's best estimate at the present time.



We expect to be able to make the payments after completion of all legal formalities in February 2026. The easiest and quickest way to receive your payment will be directly into your bank account by BACS transfer and if you would like to receive payment in this way, please email befs@supanet.com with your account name, sort code and bank account number or send them by post to the Society at First Floor, 80 Coombe Road, New Malden, Surrey KT3 4QS. We may already have your bank details (because you pay your subscriptions by direct debit or have made a recent claim), in which case we will automatically pay you by BACS unless you ask us not to. However, even in these cases we will not always have all your bank details and to be certain of receiving your payment directly into your bank account, please do email or post them to us. Otherwise, payment will be sent by cheque to your registered address.

To proceed, we need your approval at a Special General Meeting (SGM), which will be held immediately before the Society's AGM. The meetings will be held:

Date: 19th September 2025

Time: 11am

Location: Redhill Methodist Church, Gloucester Road, Redhill, RH1 1BP.

Members can also attend the meeting online and can obtain online joining instructions by emailing befs@supanet.com.

At this meeting, members will be asked to vote on an "Instrument of Dissolution", which is the formal document to wind up the Society. This will be proposed as a special resolution for which at least 75% of the members voting must vote in favour in order for the resolution to be passed. A copy of the formal notice of the SGM is enclosed with this letter and a copy of the draft Instrument of Dissolution is available on the Society's website at <https://www.busemployees.com/news.html> and also is available as a paper copy upon request.

Members will also be asked to vote at the SGM on some further amendments to BEFS's rules to facilitate the dissolution. These are also available to be viewed on the Society's website at <https://www.busemployees.com/news.html> and are summarised in the schedule of frequently asked questions that is also enclosed with this letter. They include the ability to donate any unclaimed monies to charity once members who have been paid by cheque have had a 3 month window during which to cash in or bank their cheque.

Some members may have claims in payment at the date of the SGM. In preparation for the winding-up of the Society, the Committee is proposing that it will stop paying claims from the date of the SGM. Instead, the Committee is proposing to pay compensation to those members for the lost right to claim. This will be based on their weekly entitlement to benefit multiplied by a factor of 7.7, which represents the average remaining period of claim (as extracted from the Society's claims records).

In addition, it is proposed that £10,000 is put aside as a hardship fund after the SGM. The Committee recognises that the dissolution of the Society may cause particular hardship to particular members, including members in vulnerable circumstances.



The Committee and the Trustees will consider individual cases where members are in particular distress and the hardship fund will be available to make extra payments to such members. Any monies remaining in this fund at the conclusion of a period of three months from the date of the legal dissolution of the Society will be added back to the amount available for distribution to sickness members.

You will only be able to apply to the hardship fund once the SGM has taken place and we will let you know how to apply when we write to you with the result of the SGM in September.

It is possible that some members' subscriptions to the Society may continue to be paid by their employers by payroll deduction and members who pay by standing order may not be able to cancel the standing order in the period between the SGM and the date on which the next standing order payment is made. The Society will reimburse members for any subscriptions it receives after the decision to dissolve is taken at the SGM, whether through payroll deduction or otherwise.

The schedule of frequently asked questions is attached to this letter together with a summary of the appropriate actuary's recommendations and a glossary to explain some of the more technical terms we have used. Paper copies of the draft Instrument of Dissolution and the proposed rule changes are available upon request as well as being available on the Society's website at <https://www.busemployees.com/news.html> If you have further questions, please do email us at befs@supanet.com or call us on 01737 226060 or 07988 224864.

We understand that this news may be disappointing, but it is our strong view that winding up now – in a planned and legal manner – is the best way to protect all members' interests.

Please attend the meeting if you can. If you're unable to attend, you can appoint the chair of the meeting or another person of your choice to attend the meeting and vote on your behalf as your proxy. You can also tell your proxy how you want them to vote or you can leave it up to them to decide.

The Committee of Management strongly advises that you vote in favour of dissolution and the proposed rule changes

We remain committed to transparency, accountability, and ensuring the best outcomes for our members throughout this process.

Thank you for your understanding and continued support.

Sincerely,

Christopher J Sullivan

Chair