

THE FRIENDLY ADVENTURE

1862 – 2012

THE FRIENDLY ADVENTURE

*The Story of
Scottish Friendly Assurance Society's
One Hundred and Fifty Years*

BY
JACK HOUSE and ALLAN LAING



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The Friendly Adventure

Part 1

1862-1962

by
Jack House

I

The First Ten Years

1862 to 1872

The City of Glasgow Friendly Society, which, in spite of its name, covers the whole of Britain, started 100 years ago. It is, of course, a life assurance society, but the ‘Friendly’ part of its title was very important then. We keep talking glibly of the ‘Good Old Days’, but a hundred years ago they were anything but good for the ordinary working man — that’s to say, if he *was* actually working.

A ‘Friendly’ Society meant that it was an organisation looking after people who were often friendless. Indeed, one of the few sure ways to get friends was to join such a society. And there was another sense in which ‘friendly’ was used. A hundred years ago there was little contact between employers and employees, and many of the employees felt that a Friendly Society might not only insure them but even act on their behalf in negotiations with their employers.

Fortunately, the Trades Unions were soon recognised as negotiating bodies and the Friendly Societies and similar organisations were never forced into any political situation — at least, political situation in the sense of acting for employees with employers. There were other political situations later on, and we shall come to them later.

The City of Glasgow Friendly Society started as a breakaway movement from that very illustrious body, the Royal Liver Friendly Society, whose headquarters were (and still are) in Liverpool. In 1862 the Royal Liver was paying the penalty of too much success. The Society had spread its tentacles (if you can use that word of a bird, even a mythological bird) over the entire country. In 1861 there was a break-away in London, when two young men in the employment of the Royal Liver decided to found a new society, the Royal London Life Insurance and Benefit Society.

In 1862 there was a break-away in Glasgow. Some of the members and collectors of the Royal Liver felt that they were too far away from the head office in Liverpool. There was also, perhaps, a feeling that, after all, Glasgow was a bigger city than Liverpool, and why should orders be

transmitted from the lesser place? At any rate, a number of discontented members called a meeting.

And here is an excerpt from the very first Minute of the City of Glasgow Friendly Society. It took place in the Bell Hotel, 68 Trongate, on September 16th 1862.

‘Met the promoters of the City of Glasgow Friendly Society,’ it states. ‘Mr. James Logan on being called to the chair, stated that the object of the meeting was to establish a purely Scottish Friendly Society, as it was well known that the rights and privileges (*sic*) of the Scottish Members have been consistently ignored.’

The name of the Royal Liver Society was never mentioned, presumably because those present didn’t need to be told.

The Minute went on, Mr. John Stewart moved and Mr. William Jack seconded the first resolution — “Resolved that we take steps to form a Society to be called the City of Glasgow Friendly Society”, which, after some discussion, we, unanimously agreed to.’

The first committee was formed. It consisted of seven men — James Logan as chairman; John Stewart as secretary; and James Semple, William Jack, David Black, James Wilson, and William Roche. You couldn’t tell from that Minute, but the fact is that the real founder of the City of Glasgow Friendly Society was the first secretary, John Stewart. He had held an important position with the Royal Liver and, seeing that all was not well between headquarters in Liverpool and administration in Glasgow, had put forward certain reforms. When they were turned down, he felt that Scotland must have a Friendly Society of her own, and there was no thought at first that the City of Glasgow Society should operate outside Scotland at all.

Incidentally, every single reform which John Stewart suggested was later conceded. And perhaps I should stress at this point that the City of Glasgow Friendly Society and the Royal Liver Friendly Society are every bit as friendly to-day as their names suggest.

But the City of Glasgow Society would probably have never got going if it had not been for the guarantee of a fund of £1,500 by John Stewart. The Scots have always been the greatest critic of the Scots, and there were plenty of Glaswegians who prophesied dire failure for the City of Glasgow Friendly Society right away.

In September, 1862, the Royal Liver had two offices in Glasgow, quite

near each other. One was in Madiera Court, Argyle Street, and the other at 30 Hope Street. The newly-born City of Glasgow Society chose a strategic site just between them — at 16 Hope Street. Since most of the collectors of the new society had worked for the Royal Liver, there was a certain amount of business transferred and, after a few months, people who called at 16 Hope Street were amazed at the huge piles of Royal Liver Contribution Cards lying on the counter of the City of Glasgow Office.

But, if you look at the Society's first cash book, the situation doesn't look too promising. This is the list of expenses for the first week of the City of Glasgow Friendly Society.

Preliminary Expenses	£4	14s	9d
Office Furniture			17s
Postage and Stationary		1s	4½d
Advocate	£2	2s	
Travelling Expenses to Gourock		4s	
Advertising in Penny Post		1s	6d
Stationary, Stamps etc.		3s	7d
Ink Bottle, Books, Stamps, etc.		1s	11½d
Joiner, to account	£3		
Stamps			7d
Salary, W.Savage		15s	

That adds up to £12 1s 9d, and was shown as 'Balance due Treasurer', who was, of course, John Stewart. These expenses are rather heavy because that was the opening of the office. The second week's expenses amounted to £2 18s 2d, and for the third, £2 6s 4d. But this last included an entry — 'Death Book, 15s', which was the first payment for an insurance. Incidentally, the third week's expenses also included 3s to a bill-poster, for a purpose I shall come to in a moment.

It wasn't until the sixth week of the Society's existence that any money came in. It is itemised as 'Nett collection, 6s 1d'. In the following week there is 'Balance paid Treasurer, 13s 6d'. In fact, John Stewart laid out £33 16s 3½d in expenses and insurance payments before he got that 13s 6d back.

The bill-poster got his three bob for posting advertisements for a meeting to be held on Friday, October 10th, 1862, in Nelson Street

Chapel. It was described as a 'Meeting of the general public and specially addressed to the members of the Liver Society'. This meeting was a decided success and was the popular start of the Society.

By December 22nd, 1862, the committee were able to announce, 'Carried that Mr. Stewart, in consideration of his having furnished a Guarantee Fund and wrought conscientiously for the Society, he be established as the permanent secretary of the Society so long as he acts honestly.'

John Stewart's salary was also established — £1 4s weekly, plus a commission of five per cent. on all collections above £10 weekly. Wages were very small 100 years ago. In March, 1863, it was minuted that the district agents' wages were not to exceed 6s per week, 'plus ordinary rate of commission'.

One of John Stewart's great principles was that a Friendly Society should be truly democratic. The first City of Glasgow rules had provisions a good deal beyond those of any other Society at that time. Mr. Stewart believed that members of a Society should have their claims promptly met, and he was insistent that members should have a voice in the affairs of the Society. Some rival insurance offices did not like the City of Glasgow's propositions a bit, and there was strong opposition to it in Glasgow and elsewhere in Scotland.

However, during the first nine months of the Society's existence, branches were opened in Aberdeen, Edinburgh, Bathgate and Perth. As far as I can discover, it's never been settled whether Aberdeen or Edinburgh was the first branch to be formed outside Glasgow. Both branches were run by expert agents, and it's typical of the standard of man who worked for the City of Glasgow at the start that the Aberdeen agent, David Johnston (formerly a Royal Liver man), got his agency firmly established and then was able to take medical classes at Aberdeen University. When he qualified, he gave up the Society's work and practised as Dr. David Johnston.

At the end of these nine months the Society decided that they should show their strength. They issued a report and a Balance Sheet for the period from September 27th, 1862, to July 4th, 1863. This report showed that, after meeting all liabilities, the City of Glasgow Friendly Society had cash in hand amounting to more than £100. Some 114 funeral claims had been paid, totalling £230 19s 9d. The report summed it all up by

stating proudly that the results showed that Scotsmen could manage an Insurance Society as well as Englishmen.

John Stewart, you may recollect, started as secretary, and then was appointed treasurer, but already he was being referred to in various Minutes and reports as manager. A new secretary had been appointed but, in September, 1863, it was discovered that he was 'consorting with agents and collectors' of another Society. He was locked up by the Glasgow police, but bailed out by agents of this other Society, and even defended by the other Society's law agent. This was real cloak-and-dagger stuff, and it was revealed in January, 1864, that secret moves had been discovered to attempt an amalgamation between the City of Glasgow Society and another Society.

Needless to say, the secretary was dismissed, but at the second annual general meeting of the City of Glasgow Mr. John Smith, moving the adoption of the report, was constrained to say that the success of the Society, great though it had been, and certainly unparalleled in the history of Friendly Societies, would have been greater still had it not been for the false statements propagated by opposition Societies. 'These Societies,' said Mr. Smith bluntly, 'are jealous of the City of Glasgow Society.'

By now the Society was in such a prosperous condition that John Stewart's guarantee of £1,500 could be withdrawn.

A good example of the democratic nature of the Society was shown when certain alterations were proposed in the rules at the end of 1864. Members of the Board visited each district where the Society had an agent. A meeting was held and the members invited to hear the new rules explained. Meetings took place in Paisley, Kilmarnock, Dumbarton, Hamilton, Bathgate, Edinburgh, Perth, Dundee and Aberdeen, and it was reported that everywhere the members of the Board were 'most cordially received.'

In that same year the Society's first Soiree was held, but there are no details of the programme. However, the Second Annual Soiree was held in the City Hall on St. Andrew's Night, 1865. (The first was held in the Trades Hall, but it was too small for the Society's second venture.) Tickets were 1s for adults and 6d for children, and for this the audience got a bag of teabread and fruit, a concert and seven speeches on the subject of the City of Glasgow Friendly Society.

By this time, with the Society a success, wages for the employees had gone up slightly. John Stewart was now getting £3 a week, a free house, and £2 10s per quarter 'to meet extraordinary expenses.' He also had his commission on all collections. The secretary who had taken the place of the conniving one was paid 15s a week. The President of the Board had £5 per annum, and members of the Board £2 10s.

In 1866 the Society opened new agencies in Belfast, Sunderland, Troon, Kirriemuir, Kilsyth and Kirkwall. So great was the success of the City of Glasgow that another insurance society proposed a 'take-over bid'. They offered John Stewart £400 a year — a great salary in 1866 — to become their manager and bring over the whole City of Glasgow to them. John Stewart turned the offer down. The Board kept his salary at £3 a week, but in gratitude they gave him an additional 1¼ per cent. on the net collections.

By 1867 the Society was opening new branches in Manchester, Leeds, Dalry, Blairgowrie and Kilwinning, and the office in Hope Street was proving hopelessly small. They flitted to 184 Buchanan Street and put up a couple of signboards outside the new office to attract the public. John Stewart was now known officially as the manager of the Society. It was as well that the Society had such a percipient man in charge of its affairs. He saw that, in spite of the attempts by other Societies to harm the City of Glasgow's business, the time was coming when Societies must unite to meet attacks from outside.

The British Government had, for some years now, been suspicious of the growing life insurance movement. It was said that some Companies and Societies were almost bankrupt, that insuring the lives of young children was dangerous because of the temptation of their parent or guardians to kill the child and collect the money, that poor people were persuaded by fast-talking collectors into paying premiums they could not really afford, and that the costs of administration were too high. In this case, the system of house collection was blamed.

In 1868 Lord Lichfield introduced a Bill restricting the insurance of children and urging some other changes in the life insurance business. The Royal Liver led the opposition, and for the first time a meeting of various Societies was held in Glasgow to discuss what should be done. The City of Glasgow Friendly Society sent its president, James Wilson; Henry Wright, a director; John Stewart, manager; and John Wilson,

secretary. However, the Government proposed a Royal Commission on the subject, and Lord Lichfield withdrew his Bill.

The 'get together' of the Societies on this occasion was continued that July when four organisations considered proposals 'to put a stop to the transferring of each other's members'. The big four were the Royal Liver Friendly Society, the Scottish Legal Burial and Loan Society, the Reform Friendly Assurance and Loan Society, and the City of Glasgow Friendly Society.

But these signs of peace were soon upset by internecine warfare. The secretary led a revolt against John Stewart and the Board was split. Matters came to a head at the annual general meeting in the Bell Hotel on September 2nd, 1868. This meeting was officially described as 'turbulent' and the president, James Wilson, was threatened with personal violence. He thereupon declared the meeting closed and, with John Stewart, walked out. Some other members of the Board, with the secretary, carried the meeting on.

According to this meeting, John Stewart was 'suspended'. But he did not regard himself as suspended and when the Board of Management (as they called themselves) turned up for a meeting at 184 Buchanan Street, they found the door locked. These were stirring times.

The 'Board' kept calling meetings, and the President, James Wilson, wouldn't attend them, which was just as well because the Treasurer (John Stewart) still kept the door locked. Then John Stewart called a meeting of members of the Society in the Merchants' Hall, Hutcheson Street, to discuss the situation. In the middle of the meeting, somebody turned the gas off and audience had to go home. The other side held a meeting and agreed to expel John Stewart.

This time they got access to the office in Buchanan Street and had the front door taken off so that John Stewart could no longer prevent them getting in. They also engaged a watchman from the police 'to prevent any attempt at tampering with the premises during the night'.

They sacked the two clerks in the office 'for insubordination'. The clerks had remained faithful to John Stewart, who had all the books of the Society in his possession. A number of agents and collectors refused to pay money to anyone else but John Stewart. The Treasurer must have wondered if it was worth keeping the name 'Friendly' in the title of the Society.

Not only the staff and officials rallied to John Stewart's side. In various parts of Scotland small committees were formed to secure his return to office. John Stewart spoke at a number of meetings, but the tide really turned in his favour when he addressed a meeting in a Calton, Glasgow, school. He was inspired that night and, though dissentient directors were present and also spoke, he carried the audience with him completely.

And so came a meeting, on February 26th, 1869, which might well have changed the whole complexion of the City of Glasgow Friendly Society. It was held in the City Hall, which was packed with Society members. Both sides stated their case but, when it came to a vote, there was an overwhelming majority for John Stewart, and, naturally, James Wilson, the President. The meeting passed a resolution that John Stewart should not again be liable to dismissal or suspension unless by the members at a meeting especially called for the purpose.

The rebels were routed and there was great cheering at the end of the meeting when some stout fellows carried John Stewart shoulder high from the platform. I think it's a wonderful scene. What a pity we don't have excitement like that nowadays!

All the same, when John Stewart went up to 184 Buchanan Street next morning, he found the office barred against him. He had to call the police before he could get in. However, the first thing he did was to get the locks taken off the door and new ones put on. The second thing he did was to reinstate his two clerks, who were waiting for him anyway.

The dissentient members left the City of Glasgow Friendly Society and set up a new organisation which they called the Glasgow Reformed Friendly Society. Their purpose was to take in the rebels from the City of Glasgow and also to persuade the faithful members to change over. There was more cloak and dagger work, and at a Special General Meeting of the Society in the Trades Hall on June 24th, 1869 three members of the Board were expelled 'for associating with the promoters and directors of the Glasgow Reformed Friendly Society'.

The sequel was that the Society sent a special letter to 'parties and families who had been improperly decoyed to other Societies'.

Once again, though, the rival Societies closed their ranks. In September, 1871, the Royal Commission on Friendly Societies sat in Glasgow. All the organisations got together to defend their rights. John Stewart was one of the principal witnesses before the Commission.

By the time the Society's first 10 years ended, things seemed much more peaceful. The funds were high and they were investing a good deal of money in property all over Glasgow, notably in the growing suburb of Dennistoun. It was decided on May 30th, 1872, to buy the Society's first safe.

And the final peaceful note this decade is that the Board, having agreed over the years to stop transferring members from other Societies, actually said they would no longer transfer members from the Glasgow Reformed Friendly Society. Obviously they had no longer anything to fear. Revolution time was over.

That is the peaceful note for the City of Glasgow Friendly Society. But there is yet another peaceful note for its Manager and Treasurer, John Stewart. After all the vicissitudes to which he had been subjected, it must have been a happy moment for him when he stood in the City Hall to receive what was officially described as 'a magnificent timepiece'. It was inscribed: 'Presented by the members of the City of Glasgow Friendly Society, at their Annual Soiree on the 29th February, 1872, to Mr. John Stewart, along with side ornaments, and a purse of sovereigns, also a brooch and earrings for Mrs. Stewart, to testify their respect for his faithful and zealous discharge of the duties of Managing Treasurer since the Society's formation.'

John Stewart to James Stewart
1873 to 1892

We don't appreciate nowadays what an effect a rapidly growing new insurance Society, locally based, had on Glasgow in the Sixties and Seventies of the last century. Newspapers had a great deal more space than they have now, and so the public prints were full of the doings of the up-and-coming City of Glasgow Friendly Society. And Glasgow, though also growing rapidly, was still a close-knit community and the citizens were interested in the new Society and even more in the people who were running it.

Internal matters concerning the Society were often the subject of a long series of Letters to the Editor in some newspaper. Presumably they interested the readers. To-day such letters would not be printed. But then anything that happened to the City of Glasgow Friendly Society was important news, even though they didn't put it on the front pages. The fact is that they couldn't, because the front page was full of advertisements.

Of course, at the beginning of 1873 the number of Society members in Glasgow alone was 13,131 and that number was sufficient to impress any newspaper editor. A year later it was up to 14,136. Next year it had reached 15,033. These were regarded as striking increases and were faithfully recorded.

While the Board were happy about the steadily increasing membership, they were still worried about the Government's policy towards the insurance Societies. In June, 1874, there was a Friendly Societies Bill before Parliament and John Stewart went to London, along with representatives of the Scottish Legal and Royal Liver Societies, 'to co-operate in defence of the Societies'. By this time he was receiving a salary of £5 per week, but soon it was raised to £6 6s a week.

With the way that the Friendly Societies Bill was going in the House of Commons it was obvious that Insurance Societies should close their

ranks permanently, and not just at each threat which came up. But the Societies were still suspicious of each other, and when a conference of Friendly Societies was called at Liverpool, the Board of the City of Glasgow felt that it was not necessary to send representatives because the date did not suit then. But at Liverpool a permanent association of Friendly Societies was proposed, and the fact that the City of Glasgow was not represented meant a possible bar to recognition of the Society in this association.

Once again John Stewart smoothed things out, and the Society was accepted. Not only that, but the breakaway movement, the Glasgow United Reform Society, actually agreed to join with the City of Glasgow in meeting the expenses of sending a representative to London to get the favourable ear of the draughtsman of the Friendly Societies Bill.

Gordon Smith, the law agent of the City of Glasgow Friendly Society, was appointed the representative of both Societies and down he went to London to carry out 'lobbying' tactics in the House of Commons. Mr. Smith had already shown himself a very able man indeed, and his ability can be measured by the fact the he was able to report in May, 1875, that the Government had agreed to five out of the eight amendments which the City of Glasgow Friendly Society had proposed to the Bill.

There was great rejoicing over this, by the United Reform Society as well as by the City of Glasgow. The only fly in the ointment was that it took the United Reform Society two years to pay the £20 which was their share of the expense of sending Gordon Smith to London.

The new Friendly Societies Act went into operation on January 1st, 1876, and the City of Glasgow's Rules were changed according to the Act. The Society continued to flourish and, when digging operations in Buchanan Street endangered the Society's office and they received notice to quit, the Board were not perturbed. The office was getting too small for them anyway. They went to 257 West George Street, where, once again, they were merely tenants. Then they bought premises at 6 Richmond Street for the offices, and the house next door for John Stewart. By now the total membership of the Society was well over 45,000. Within the next six years, it had risen to over 60,000, but the entire staff at 6 Richmond Street numbered five — the Manager, the Secretary, a clerk, and two office boys.

Fighting on the insurance front was by no means over. In August, 1885,

John Stewart had to send a letter to the Dunfermline agent of the British Workman's Society about 'a circular traced to him of a libellous character'. The circular was headed, 'Look at this picture — the City of Glasgow Friendly Society in Court again!' Mr. Stewart's letter asked for an apology from the agent, and that £5 should be sent to an infirmary. Otherwise legal proceedings would be taken.

But the Dunfermline man would not apologise and the Society raised action of defamation against him. The Sheriff awarded damages of £5 to the Society, 'which, though it might not be recovered, should put paid to a foul and groundless charge'.

The first Quinquennial Report on the City of Glasgow Friendly Society was issued in 1886 and it showed that the Society's surplus at the end of 1884 was £14,276. By now the membership was in the region of 70,000. Some 68 delegates attended the 16th Annual Meeting of Delegates in the City Hall and were entertained to dinner.

After the early exciting days, things seemed fairly peaceful on the Society's front. But another take-over bid loomed up. On October 18th, 1889, John Stewart reported to the Board that 'a number of superintendents and other workers for Industrial Assurance Companies had, without doubt in a clandestine manner, obtained and held contribution books of the Society for no other purpose than to annoy the Society and its management and disturb meetings of its members with intent to damage and injure the Society in the eyes of the public'. In accordance with this report, the Board decided to decline to accept as members any persons employed by any Industrial Assurance Companies.

Immediately the Glasgow secretary of the London, Edinburgh and Glasgow Assurance Co. Ltd., raised an action to have his wife and himself declared members of the City of Glasgow Friendly Society. It appeared that he had succeeded in getting a book and a policy, though whether it was 'clandestinely' was not mentioned. At all events the Sheriff who heard the case in Glasgow decided that this man and his wife had no right to force themselves into the Society.

That was one side of the picture. The other side showed co-operation and friendliness once more. The Royal Liver Society invited the City of Glasgow to a meeting of representatives of Collecting Friendly Societies to be held in London. The City of Glasgow accepted the invitation, and

agreed to send two representatives, but they suggested that 'some more central place for the meeting might be chosen than London'. This reminds me of the Edinburgh man who didn't like London because it was 'so far away from anywhere important'. It must have impressed the Royal Liver, however, for the conference was held in Birmingham!

The first sign that the great work of the Society's founder, John Stewart, was coming to an end was when, on June 4th, 1890, Mr. Stewart told the Board that his health had 'for some time been impaired' and that he must take at least a fortnight's holiday. He proposed to leave his son James in charge of the cash, while the Secretary looked after the office work. The Board agreed and so James Stewart, who was to prove himself as important a man to the Society as his father had been, came on the scene.

Later that month a conference was held in London on more amendments to the Friendly Societies Bill, and John Stewart was not well enough to go. Again James Stewart took his place. He had been well trained by his father, and carried on the London negotiations with success.

And then, in October that year, John Stewart told the Board that he had been subject to severe attacks of illness and felt that he was unable to carry on the management of the Society without assistance. He proposed that his assistant should be his son James, 'as being a young man of excellent education and already possessed of an intimate acquaintance with the history and workings of the Society'. Once again the Board agreed and James Stewart took over the management of the Society along with his ailing father.

John Stewart's years of work for the City of Glasgow Friendly Society had already been marked in various ways by the members. I have already mentioned the 'magnificent timepiece' he received in 1872. In November, 1888, he received another timepiece and a silver tea service. Inscribed on the tray was 'Presented to John Stewart, Esq., Managing Treasurer of the City of Glasgow Friendly Society, along with a purse of sovereigns, and gold bracelet and a brooch for Mrs. Stewart, by a few friends, in recognition of his long and faithful service to the Society, and as a token of their great respect and esteem for him. Glasgow, 16th November, 1888'.

And now, four years later, John Stewart had served the Society for more than 30 years and felt ready to hand over the reins to a younger man.

I cannot let these 30 years pass without noting a delightful item from the Board Minute of June 1st, 1892. 'The next business,' records the Minute, 'was to consider the propriety of having a Telephone. After due deliberation, it was, on the motion of Mr. Russell, seconded by Mr. Rollo, agreed to make a trial of it for one year.'

I am sure you will be glad to know that the trial was successful and now, 70 years later, there are quite a few telephones in the offices of the Society!

The Way to Bath Street
1893 to 1907

There's one thing about running an organisation on democratic lines — you can expect disagreement! And it was so with the City of Glasgow Friendly Society. At the 23rd Annual General Meeting of Delegates in the Accountant's Hall in Glasgow on March 22nd, 1893, the appointment of James Stewart to succeed his father was much debated. The meeting was adjourned to April 19th, and in the interim a large number of agents and collectors of the Society prepared a memorial asking that James Stewart's appointment should be ratified. This must have impressed the Delegates, because the appointment was carried by 71 votes to seven.

In September of that year James Wilson, a benign, bearded gentleman who had been president of the Society for 27 years, retired from the Board. He was a close friend of John Stewart's and had been associated with him in many of the most important developments of the Society. James Wilson was an East End man, and manager of a large works in that part of Glasgow. He was renowned as a speaker, and was famous for his address at public meetings of the Society. In honour of his work for the Society, he was presented with an illuminated address, a form of acknowledgement much esteemed in Victorian days.

John Stewart, of course, had been honoured by presentations on several occasions, but I imagine the one that pleased him most was the profile (as we call it now) of him which appeared in that famous Glasgow weekly magazine, 'The Bailie'. On January 24th, 1894, 'The Bailie' published a portrait of Mr. Stewart, and said, among other things:

'The City of Glasgow Friendly Society was formed through the refusal of another society, with which many of its members were then connected, to grant certain reforms that Mr. Stewart, the now Managing Treasurer of the 'City', along with several others, deemed necessary for the safety of the concern. Indeed, Mr. Stewart was the founder of the 'City', strictly speaking, and it was instituted to ensure to the members rights and privileges that they could not command at that time in any

similar institution.

‘Ever since its formation the City of Glasgow Friendly Society has been in the van in all reform, and at times has met with trying opposition and much misrepresentation. Established in 1862, with a thoroughly democratic constitution, it has, during all these years of its existence, steadily advanced till, at the present day, it takes a foremost place in the ranks of the industrial assurance world.

‘This position is largely, if not entirely, due to its worthy managing treasurer, who has ably and honourably devoted himself to its best and highest interest. He has wrought with the utmost strenuousness, sparing neither time, labour, nor means in order that the society might take deep root and that working men might be able to say, with regard to it, “the funds are ours, the management ours”. Having regard to the contentions he has successfully met; to the scrupulous care with which he transacts every detail of his office; to the vigilant supervision he exercises over the general affairs of the Society; and to the prudent manner in which he disburses the funds, the claim put up on his behalf of being one of the best authorities on Friendly Society matters in the United Kingdom, seems excellently well founded.

‘Like most public servants, Mr. Stewart has met with much opposition, and that not always of the most disinterested description. However, he has succeeded in living down the attacks of his enemies. And not only has he done this, but he has increased, in a corresponding degree, the confidence felt in him by his friends.

‘Unfortunately Mr. Stewart’s health for some time back has been anything but satisfactory, and it has therefore been found necessary to supply him with a colleague, so that he may be so far relieved from a portion, at least, of the burdens of office. This colleague the delegates have found in his son, Mr. James Stewart.

‘Mr. Stewart, junior, is qualified in every respect to carry on successfully the business so long and so ably managed and directed by his father. He has received the highest educational advantage. *The Bailie* may further say that the younger Mr. Stewart has made himself practically acquainted with the duties, responsibilities, and difficulties of collectors, and has given evidence of this acquaintance by building up a very small book of the Society into a very large one. His connection with the “City of Glasgow” is therefore likely to be one of signal service, not only to the

members and collecting staff, but to the cause of industrial assurance generally.

‘In conjunction with his father, whose services to the Society will yet, it is sincerely trusted, be available for many years, Mr. Stewart, junior, may be confidently expected to maintain the “City” in the high place it has won, and occupies today among the sound and ably-conducted collecting societies of the land.’

But in less than three months John Stewart was dead, and his son assumed the managership of the City of Glasgow Friendly Society. John Stewart dies on March 10th, 1894, and one of the first letters of condolence which the Society received was from the Royal Liver Friendly Society, from which John Stewart had led that first significant breakaway.

On March 28th the Annual General Meeting of the Society was held and Mr. Gemmell, the president, said that in John Stewart’s day, the society had led the van in every reform tending to economy and stability, and it was the first to adopt the system of representation by delegates, which enables the members to have full control. It was the wealthiest of its kind when funds and membership were taken into account.

The Funeral Expenses, Children’s Insurance Bill was introduced to Parliament by Sir Richard Webster on June 5th, 1895. This Bill proposed to prohibit the insurance of children under two years of age, and reduce the current rate of benefits on all children between the ages of two and 16. James Stewart, following in his father’s footsteps, wrote a letter to Sir Richard pointing out the objectionable clauses from the Society’s point of view. This letter so impressed the Board that it was agreed to print it and send copies to all Members of Parliament.

But, although the City of Glasgow Friendly Society so clearly led the way in Scotland, the leader in Britain was still the Royal Liver. In October, 1895, their Board proposed a Federation of Collecting Friendly Societies, and it was agreed that James Stewart should represent the City of Glasgow Friendly Society at the first meeting. It wasn’t, however, until December 1st, 1897, that the Society actually joined the Federation.

Maybe the trouble was that the ‘City’ was inclined to get swelled-headed. In 1896 a London insurance journal said that, ‘in a matter of Funds, this Society is entirely without an equal’. And at this time the City of Glasgow introduced the first Middle Class Assurance in Scotland,

allowing for premiums to insure the final payment of sums from £50 to £200. This seems so small to-day, but then it was revolutionary.

You would think that success was its own reward, but the City of Glasgow, like other Societies, could not resist comparisons that were odious. In March, 1896, they issued a handbill showing the inferiority of the British Workman's Assurance Company as compared with the City of Glasgow Friendly Society. Mind you, they had some excuse for this, since the British Workman's had attacked the City of Glasgow in times past. However, the British Workman's raised an action in the Court of Session to interdict the Society from circulating the handbill and also claimed damages of £10,000 from the Society.

A year later the British Workman's Assurance Company 'had evidently become scared at their financial position being exposed, and had applied for an adjournment of the case'. And shortly after that announcement, the British Workman's abandoned the action, and the City of Glasgow Friendly Society were allowed expenses. By the way, the present British Workman's Friendly Society is not related to the British Workman's Assurance Company.

By this time, of course, the Society were on the crest of the wave, as they saw it then. At the end of 1896 their membership had risen to 104,833, and they had introduced a new idea, Endowment Assurance. They joined the new Federation of Friendly Societies and by 1898 were inviting the Federation to have their next meeting in Glasgow.

At home, however, they were concerned in finding new premises for their expanding business. Richmond Street was proving too small. The Society were still investing their money in property and they were interested in the proposals of Mr. Thomas Paxton, who sought capital for setting up model lodging houses and trade hotels throughout Glasgow. Later Mr. Paxton was to become Lord Provost of Glasgow and Sir Thomas Paxton. With the Society's help he opened the Clydebank Trades Hotel in 1899, with 430 beds. In the following year the Society paid for the introduction of electricity into Rutland House, Govan. And at the end of 1900 the Society gave Paxton a special loan of £500 so that he could arrange accommodation for 102 Russians at Clydebank. They were the men who were going to build the Russian pavilion at the great Glasgow Exhibition of 1901. In the event, the Exhibition finished before the Russian pavilion was completed.

For the first time the City of Glasgow Friendly Society had to take war into consideration. The Board decided 'to make no deduction for foreign residence in the case of soldiers serving in the present war in South Africa, as it was considered that the present circumstances warranted this concession.

Yes, the turn of the century was significant in the history of the Society. For example (quoting the Minutes), 'In order to give the agents and collectors every assistance and encouragement in pushing the business, it was decided to offer money prizes for the best results'. Three prizes were offered for both town and country districts — £5, £3, and £2. There was an additional prize of £5 to the agent whose district had been the most profitable for the year.

This idea worked. Town collections alone were up by £443 10s 10d. The Board awarded an extra £2 prize to a town collector.

And on May 16th, 1900, a notable event took place in the history of the City of Glasgow Friendly Society. Let me quote the Minutes once again: 'Mr Stewart stated that he had got a typewriter on a week's trial and he thought it could be put to good use.' The Board backed him up by agreeing to appoint the first female member of staff — a typist at 10s a week.

Mr. Stewart was right about the typewriter being 'put to good use'. A mere four years later the Society engaged a second typist and bought a second typewriter.

There was trouble in 1902 about members transferring from other societies to the City of Glasgow. Several organisations, headed by the Pearl Assurance, wanted to know why the Society were still transferring members, although there was an understanding that this should no longer be done.

A conference of Industrial Insurance Companies and Societies was held in Manchester early in 1902, and 'transferring' was the principle topic. While the conference was held in a 'free and friendly spirit', it was stated on behalf of the City of Glasgow that transferring 'ought to be, as far as practicable, discouraged, but as this Society desires to maintain an independent attitude, and has nothing to fear from competition, our representatives did not bind themselves on this point'.

And that was maybe just as well, because in that year 1902 nearly 3,000 members of other Societies transferred to the City of Glasgow. Well

might James Stewart say at the Annual General Meeting, 'The day of small things has long passed as far as the City of Glasgow Friendly Society is concerned. On an average we have seven claims a day, and pay out £42.'

Towards the end of 1903 there was another attempted revolution in the Society. The Board expelled two of its members, and these two got up a petition to look into the Society affairs. This petition was signed by 500 members, although 450 of them later withdrew their signatures when they discovered what was behind the petition.

At any rate, the Registrar of Friendly Societies for Scotland had to act on this petition, and he appointed an accountant to make an enquiry into the affairs of the City of Glasgow Friendly Society.

Looking back now on those turbulent days, I'd say that they were a reflection on the strength of the Society. If you are going to operate on democratic grounds, you are bound to have opposition, perhaps ill-founded opposition, but sincerely meant.

There was, however, a somewhat sinister background to the new dispute. It seemed that an outside group, the Scottish Imperial Insurance Company, was trying to take over the City of Glasgow. At this distance of time, it's difficult to say what particular reasons induced some members of the Society to act in the way they did. But 58 years ago the City of Glasgow Friendly Society might have easily been absorbed in another body, and there would be no centenary to celebrate this year.

In 1904 the Board of the Society were as much split as they had been in the days of James Stewart's father. History repeated itself on May 25th when the Board of Management (or a section of it) were refused admission to the Board Room by James Stewart. They held their meeting in the Blythswood Hotel instead.

A month later the same thing happened, and the Board went to the Victoria Hotel, where they decided to expel James Stewart and his brother, the Rev. Alex. Stewart, from their positions in the Society.

At the end of June two General Meetings of the Society were held in Glasgow, and the members decided that James Stewart was right and the opposing Board were wrong. They voted James Stewart back into office, and appointed a new Board of Management.

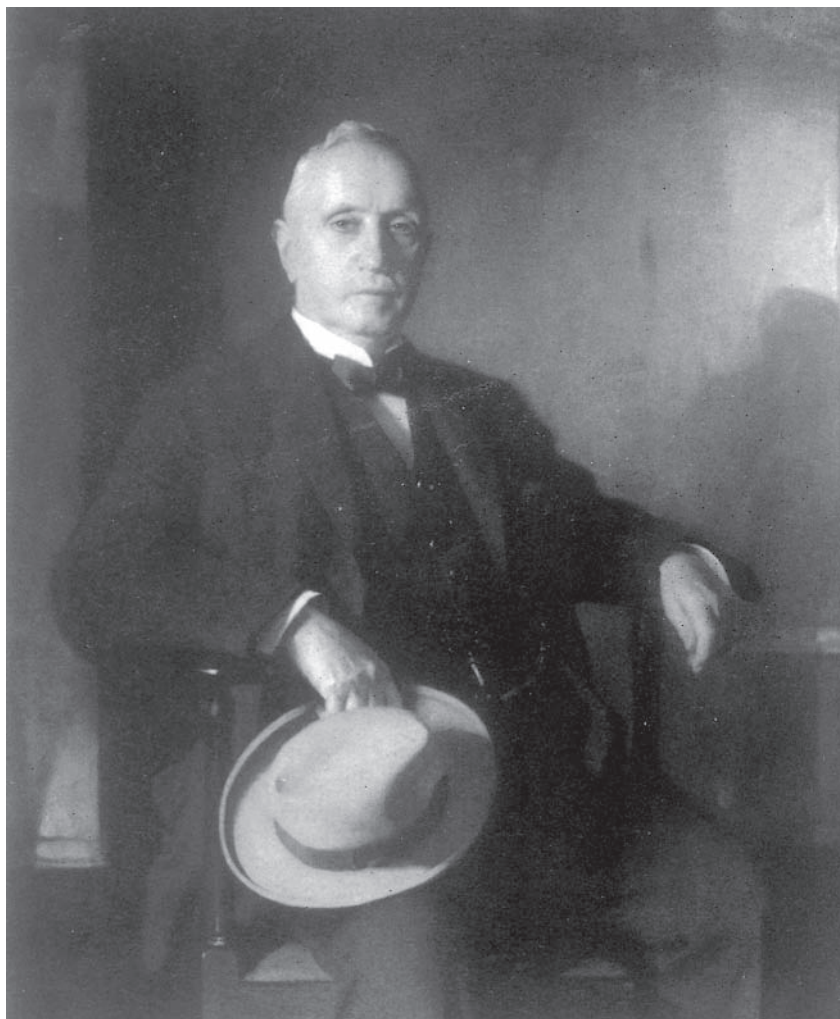
James Stewart was living at No. 8 Richmond Street, the adjoining house to the Society's office, and there was a connecting door between the



1.The Founder of the City of Glasgow Friendly Society, John Stewart



2. The Board of Management in 1882. John Stewart is seated on the left



3. James Stewart, the Founder's son



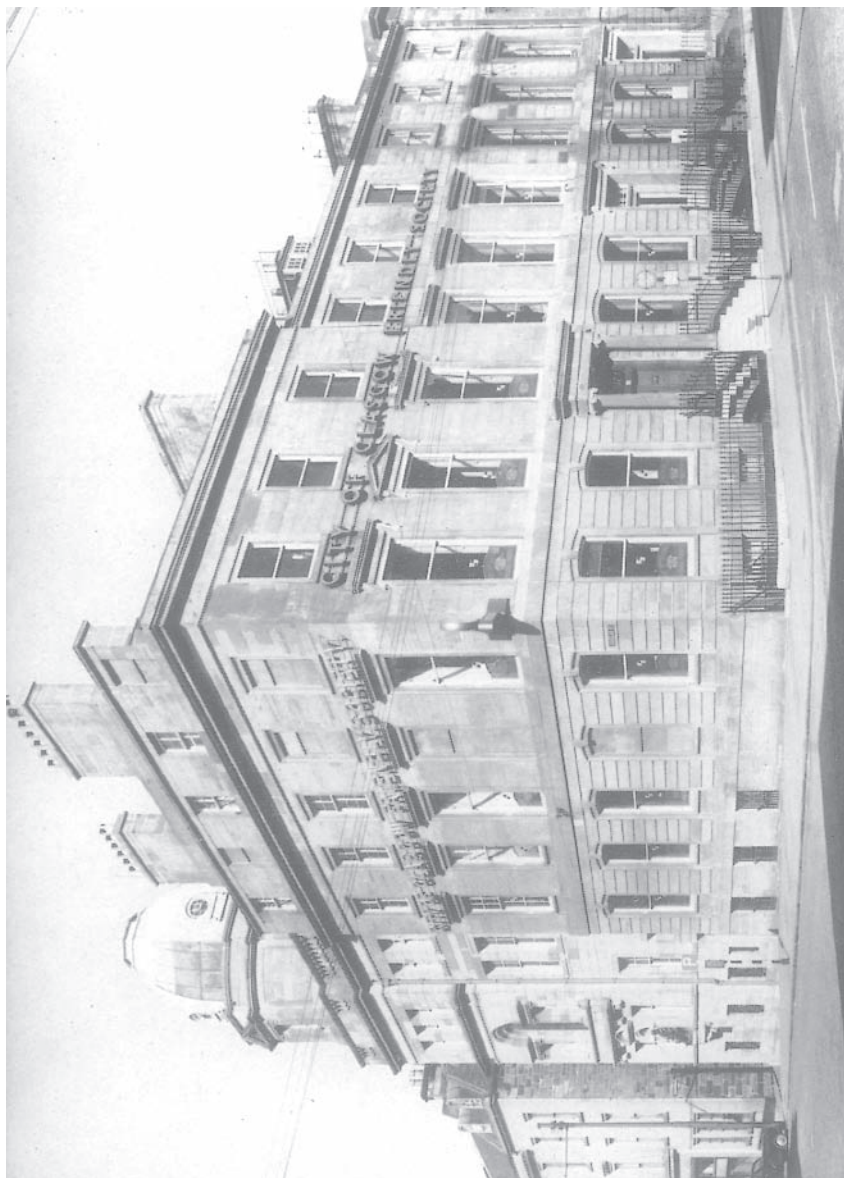
4. The Right Hon. Thomas Johnston
(from a portrait painted when he was General Manager of the Society)



5. The Society's office in 1876 at 6 Richmond Street, Glasgow



6. The memorial to John Stewart on the City of Glasgow Friendly Society's building (1908-1994)



7. The City of Glasgow Friendly Society Head Office, 1962



8. The City of Glasgow Friendly Society's branch office
in Belfast in 1962

house and the office. But business was booming so much that James Stewart moved from the house in order to let the office expand next door.

The take-over bid danger was not yet over. On May 26th, 1905, James Stewart reported to the Board that he had received a letter from 'a large Assurance Company' saying that they wanted to purchase a Scottish industrial assurance company. The Board turned down the letter as far as the City of Glasgow Friendly Society was concerned.

It's interesting to look at the positions of the various assurance groups about that time. The City of Glasgow belonged to the Association of Industrial Assurance Companies, and the other members were the British Legal Assurance Co.; Blackburn Philanthropic Burial Society; British Workman's Assurance Co.; British Natural Premium Association (wound up in 1909); General Friendly Collecting Society; Liverpool Victoria Legal Friendly Society; London, Edinburgh and Glasgow Assurance Co.; London and Manchester Assurance Co.; Refuge Assurance Co.; Royal London Friendly Society; Univeral Insurance Co.; Wesleyan and General Assurance Society; and Yorkshire Provident Assurance Co.

Just as interesting is the list of groups which were not members of the Association. They included the Salvation Army Assurance Co.; the Royal Liver Friendly Society; Scottish Legal Life Assurance Society; Royal Co-operative; Prudential; British Widows Assurance Co. and British Popular Assurance Co.

The line-up was significant then. But the passing of time has worked wonders, and peace now reigns on the industrial assurance front.

The natural ending to this period, when James Stewart took over the management of the City of Glasgow Friendly Society, and steered it round some particularly jagged rocks, was the move from 6 Richmond Street to the present premises at 200 Bath Street. The Board had looked at offices and building in different parts of the town, but in July, 1907, they settled on buying the house in Bath Street belonging to Sir Hector Cameron. (Bath Street was just turning from private residences into offices and show-rooms.) By the end of that year the flitting had taken place, and the Society were settled in 200 Bath Street.

*To the Jubilee
1908 to 1912*

On February 26th, 1908, the first Board of Management meeting of the City of Glasgow Friendly Society was held at 200 Bath Street. It was a very happy meeting and the members congratulated each other on the progress of the Society. There was only one fly in the ointment. Considering themselves quite justified, the Board had taken a marble mantelpiece from their former premises at 6 Richmond Street, but now they had to send it back.

They had a lot of discussion about a new Assurance Bill but, by the time it became law in 1909, it was decided that Friendly Societies were outwith its regulations.

Then in November, 1909, came yet another in the long line of take-over bids. This time it was quite seriously suggested that the whole business of the City of Glasgow Friendly Society should be transferred to the Royal London Mutual Insurance Society, Ltd.

Nothing came of that, but six months later it was proposed that the City of Glasgow Friendly Society should be converted into a company limited by shares and by guarantee under the Companies (Consolidation) Act, 1908. The Board were divided on this proposal, and the matter was taken up in the Glasgow newspapers. Every day for weeks there were letters pro and con the conversion of the Friendly Society into a Limited Company. There isn't the slightest doubt that the citizens of Glasgow had the affairs of the City of Glasgow Friendly Society very much at heart.

Matters were brought to a head by the intervention of a policy holder in Accrington. The Court of Session, Edinburgh, gave him an interdict which stopped the proposed conversion for the time being. That was in June, 1910, and by December of that year a City of Glasgow Friendly Society Members' Defence League had been formed. This League, in the next year or so, was to be supported by such formidable figures as Dr.

Devon, James Galbraith, and a fiery young politician named Thomas Johnston, from Kirkintilloch.

Nevertheless, those in favour of a limited company replacing the Friendly Society went on with their plans. On February 11th, 1911, copies of a Memorandum and Articles of Association for the Glasgow City and General Insurance Co. Ltd., were placed in the hands of the Board. The secretary of the Friendly Society, David Lowe, asked that his name should not be printed in the Articles of Association, and he sent out a circular to the members of the Society stating his case against the conversion.

In the end the project for a limited company was dropped. It had not done the City of Glasgow Friendly Society any harm. Half way through 1911 the quinquennial figures were given for the five years up to the end of 1909, and it was revealed that the membership of the Society had gone up by 40 per cent. during that time.

The Board of Management turned their attention from local interests to national affairs. They were concerned, along with their fellow members of the Association of Industrial Assurance Companies, with the scheme put forward by Mr. Lloyd George, Chancellor of the Exchequer, for National Insurance. Was this to be administered through the Post Office or by the already existing companies and societies? It was an anxious time and James Stewart and the new Chairman of the Board, Dr. John C. Edmiston, had much to do with the negotiations.

The National Insurance Act, 1911, was passed and the Scottish Commissioners appointed by the Government sent lecturers round the country explaining the new Act. This tour started in January, 1912, and in the following month the affected organisations closed their ranks once more. The City of Glasgow Friendly Society sent representatives to a meeting of more than 20 insurance institutions in the Merchant's House, Glasgow. Sir George Green, of the Prudential, was in the chair, and the meeting ended by forming the Scottish Industrial Insurance Association.

There is no doubt that Mr. Lloyd George's Act did more to bring insurance groups together than any other single cause. After 1912 there were very few disputes between the City of Glasgow and other Societies over transfers, and it was the end of attempted take-over bids by other groups. Indeed, the situation was so changed that in June, 1912, the Board considered a letter from the Public Benefit Collecting Society,

Chorley, inviting a cash offer for their 'list of names of members and agents with all the necessary books'. The City of Glasgow Friendly Society was highly regarded in England as a soundly based concern, hence this invitation from Chorley. But the board declined it.

Under the National Assurance Act, 1911, the Board now established a separate section known as the City of Glasgow Approved Society for Men and Women. James L. Johnston, past President of the Society, was appointed President of the Approved section, John B. Allan became Chairman, and Dr. Edmiston was Vice Chairman. Alexander Stewart (who had given up his career as a minister to devote himself to the affairs of the Society) was appointed secretary of the new section. Later he became Superintendent of Head and District Offices for the whole Society. Incidentally, the Head Office at 200 Bath Street had, at this time, a staff of eight — four men and four women.

The Approved Society was an immediate success. So much so that, when the officials of the Secondary, Technical and University Teachers' Insurance Society decided to give up their work in Scotland under the Insurance Act, they issued a circular to their members recommending them to join the City of Glasgow Approved Society.

Shortly after that a Major in a Scottish regiment wrote to the Secretary of the Approved Society to say that all the men under his command had decided to join the Society, so would the secretary please forward at once 300 proposal forms!

On October 17th, 1912, the young delegate who had already made a name for himself in Society business, Tom Johnston, was welcomed to the Board by Dr. Edmiston. So it is that, just when the City of Glasgow Friendly Society are celebrating their Centenary, Tom Johnston is celebrating his Jubilee as an office-bearer in the Society. And of course, his arrival on the Board coincided with the Society's Jubilee, which was celebrated in great style in November, 1912.

The Society proposed that the members should subscribe for a bust of the founder, John Stewart, and they issued a booklet giving a 'Sketch of the Society's History', which outlined briefly what has been given in greater detail here. It paid homage not only to the founder, but also to such early stalwarts as James Wilson, Henry Wright, William Gemmell, William Wyper, George Ness, James Good, and Alexander Reid.

The Jubilee Soiree and Concert was held in the City Hall on November

21st, 1912. Dr. Edmiston, the President, took the chair, and he was accompanied on the platform by his Vice-President, W. McIntyre, the Board of Management, the law agent, the auditors, and James Stewart, manager of the Society.

‘An abundant tea was served,’ says the report, and then Dr. Edmiston opened the proceedings. ‘I wish to associate with this celebration,’ he said, ‘the name John Stewart, who founded the Society in 1862, and who lived to see much success attend his efforts. Before his death the funds of the Society has reached the handsome sum of £130,000.

‘Contrast the first balance sheet, which showed a surplus of £100 for the year’s working with the balance sheet of the present day, which shows from £12,000 to £14,000 of a surplus for the year’s working. The small income in the beginning has grown to the large one of £50,000 at the present day. From beginning of the Society to the present time, claims have been paid to the extent of £500,000, which must have ameliorated the distress of many families during those years.

‘The funds of our Society at the present time reach the large sum of £300,000. It is thus seen that it is one of the wealthiest societies in the kingdom, having about six years’ premiums per head of its members as compared with some of the others with two and a half years.’

James Stewart, son of the founder of the Society, also spoke. ‘The history of the Society,’ he said, ‘is an illustration of the importance of trifles. It has been said that if you will add even a little to a little you will ultimately obtain a great thing, and we have striking example of the truth of the saying in the history of the Society.

‘It was necessary that considerable energy and determination should be displayed by the founder of the institution. He had, at the time of the inception of the Society, few friends and many opponents, while Industrial Insurance as a whole was in its infancy. It could never have occurred to the founder of the institution, or those who assisted him in connection with the early working of the Society, that the little organisation would develop as it has done, but many of us have seen its growth from small things to great.

‘The aim of the founder of the institution was to make it a safe and sound means of investment for the working classes. Size was not the consideration; stability was what was desired. This has been the motto since the beginning of the Society, and I trust it may continue to be the

inspiration of those who follow in the management of the institution.’

Bailie Thomas Paxton, Senior Magistrate of the City of Glasgow, said, ‘I am present at this gathering in a dual capacity, namely, as a member of the City of Glasgow Friendly Society, and as, in a sense, a representative of the Corporation of the City of Glasgow. In looking over the programme of the Society, I cannot help asking myself whether the members realise what a valuable asset they have in the Society.

‘The pioneer work must have been of an uphill character, and the founder of the Society must have been a veritable Napoleon in industrial insurance work. During the 10 years of my public life I have seen many similar societies going to the wall, or being absorbed by much stronger societies than themselves. That is not the position of our Society. Our Society is in a flourishing condition; in fact, it is more flourishing now than ever it was before.

‘I ask you also to remember that where there is outstanding success there always is rivalry and jealousy. It is not to be supposed, therefore, that the City of Glasgow Friendly Society will escape criticism. The work of the Corporation of Glasgow embraces undertakings of great magnitude. We are endeavouring to reduce the death-rate, and we are trying in particular to deal with the scourge of consumption. We have many irons in the fire, and the help of the citizens is needed in those great undertakings. We recognise the help which has been rendered by the City of Glasgow Friendly Society, and we wish it every success.’

The Lord Provost of the City of Glasgow, Mr. (later Sir) D. M. Stevenson said, ‘The Society has a splendid record. The State has intervened recently in matters connected with insurance, but if every Society had been as well managed as yours there would have been no need for such intervention. The community is greatly indebted to the work you have performed, and I hope that the prosperity of the past will be yours in the future.’

The Lord Provost gave a Civic Reception to the delegates of the Society in the following June, and history repeats itself in this Centenary year, when the present Lord Provost, Mrs. Jean Roberts, and Magistrates give a Civic Reception to the City of Glasgow Friendly Society.

5
War and Peace
1913 to 1932

It seems a very short step in history from the Jubilee of the City of Glasgow Friendly Society to the out-break of the First World War. But in pre-war Glasgow things went at a leisurely pace, and nobody had the slightest conception of what a world war would mean. The Board of Management were rather interested in the fact that the building next door to 200 Bath Street had been taken over by the Glasgow Literary Club. Nearly 50 years later the City of Glasgow Friendly Society bought that building from the Literary Club for a much-needed extension to the Society's offices.

The Board were also interested in the fund which had been set up to provide a bust of the founder, John Stewart. They negotiated with the sculptor, Kellock Brown, and on September 2nd, 1914, agreed that he should be entrusted with the job. At the same Board meeting James Stewart announced that three members of the office staff of 14 had already joined the Army.

About this time, too, a number of agents and collectors in the organisation formed the City of Glasgow Friendly Society Literary and Social Club. Many people thought that the war would be over by Christmas.

Up to August, 1914, most industrial assurance policies contained a clause providing that the sum payable should be reduced if death occurred as the result of war. All this did was to discourage regular soldiers from taking out policies! But now regular soldiers were in the minority in the British Army and Lord Kitchener's 'First Hundred Thousand' included a majority of policy-holders. The City of Glasgow Friendly Society decided, along with other industrial assurance groups, to cancel this clause as far as policies already taken out were concerned.

In April, 1915, James Stewart reported to the Board that he had received

a message from the War Office saying that they ‘recognise the generous spirit with which the different insurance offices have acted at the present time, and appreciate the consideration shown to men engaged in military and naval service’.

The bust of John Stewart, the founder, was unveiled on June 2nd, 1915, but, in view of the war, the ceremony was a quiet one.

Later that year came the Zeppelin scare and James Stewart was instructed by the Board to insure against air raids ‘the properties in dangerous areas over which the Society hold bonds’. The fear was that the Zeppelins would attack the East Coast of Scotland, and the ‘dangerous areas’ the Society were worried about were Inverness, Aberdeen, Inverkeithing and Portobello. There was a Zeppelin raid over England at the beginning of 1916, and the prudent Board decided to insure their properties in the West of Scotland too.

Despite the war, though, it was business as usual on the industrial assurance front. In October, 1915, the National Standard Life Assurance Corporation Ltd., offered their whole business, at a price to be agreed, to the City of Glasgow Friendly Society. But the price could not be agreed, and the offer was turned down.

In August, 1916, however, the entire membership of the Hulme Philanthropic Burial Society, Manchester — all 10,817 of them — voted that they should be taken over by the City of Glasgow Friendly Society. These offers show in what high esteem the Society was held in England. In this case negotiations proceeded favourably, and the take-over was made with congratulations all round.

By this time the war ended, the office staff had grown to 21, and most of them were women. Daniel F. Kirk, C.A., the secretary of the Society, was demobilised in February, 1919, and it was not long before things, as far as anybody could see, were back to normal.

It’s interesting to note in the Minutes of the Board of Management over the preceding years such constant phrases as ‘Mr. Johnston dissenting’, or ‘A letter was received from Mr. Johnston objecting to . . .’ Thomas Johnston undoubtedly made his presence felt. In June, 1919, he was appointed Vice President of the Society. This was an earnest of future honours. The three big men of the City of Glasgow Friendly Society over the first 100 years were to be John Stewart, James Stewart, and Thomas Johnston.

Towards the end of 1919 the Society found it necessary to ask some of their tennants in 200 Bath Street to quit. They needed more room themselves. They even thought of building an extension on to the original house, an extension which would go right down to Bath Lane.

In this same year the Board decided to present to their Manager, James Stewart, his portrait in oils. The agents and collectors of the 'City' asked to be associated with this presentation. In the end 500 'oleograph' copies of the portrait of James Stewart were made, and sent out to the district offices of the Society.

The energetic Thomas Johnston became a Member of Parliament in 1922, and was warmly congratulated by the Board of the Society.

In that same year Daniel Lumsden was appointed assistant secretary of the City of Glasgow Approved Society. It had then 25,000 members. By the time he rose to be secretary in 1930, there were 50,000 members.

Now came the bad days of 1924 and 1926, when there were big strikes and the country was suffering a severe slump. It's interesting to come across a little leaflet published in Wales in 1924, which shows how strong the City of Glasgow Friendly Society was even in those perilous times. The leaflet is headed with the name and address of the Society, and the name of the manager.

Then it goes on:

SOME FACTS as given by a
BLACKWOOD MEMBER

50 Twynfalld Rd.,
Blackwood, Mon.,
Sept. 22/1924

The Manager,
City of Glasgow Friendly Society,

Dear Sir,

I shall deem it as a favour to publish a most remarkable coincidence in connection with a proposal which I recently submitted to your Society. My proposal was written by your Collector, Mr. S. Frowen of Pengam, on Friday, August 8th, the party I proposed to assure was fatally injured on Saturday, August 9th, and died on the following Thursday, August 14th, all within the short period of 7 days. I had paid 1 week's premium on the above proposal, and I hardly expected that any

claim could be paid on such a case. I desire now to state the generous way which your Society had dealt with me on the above proposal is worthy of my special appreciation. It would also be a recommendation to others to become members of your Society if the above facts were made known, and you have my full permission to publish this recommendation, so that everyone may know of the excellent work which is being done by the City of Glasgow Friendly Society.

Wishing you continued success,

Yours truly,

Rees Evan Jones

At the foot of this leaflet the Divisional Manager, W. Bryn Davies, had added that the Accumulated Funds now exceeded £642,000. 'All Funds are owned and controlled by Members. Benefits not exceeded by any industrial office. No other similar institution has declared so many Bonuses to its Members.

We may smile a little at such a leaflet to-day, but it must have had a big effect in 1924.

Around that same bad time there were many cases of coal miners being unable to pay their premiums because of the big strike. Tom Johnston told me the other day, 'The City of Glasgow Friendly Society had a reputation for humane dealings with its members. We really did try to live up to the word "Friendly". So when the miners couldn't pay their premiums, we helped them instead of lapsing them. We were possibly the only office not to lapse a miner during those strikes.'

The Society made history in 1929 because the Children's Endowment Act of that year came out of a 'City' case, once again, curiously enough, in Wales. I quote from that absorbing book, 'A History of Industrial Life Assurance', by Dermot Morrah (George Allen and Unwin, Ltd.).

'By the Friendly Societies Act, 1924,' writes Mr. Morrah, 'the collecting societies had been placed in the same position as the companies with regard to the amount of the total sum (whether under one policy or more) for which the life of a child might be assured. The disputable question was whether premiums paid on a children's endowment policy and returned at the death of the child had to be included in arriving at this total. The offices had wished to sponsor an amendment to the Act

of 1923 which would have removed all doubt; but they did not persist after the Solicitor General has told the House of Commons that under the existing law the returned premiums were immune.

‘The doubt, however, was not entirely allayed, and in 1928 the Commissioner brought a test case in a Welsh Magistrates’ court in order to settle the matter. The court decided against the defendants — the City of Glasgow Friendly Society — with the result that an incalculable number of assurances on children’s lives were by implication declared to be illegal. Thereupon Mr. Baldwin’s second Government, then nearing its end, acceded to the request of the offices to adjust the law to what, since the statement of the Solicitor General in 1923, it had been generally believed to be, and passed a Bill of which the main purpose was to remove premiums refunded at death under children’s endowments or children’s endowment assurances from the computation of the total of assurances claims payable on the death of the child.’

The Society also made history in that year by introducing mechanisation into the office. Mr. Charles Stoodley, Secretary and Actuary, brought in a punched-card system for the first time in any office in Scotland. The system which he introduced still forms the backbone of today’s office organisation.

For years now the City of Glasgow Friendly Society has been one of the big industrial assurance groups in Britain. They emphasised that in 1930 when the Board took occasion to announce that, while it had taken the Society 59 years to build up the first £500,000 of accumulated funds, it had taken a mere eight years to secure the second £500,000. The total income for 1929 was £299,100. The claims paid amounted to £105,500. And £16,600 was paid for Surrender Values.

So the Society moved very sweetly indeed to their 70th birthday in 1932. Perhaps, before I record the celebrations then, I should just mention a letter which was received by the Board in May, 1931. It read, ‘Your agent, Mr. —, has refused to call for my premium. He wants me to post it. I don’t see why I should when I have an agent. I have always thought that Insurance Agents were public conveniences.’

The City of Glasgow Friendly Society’s 70th birthday was celebrated by the publication of a second brochure, by another Civic reception, and by a great presentation ceremony to James Stewart, the Manager.

In 1932 the Trustees were R. G. Campbell, James Murray, James R. M.

Smith, J.P., and Arthur Wilson, J.P., all very well-known Glasgow men. The Law Agents were Niven, Macniven and Co., the Consulting Actuary was R. Gordon Smith, F.F.A., F.I.A., and the Auditor was G. Wink Wight, C.A. The Office Bearers were James Stewart, J.P., F.F.I., General Manager; the Rt. Hon. Thomas Johnston, P.C., J.P., Deputy Manager; Charles L. Stoodley, F.F.A., Secretary and Actuary; and John D. Johnston, F.F.I., Cashier. The Board of Management consisted of the President, Dr. John C. Edminston, J.P.; William T. Davie, L.R.C.P., L.R.F.P., and S.L.R.C.S.; Thomas MacBride; James Gillies, J.P.; Charles McLean; Joseph Gorman, J.P.; David Watt, F.F.I.; and James Wood.

The opening paragraph of the brochure tells the story and sets the scene — ‘A Society with an annual income of £330,000; with invested Funds of over £1,250,000 and financially in an impregnable position. What more fitting monument could have emerged to the memory and courage of John Stewart who in year 1862 — seventy years ago — founded the City of Glasgow Friendly Society. Out of his enterprise has grown a great and widespread organisation of real benefit to humanity; its financial strength the result of a continuous adherence to the sound and cautious policy he inspired and its popularity and the confidence it enjoys with the insuring public the outcome of seventy years’ experience of scrupulously honest fulfilment of contract.

‘Insurance has been called the great stabiliser of human existence — the one thing which really makes the world safe for democracy. If this can truly be said of insurance in general, humanity will for ever be in the debt of the pioneers of the Friendly Society movement and in particular to John Stewart, who recognised that these democratic principles of insurance could only be faithfully carried out by a system of democratic control and who, at the risk of his own career and fortune, courageously followed his convictions and founded a Society which was to belong solely to the members who formed it and be governed by them.’

The brochure sketched a little history which has been told here and, after a eulogy of James Stewart, went on, ‘The rapid development of the Society and the many legislative changes of recent years have so multiplied the cares of the office of General Manager that, in order to give Mr. James Stewart that meed of greater leisure which is unquestionably his due after more than 40 years of untiring service, the

Board, on October 10th, 1932, appointed the Rt. Hon. Thomas Johnston, P.C., J.P., as his Deputy and Successor.

‘The task that faced the Board in making this appointment was no light one. To preserve the continuity of success and management it was essential to secure a man, not only intellectually capable, but who was also imbued with the ideals of the Society. The long association of Mr. Johnston with the Society as a Delegate and a Member of the Board, and his outstanding qualities which have made him so prominent a figure in the public life of this country, singles him out as the one person to assist the General Manager and ultimately to fill as adequately as it is possible the office of General Manager. This choice was the unanimous one of the Board.’

Tributes were also paid to Alexander Stewart, the elder son of the founder, who died in 1929, and to Dr. John C. Edmiston, J.P. who had been president of the Society since 1912.

In dealing with the Society’s position at the end of 70 years, the brochure was expansive on ‘the astounding progress the Society has made since its inception.’

‘Since the year 1920,’ it added, ‘the income of the Society has increased by no less than £136,000, an achievement reflecting great credit on the management, particularly when it is remembered that progress during the period was made exceptionally difficult by reason of wide-spread unemployment. Increase in premium income is a sign of healthy development and progress, but only if there is also a corresponding increase in funds. In this respect the Society stands in an incomparable position, the funds having increased by the enormous sum of £770,000 since 1920 to a figure approaching £1,250,000.’

The 1932 brochure ends triumphantly, ‘No other Society or Company can lay claim to such generous treatment as is accorded to the members of the City of Glasgow Friendly Society. Financial soundness — a policy of generosity carried out by a Board of Management, Officials and staff working in complete unison have been the keystones to the success that the Society has attained. A worthy heritage indeed in these troublous times and an eloquent monument to perseverance and hard labour.’

But the eloquence was not over for the year 1932. At the end of the year a reception was given at the Ca’doro Restaurant, Glasgow, in honour of James Stewart, who had completed 40 years in the service of the Society.

Dr. Edmiston was in the chair, and the reason for the presentaion of gifts to Mr. and Mrs. Stewart was explained by Tom Johnston. (James Stewart received a revolving book-case with books, a standard lamp, two lounge chairs for his study, a lobby clock with Westminster chimes, a gramophone radio, a case of gramophone records, gold sleeve links and studs, and a gold watch. Mrs. Stewart was given an emerald and diamond ring, a wristlet watch and a wallet of banknotes.)

‘Never has it been easier to promote a testimonial than in this case,’ said Mr. Johnston. ‘The Delegates of the Society voted a sum of money out of the Valuation surplus as a bonus to all employees, but Mr. Stewart refused his quota, saying he wanted the money given to the less well-paid staff. At the last Annual Meeting the Delegates again insisted. Again Mr. Stewart refused, and the Board, between a clamour of those who wanted to give and a stiff-necked gentleman who declined to take, took the middle course of promoting a voluntary testimonial which has succeeded beyond all their hopes and expectations.

‘About three-quarters of a century ago the Society was founded upon the principle that by mutual aid, by co-operation and joint action, we can withstand the mischances of life and secure benefits otherwise denied to us. The Institution itself, its security, its solidity, is Mr. Stewart’s best testimonial.’

In his reply James Stewart said that he had tried to keep the Society on the lines laid down by his father, for he knew if he did he could not go very far wrong but, in course of time, he has urged the extension of the business across the Border into England. In his early days the Society had no English business but he was convinced that the results of annexing England had been highly satisfactory. There had been great changes in Industrial Assurance during the past 40 years. Long ago there were great abuses but he, personally, had welcomed the Act of 1923 which had been designed, on the whole successfully, to eliminate these abuses.

Mr. Stewart paid a glowing tribute to his staff and thanked the Board and staff for the presentation made to his wife and himself. ‘But if I had known,’ he said, ‘what an ordeal Dr. Edmiston and Mr. Johnston were arranging for me, I’d have swallowed my share of the Bonus rather than undergo it !’

There were three Lord Provosts of Glasgow present at the reception.

One was an ex-Lord Provost, Sir D. M. Stevenson, Bart. Another was the Lord Provost of the day, Mr. (later Sir) Alexander Swan. And the third was at that time a collector of the Society, Thomas Kerr, who was to become Lord Provost of Glasgow.

Other assurance societies were also represented. Mr. Watt, Secretary of the Aberdeen and Northern Friendly Society, which was founded in the same year as the City of Glasgow Friendly Society, expressed the best wishes of his Board of Directors. And Mr. Watson, Secretary of the Scottish Legal Life Assurance Society, made a most eloquent speech, in which he revealed that, in the early years, the revered father of Mr. Stewart had been twice offered the Secretaryship of the Scottish Legal but had refused, preferring to continue building up the City of Glasgow Friendly Society.

Perhaps Sir D. M. Stevenson should have the last word on these 70 years. In paying a tribute to John Stewart and his son James, he said, 'It seems to me, in spite of the modern tendencies to republicanism, that this is a new dynasty — the Stewarts are back again!'

6
Tom Johnston
1933 to 1946

Presentations and receptions were all the rage in those more formal days before World War Two. In the middle of 1933 Dr. John C. Edmiston celebrated his 21st years as President of the City of Glasgow Friendly Society, so he was given a presentation in honour of the occasion. Yet another Lord Provost of Glasgow, Sir David Mason, made the presentation. James Stewart was in the chair, but in the business of the Society he was leaving more and more to his energetic young deputy, Tom Johnston.

Tom Johnston was full of ideas. He had been Lord Privy Seal in the last Labour Government and he was still an M.P. But he not only devoted a great deal of time to the City of Glasgow Friendly Society, he also was a proposer of new and (some considered) revolutionary ideas about life assurance. In December, 1933, he addressed the Glasgow and West of Scotland Faculty of Insurance, and suggested to that body an all-in social insurance scheme, covering unemployment, health, pensions — ‘in fact’, as the *Evening Times* commented, ‘life practically from the cradle to the grave’. Are these words familiar to us to-day?

In this same address Tom Johnston commented on the folly of shutting out from the benefits of National Health Insurance persons whose incomes were over £250 a year. ‘In these days,’ he said, ‘there is in suburbia misery such as exists in slums. Is it not a tragedy that such people are outside old age and widows’ pensions?’

He also criticised the waste in administration in the approved society system. ‘When I was one of the Members of Parliament for Dundee,’ he said, ‘I found that there were 217 approved societies who had members in that city. Ninety-nine of the societies had less than ten members and 52 only one member each. A system like that calls for drastic treatment.’

James Stewart retired as General Manager of the City of Glasgow

Friendly Society in 1934, and Tom Johnston took over. One of the first things he worried about was the expenses incurred by the Society. The expense ratio had risen rapidly during the slump years to 47 per cent. of the income. This was not due to poor administration. It was due to the fact that more and more Scots were going South in search of work. The depression had hit the West of Scotland very badly indeed, and many first-class workmen emigrated to England.

Scottish workmen who were members of the City of Glasgow Society had still to have their contributions collected, no matter where they went. If, for example a 'City' member went to Ipswich, it was necessary to open an office there and have a manager and staff and all the extra costs of administration.

Tom Johnston worked out proposals for co-operation between the collecting societies. He saw the Industrial Insurance Commissioner and put forward his views. He kept raising the matter at meetings of the Association of Collecting Friendly Societies. To some extent, Tom Johnston's ideas are carried out to-day, and the expense ratio is down to about 31 per cent. But he had to meet plenty of opposition in the Thirties.

In July, 1933, a representative of the City of Glasgow, Tom Johnston moved 'That a small Sub-Committee be set up to consider the whole future relationship of the various Offices to each other, and their relationship collectively to the State.' The Association decided to leave the matter over so that they could consult their Societies.

So the proposal came up again in October, and this time it was suggested that it should be withdrawn and brought up for further consideration. It was, in January, 1934, when the resolution was lost by 18 votes to 10.

However, in October, 1934, the Secretary of the Association of Collecting Friendly Societies said that the Executive unanimously recommended that Mr. T. Johnston, Manager of the 'City of Glasgow', should be elected to the vacancy on the Executive. Mr. Johnston made it clear that, upon certain matters, he was not in harmony with the majority of the Executive, but was prepared to co-operate with them as far as possible. Despite this statement, he was elected with acclamation.

He went on pressing for his Sub-Committee and in October, 1937, he made reference to possible irregularities in their business and the fact

that he had previously pressed for the setting up of a small committee within the Association to enquire into the possibility of avoiding any wastefulness. This was, once again, put to the members Societies, and in January, 1938, the Association's Secretary reported the replies received. Whereupon Tom Johnston moved a resolution, 'That, in view of the declinature of some of the larger Offices in the Association to participate in the proposed Sub-Committee of Enquiry, no useful purpose would be served by proceeding with it meantime.'

This was not the only campaign that Tom Johnston ran in the Thirties. He was worried about the state of life assurance business in Northern Ireland and went over there to investigate. He found that some people there were running life assurance as if it were a gambling game. A lot of clearing up had to be done.

Then the City of Glasgow Approved Society hit the doldrums. It was making too small profits because it was unable to give additional benefits. The answer, as Tom Johnston saw it, was to 'go into teeth and spectacles'. This, of course, was long before you could get teeth and spectacles on National Insurance. He made arrangements with an optician in Glasgow, and with the Glasgow Dental College, that members of the Society would get spectacles and teeth at special rates. As he says himself, 'The spectacles were a success, but the teeth weren't!'

During Tom Johnston's management, staff conditions were greatly improved in the City of Glasgow Friendly Society. This Society was the first of its group to give the staff alternative Saturdays off. There was also a special system of bonuses for the staff.

On several occasions the Board of Management decided that the General Manager should have an increase in salary, and on each occasion Tom Johnston refused it. In March, 1938, the Board proposed to increase his salary by £500 a year. But, since Tom Johnston knew there would have to be economies among the lower members of staff, he once again refused the increase.

Then came the Second World War and, although this time things were rather better organised than they had been in the Great War, there were some entirely new problems. The big one was evacuation. Societies were back in the days of depression but, instead of workmen moving to where there was work, now whole families were being uprooted from towns and going to live far in the country or by the sea. Special arrangements

to deal with this problem were made by the Society, and they worked very well. In time, of course, the evacuees began returning to the towns, and then a new set of arrangements had to be made to cover this contingency too.

At the start of the war the General Manager became Regional Commissioner for Civil Defence in Scotland. In order that Tom Johnston should be able to carry out this duty as well as manage the affairs of the Society, it was arranged that James Stewart should come back from his retirement to act as an adviser. This he did with great success, and Tom Johnston said a meeting of the Board that he would never have been able to carry out his duties as Regional Commissioner if it had not been for the help he received from Mr. Stewart.

Then, early in 1941, there was another job for Tom Johnston. I quote the Minutes — ‘The General Manager reported that he had been appealed to by the Prime Minister to take a Cabinet Office during the present national emergency. He had turned down the proposal upon two occasions when it was offered, but finally a strong appeal had been made to him in the national interest, and subject to the Board’s agreement to giving him the necessary leave of absence, he was prepared to accept. It would be necessary, of course for him to take no salary during his leave of absence if leave were granted, and it would be necessary for the Board to make arrangements for carrying on his duties during that leave of absence.

‘After discussion the Board, on the motion of the President, seconded by the Vice President, unanimously agreed to giving the General Manager leave of absence in the first instance for a period of six months (or if the General Manager should be able to return to his duties at such earlier date as was found possible) with the understanding that the period should be extended and renewed for such time as the General Manager found necessary.

‘The Board further decided to ask Mr. James Stewart to act during the General Manager’s absence in a supervisory capacity in the Chief Office. This he agreed to do. They also decided to appoint Mr. David White, Chief Agency Clerk, as Deputy Manager during the General Manager’s absence on leave, Mr. White to consult Mr. James Stewart and to be under his directions. . . . Mr. Johnston said he would, of course, make arrangements to be available for consultation on the telephone or

otherwise if either Mr. James Stewart or the interim Deputy Manager should desire such consultation.'

The President at this time, by the way, was Dr. William Taylor Davie. He had succeeded Dr. Edmiston in 1938. Dr. Davie, who gave immense service to the City of Glasgow Friendly Society, started as a medical examiner, and in 1920 joined the Board of Management.

Although the General Manager of the Society was now the Secretary of State for Scotland, he did not forget the workings of the Society, nor the principles for which it stood. Sir William Beveridge was asked to make a report on Industrial Assurance and, even in the mist of the war effort, Tom Johnston came back to the campaign he had been waging, with little effect, among the members of the Association of Collecting Friendly Societies.

Here is a letter sent from the Interim Deputy General Manager of the City of Glasgow Friendly Society to the Secretary of the Association in January, 1943. But who can doubt that the sentiments expressed in it are those of the General Manager?

David White's letter starts, 'I am asked by the Board of Management of this Society to say that they have given careful consideration to the proposals in Sir William Beveridge's Report relating to Industrial Assurance, and to the criticisms of these proposals embodied in the document issued to the Press by the Industrial Life Offices' Association.

'As the Collecting Societies are aware, this Society — ever since the report of the Cohen Committee — has taken the line that there was unjustifiable waste and needless and costly competition in the structure of Industrial Assurance, and that we ought collectively to take steps while yet there was time to remove grounds of criticism.'

The letter goes on to remind the Association of the attempts by Tom Johnston to get a Sub-Committee appointed. It continues, 'These facts are only recalled now to show that this Society has for many years been attempting to remove some of the unnecessary costs of Industrial Assurance which have finally blown up in the proposals of the Beveridge Report.

'My Board does not believe it possible or desirable to defend a system of collection which involves 20 or 30 offices collecting in almost every street in the land: in thousands upon thousands of instances two or three offices sending or permitting agents to collect in the same houses, and

in extreme cases the same Society sending or permitting two of its agents to collect in the same houses. 'If the State Funeral Benefit proposal is accepted by the Government and Parliament, the Collecting Societies would, in the opinion of the Board, be well advised not to adopt an attitude of negation or hostility to the proposal to form an Insurance Board to operate the balance of Industrial Assurance and up to £300 O.B. business.

'Rather should we seek to make certain that (1) the Insurance Board will treat all our staffs honourably and compensate them for any losses they may incur by the new proposals; (2) that all our members will have their existing contracts and policies loyally fulfilled; and (3) that every effort should be made to secure the widest possible interpretation of the proposal in paragraph 190 of the Report that the "experience and abilities of those engaged in the business" should be fully utilised. The offices and Boards of the Societies, for example, have a wide and detailed knowledge of their own employees, investments, etc., which it would be sheer folly to lose, and it would surely be desirable that the separate identity of the various Offices could at least for some functions and for a long period of time, be preserved, even if the whole structure were being gradually reorganised as a public service.'

I have given this letter almost in full, because it shows how the City of Glasgow Friendly Society had a big part to play in shaping what is known to-day as 'the Welfare State'. Right from 1862 the men who ran this Society had ideas and they were able to express them. This story is not just the history of the City of Glasgow Friendly Society. It is the history of the life assurance movement, of the Welfare State, of what may well be the pattern for a new form of society — and in this case I do not mean Society.

The Quinquennial Report, issued in October, 1945, by R. Gordon-Smith, F.F.A., F.I.A., and C.L Stoodley, F.F.A., shows that the Society came through World War Two with increasing credit. In Premium Paying Policies the number of Assurances was 584,317, an increase of 60,229 over 1939. The Sums Assured and Bonuses amounted to £9,379,290, an increase of more than one and a half million pounds, and the Gross Annual Premiums had risen from £364,744 in 1939 to £435,094 in 1944. These figures apply to the Industrial Branch alone.

In 1946 Tom Johnston decided to retire as General Manager of the City

of Glasgow Friendly Society. But he did not give up his connection with 'the Institution', as so many speech-makers called it. To-day he is a Director of the Trustee Company which holds the Society's investments, and I know, from personal experience, that he takes every bit as much interest in the workings of the 'City of Glasgow' as he did when he was the man in charge.

The Modern Society

And now we move into modern times, for the world has changed considerably since the end of World War Two. The City of Glasgow Friendly Society has changed considerably too. A hundred years ago the Society dealt entirely with working men and their families, people who had not much money but wanted some form of security. To-day the Society still deals with working men, but in a much wider field of work. It's no longer a case of having a big number of members paying small premiums on their policies. People are much more 'insurance-minded' than ever they were, and you can actually get a situation where the numbers of members has gone down, but the amount of insurance has gone up.

Perhaps the big change started in 1948, when the Government stopped the old-fashioned funeral benefit business — 'a penny a week, or a pauper's grave', as it was known. I don't mean to scoff at the idea. It was the basis on which many a Friendly Society, including the City of Glasgow, was built. You could insure anybody for burial in 1862. But since 1948 you can only insure a parent, step-parent or grandparent for £20. There were no death benefits for children. In 1958 the funeral limit went up to £30, but that merely indicates a rise in the cost of dying.

The 'weekly death policy' idea died. Now the assurance agents sell policies on the life of the breadwinner of the family. This change in attitude was welcomed by the Life Societies, and the City of Glasgow have certainly benefited from the new trend.

At this time the General Manager of the City of Glasgow Friendly Society was Henry V. Davison. But his term as Manager ran only from 1946 to 1951. Up till then he had served the Society for 45 years.

Time was taking its toll of the older officials in the Society. James Stewart, son of the Founder and architect of the Society's success, died at his home, 17 Queensborough Gardens, Glasgow, on January 27th,

1950. He was 83 years of age, and he had continued to work for the Society right up to the end of World War Two.

Then came the tragic death of the Secretary, Charles L. Stoodley. In October, 1950, he had been down in London on Society Business. He arranged to fly back from Northolt to Glasgow. But, as the 'plane took off, it lost height and crashed, and Mr Stoodley was one of those killed.

Henry Davison, already an ill man, engaged David B. Dickson to take the place of C. L. Stoodley. David Dickson arrived in February, 1951, and Henry Davison died in that March. So David Dickson, who had come to the Society as Secretary, had hardly started working at 200 Bath Street before he was appointed General Manager.

This sounds a rather sad chronicle, but it must also be recorded that in January, 1956, David White died. He had been with the Society 40 years and was Interim Deputy General Manager during World War Two.

A few months after David B. Dickson took the manager's chair, David Wright joined the Society as Secretary. He is now Secretary and Joint Actuary.

In 1958 came the first two take-over arrangements by the City of Glasgow Friendly Society. I can't call them 'take over bids', because the Society did not bid. As in the case of the Hulme Philanthropic Burial Society away back in 1916, the Society were asked to take over. On New Year's Day, 1958, the Society took over the business and the members of the Western Mutual Assurance Society of Glasgow.

The Western Mutual was one of the oldest and most respected of Glasgow Societies. It had been started in 1832 as the Western Friendly Society, and it was, as we might say, 30 years more picturesque than the City of Glasgow. A number of young men met in May, 1832, in the Session House of Renfield Free Church (now Forsyth's Corner) and the Minute of the first meeting says, 'It was resolved to form a Friendly Society, the following being the proposed scheme, which will be submitted to a General Meeting, which shall be held within 10 days after 40 person have subscribed a minute agreeing hereto: "to pay eight shillings per week when bedfast, and six shillings per week when walking about but unable to attend to business in consequence of sickness; and a payment of seven pounds to the representatives of deceased members; which benefit are to be supported by quarterly contributions from the members, according to tables from the most approved authority."'

Well, when it came to the bit, 33 men joined the Western Friendly Society and paid 2s 6d each for entry money. At the next meeting a dozen more members joined and the only dispute was whether the sodality should be called the Western Friendly or the Standard Friendly.

By the time the Western Friendly reached its Jubilee in 1882 there were more than 1,100 names on the membership roll, and the assets exceeded £20,000. It's odd, by the way, that, just as the City of Glasgow Friendly Society owed its success to John Stewart and his son, James Stewart, the Western Friendly Society was run first by John Mann, and then by John Mann Jr., who later became Sir John Mann.

In 1919 the name was changed to the Western Mutual Assurance Society. By this time Sir John Mann had retired. In 1932, when the Society celebrated its centenary, the accumulated reserves amounted to over £145,640, and it had paid out £165,115 in benefits. These figures, compared with what was happening in the City of Glasgow field, do not seem large. Nevertheless, when the 'City' took over the Western Mutual on January 1st, 1958, there were 3,000 members and the funds amounted to £500,000. Incidentally, the Society also took over a 'hidden asset' in the form of the gold chain and medallion worn by the President of the Western Mutual.

The Western Mutual had an office of its own in St. Vincent Street, but this was sold after the take-over. At the same time the City of Glasgow were worried about living space. They were using every square yard of Sir Hector Cameron's old Mansion, plus the extension which had been built on at the back. Luckily they could extend to the next mansion on the East. It was a house which was used as the headquarters of the Glasgow Literary Club. The City of Glasgow made an offer for it, and the Literary Club accepted, once they were certain of other premises.

To-day the two mansions look like one building and it's quite difficult for a literary gent to remember what the old Club looked like.

On February 1st, 1960, another take-over was completed by the 'City'. Again, this was no attack on a smaller organisation. The approach came from the Dundee Burial Collecting Society, which was founded in the same year as the City of Glasgow Friendly Society, 1862. This Society has a most interesting history. It started by jute workers in Dundee who objected to their employers running a firm store, where they were being forced to buy goods. We're back to the 'Shop Act' now. The jute workers

formed the Dundee East Co-operative Society, still a most flourishing concern, and the Dundee Burial Collecting Society was a later off-shoot.

The time came, however, when it was more convenient to pass the running of the Burial Society to another organisation, and so the 'City' took over. This meant an addition to the City of Glasgow of 15,116 members, with funds of £170,000.

And so we come up to the present day. We have to record, unfortunately, the death of Dr. William Taylor Davie, President of the Society, who died on September 30th, 1961. As I have said, he succeeded Dr. Edmiston as President. Dr. Davie started as a medical examiner, joined the Board in 1920, served the Society for over 40 yrs, and was President for almost 23 years. He was a great character and famous for his fund of stories. If I may be personal for a moment, I should like to record that he was the doctor who passed me as fit for the British Army in 1941. Everytime we met, he reminded me of the occasion!

The new President is Robert B. Stevenson, C.A. His Vice-President is Charles McLean and the other members of the Board are James Scott; Allan S. Daly, M.A., LL.B.; Charles S. Stewart, A.C.I.I.; and Robert D. Gray.

The Trustees are headed by the Right Hon. Thomas Johnston, C.H., LL.D., and they include Charles Timoney; Walter Semple, M.A., LL.B.; and Charles J. Biggart, C.A.

The chief officials of the Society are David B. Dickson, F.F.A., General Manager and Actuary; David Wright, F.F.A., Secretary and Joint Actuary; George B. Watson, A.C.I.I., Cashier; and George Thompson, Superintendent of Agencies. Mr. Thompson's family has been connected with the Society for more than 60 years. The staff at 200 Bath Street number 80.

Although the two brochures I have mentioned went in for hyperbole and eulogies, that is not the way we do thing nowadays. We let facts speak for themselves. And what are the facts?

Well, the City of Glasgow Friendly Society is the fifth largest Collecting Friendly Society in the British Isles. They have 20 branches in Scotland, six in Northern Ireland, five in South Wales, and 24 in England. There are more than 250,000 members, but the old idea that one member meant one policy went by the board long, long ago. The Society have 500,000 premium paying policies and 200,000 paid-up policies.

The income now amounts to £1,150,000 in a year, and the Society's funds at the present moment are in the region of £6,800,000. It's a far cry from the original surplus of £100 in the first year. But that figure is in the realm of legend. Maybe it's more significant to compare the 1962 funds of £6,800,000 with the figures for a mere 30 years ago — £1,250,000.

And this is the point where the panegyric would occur, in the Good Old Days, I mean. We don't go in for panegyrics now. All we say is that the City of Glasgow Friendly Society have proved their worth over the past hundred years, and are determined to do even better in the next hundred.

The Friendly Adventure

Part 2

1962-2012

by
Allan Laing

1

White Heat *1962 to 1973*

IN 1957, Prime Minister Harold MacMillan famously declared that Britain had “never had it so good”. Five years later, as the City of Glasgow Friendly Society celebrated its centenary, that spirit of optimism still existed. The nation continued to reap the benefits of a quite remarkable economic boom. Jobs were plentiful, wages were high and people had money to spend.

The ambitions and the aspirations of the British working class, who represented the lifeblood of the friendly society, were rising. The country was taking its first tentative steps towards the kind of classless consumerism which was to shape the nation for the next 50 years. An affluent lifestyle, which hitherto had been beyond the dreams of ordinary folk, was now tantalisingly within their grasp. With more money in their pockets and “Hire Purchase” easier to obtain, they could now set their sights on life’s little luxuries; - appliances such as washing machines, fridges and television sets. The family car became a “must have”.

The ambitions of the younger generation – those sons and daughters of friendly societies’ loyal customers – would eventually extend further. They would want to own their own home, a development which would bring the winds of change blowing through the financial sector. Like every other successful player in the assurance business, the City of Glasgow Friendly Society would seize the opportunity. But that was to come later.

In 1962 the friendly society remained what it had been from the day it was created – a robust organisation with a strong financial footing and a sound managerial structure whose *raison d’être* was to provide some form of financial security and peace of mind to working class families. Yet, even then there were those within the organisation who were keenly

aware that standing still, staying the same would not be a long term option. Change would have to come.

As a business, it remained firmly anchored to Industrial Branch (IB) assurance, the regular collection of premiums by door-to-door agents. It was a system which had been working perfectly well for 100 years and appeared, at first glance at least, to be as strong as ever. It used to be said that there were three people a working class housewife would allow in her house without question: the doctor, the clergyman... and the insurance man. With good reason, the City of Glasgow Friendly Society's agents were welcomed, trusted and relied upon by thousands.

IB business was the bedrock of the friendly society. Its annual accounts for 1962 showed that its industrial assurance fund boasted a healthy £5.4m, (an increase of well over £200,000 on the previous year) while its Ordinary Branch (OB) assurance fund stood at just £1.4m. On the surface, there really was no comparison between the two. However, a closer look at the figures suggests that, even then, there were early indications that OB assurance – where premiums are paid, not in cash to agents at the door, but by cheque or ultimately by direct debit through a bank – was catching on. The OB fund, though clearly much smaller, had risen by almost 10% over the year. By comparison, the IB fund had increased by just a little more than 4%. That trend continued the following year with the OB fund once again increasing by 10% while IB business rose by only 3%.

It was not enough to set alarm bells ringing at 200 Bath Street but it was a sign of things to come. In those days, the typical City of Glasgow Friendly Society customer would not have had a current account. Indeed, if they had a bank account at all, it would almost certainly have been a deposit account. Fancy things like cheque books were for the well-heeled middle class. Thus, it is safe to assume that, by and large, it was the middle class who were fuelling the friendly society's OB fund.

This development of course was not peculiar to the City of Glasgow Friendly Society. Throughout the country, friendly societies big and small were experiencing the same slow move away from the agent at the door.

A change of government in 1964 did nothing to check the trend. If anything, Harold Wilson's new Labour administration helped speed the process along.



9. The City of Glasgow Friendly Society Board in 1989

Back (l-r): A Gilchrist, D Wright, A D Forbes, W E Aiton, S M Smith, A J B Agnew,
Front (l-r): J N Baird watson (Vice President), I B Smail (President),
R G Thomson (General Manager and Actuary)



10. The Board Room of the Bath Street building



11. Scottish Friendly's Blythswood Square Head Office Board Room



12. Scottish Friendly's Directors 2012

(l-r) D J Jenkinson, M L Berryman, M J Walker (Chairman), F C McBain (Chief Executive),
J Galbraith (Deputy Chief Executive), J W Jack (Vice Chairman), S E C Miller



13. Scottish Friendly's Executive Management Team 2012

Back (l-r): I Neilson (Head of Client Services), L Gilmore (Head of Finance),
D A Elston (Head of Corporate Services, Secretary), N E Lovatt (Sales & Marketing Director), J Wilson (Head of IT).
Seated: J Galbraith (Deputy Chief Executive), F C McBain (Chief Executive)



14. Scottish Friendly's Blythwood Square Head Office



15. Scottish Friendly in the community: the Group's award-winning children's literacy sponsorship, here with author and illustrator Cressida Cowell in 2011



16. Scottish Friendly in the digital age

The year before Labour took power, Wilson delivered a rallying call, not just to his party, but to the nation at large. In a famous speech he declared that Britain's future would be forged in the "white heat" of a scientific revolution. Under Labour, there would he said, be far-reaching changes thanks to industrial modernisation and technological development.

His vision was one of a classless society where further education – universities and colleges – would be open, not just to the privileged few, but to all. At long last professional qualifications would be within the grasp of an entire generation, rich and poor.

It tapped into the aforementioned hopes and aspirations of those young, working class people whose families had bettered themselves as a result of the economic boom of the Fifties.

Back in the City of Glasgow Friendly Society's boardroom, a fly on the wall could have been forgiven for mistakenly thinking that these political, cultural, social and technological changes had passed the friendly society by. It was still manned (women, as yet, did not figure in the hierarchy) by ageing characters in three-piece suits and bowler hats. However, appearances can be deceptive. The Board of Management was not immune to the remarkable developments going on around them. Indeed, by the end of the decade the friendly society would itself have embraced Wilson's "white heat" of technological change.

Slowly but surely, OB business was becoming an increasingly important part of the City of Glasgow Friendly Society's work. As much as anything else, IB was an expensive way of doing business. It had much higher running costs than OB. It needed an army of agents and collectors, backed up by a network of branch offices up and down the country. And those agents and collectors had to be paid commission.

The IB policies were, for the most part, simple 'penny policies'. You handed over often just a few pounds a month to your collector and the sum insured was paid out when you died.

The scale of the administration work involved was huge. Those low-premium 'penny policies' all had to be managed manually. Life assurance companies were awash with paperwork. The problem was particularly acute in smaller organisations such as the City of Glasgow Friendly Society. It may have been small compared to rival firms such as Scottish Amicable and Scottish Mutual, but because of the vast number

of small policies it held, it paid out more claims every week than those two life offices put together. That put enormous pressure on the office administration.

For many years, the City of Glasgow Friendly Society's records were entered via a punch card system, a now obsolete method which dates back to the late 19th Century. It was fine for its time, but by the mid-1960s it simply couldn't cope with the volume of administration involved as the friendly society expanded and its workload increased.

It was time for the City of Glasgow Friendly Society to avail itself of the "white heat" of modern technology. A look at the friendly society's annual report for 1967 shows a new word enter the lexicon of the boardroom. At its Annual General Meeting on April 26, the then President, Allan Daly made a brief mention of the fact that the friendly society was "in the process of installing a computer which, although the initial outlay was heavy, would in the end be a source of economy".

Thus, the following year, the word 'computer' was added to "furniture and fittings" in the assets column of the friendly society's balance sheet. As a result its asset value shot up from £6k to £63k, a leap which might well have caused some mild consternation among the more conservative gentlemen of the Board. Yet no one ever really doubted that it was a necessary expenditure if the City of Glasgow Friendly Society was to keep pace with the technological advances being made in the financial sector.

The friendly society had entered the digital age. It became the proud owner of a massive Honeywell mainframe computer. It was a cumbersome machine, the size of a small living room and had the capacity to store 256 kilobytes of data. Now, in this day and age of pocket iPods which can store gigabytes of information, this may sound very unimpressive. But back in the day, the system installed in Bath Street was judged to be 'state-of-the-art'.

Yet it had its limitations. For example, the original data still had to be entered using the old punch card system. And initially at least, the computer was only set up to perform one single task – preparing the friendly society's all-important annual valuation. Still, it did help save money from the outset. Before the computer arrived the valuation work was complex, lengthy and labour-intensive. The mainframe was able to do the work of as many as 20 to 30 employees. As a result of the installation of the mainframe, an entire department disappeared; a move

which resulted in a significant decrease in overhead costs.

The City of Glasgow Friendly Society was not the first friendly society to introduce computers –nor was it the last. There were some hard-nosed businessmen on the Board of Management who had recognised early on the need to embrace new technology. Thus, the organisation kept pace with the developments of the Sixties, installing its Honeywell system before many of its larger contemporaries did likewise.

By the end of the decade, it was in robust form and ready to face the challenges of the Seventies. The accounts for 1969 showed funds standing at a healthy £11m. That was some £500k more than the previous year.

But the margin of difference between IB and OB business was still slowly shrinking. Would the day eventually arrive when the last agent would knock on the last door? The answer to that was “yes” but economic events in the 1970s, global developments far beyond the control of the City of Glasgow Friendly Society would ensure that IB business’s shelf-life was extended.

2

Growing Affluence

1974 to 1979

ON a cold January morning in 1974, a young man entered the City of Glasgow Friendly Society's headquarters at 200 Bath Street to start his first day's work with the organisation. Almost immediately he began to wonder if he had made the right move.

Bob Thomson had previously been employed by one of the country's larger insurance societies. But now the ambitious 30-year-old maths graduate, who had recently returned to Scotland after a four-year stint working with Scottish Amicable in Australia, had accepted a position as an assistant actuary with the City of Glasgow Friendly Society.

His first impressions were less than promising. "I thought the office was Dickensian," he recalls. "It seemed to be populated by old men with long beards. Even the mail boy was past retirement age. The office furniture seemed to have seen better days. It was all dark wood and there were even some roll-top desks."

However, that was not the worst of it. The office appeared to be lit, not by electricity, but by candles. In pride of place in the Chief Executive's office was a single Tilley paraffin lamp, around which the friendly society's Board members would gather to peruse their documents when the natural light faded.

"I went home that night and thought to myself 'What have I done!'" he recalls, half-jokingly.

In fact, what he had done was make a very smart career move. Within 12 years Thomson would be the friendly society's Chief Executive, overseeing its development and successful expansion.

Fortunately, the candles and the Tilley lamp were not permanent fixtures. They were simply a sign of the temporary times. Bob Thomson had joined the City of Glasgow Friendly Society at the height of the "Three-day Week". Every office and factory in the country was in the same predicament. Edward Heath's Conservative Government, elected

in 1970, had been forced to take drastic measures to conserve power in the face of industrial action by the nation's coal miners. From January 1 till March 7, 1974, commercial users of electricity were limited to just three consecutive days' consumption a week. Only essential services – the likes of supermarkets, newspapers and hospitals - were exempt.

Dickensian in appearance it may have been, but the City of Glasgow Friendly Society had entered the 1970s in typically robust form, steeling itself for the challenges of a new and exciting decade. Some of these challenges they expected; others, like that three-day week for example, they did not.

Though the friendly society was, as ever, prudently managed and healthy in funds, it remained an inherently conservative financial institution. There was, however, an underlying feeling that it still was not meeting its true potential. There was room for improvement. The financial pressures it faced, while tolerable, were slowly mounting. Costs stayed stubbornly high and there was a clear need to cut them back.

If the British economy had been punctuated by low inflation in the 1960s, the reverse was the case in the Seventies.

Thomson recalls, "It was a time of very high inflation. I remember 1974 as a year when wage increases of 20% were the norm and, even at that, some people didn't think it was enough."

As you might expect from a future Chief Executive, the young actuary had done his "due diligence" before accepting a job with the friendly society. He knew that it was financially strong. "But it was small in size and, though there was growth, it was slow in coming round" he adds. Over the ensuing years, Bob Thomson would do much to rectify that situation.

There were two things, though, which were growing. The first was the move towards a society where people increasingly relied on the banking system to deal with their day-to-day finances. More and more, workers were being paid, not with a wage packet in their hands at the end of each week, but with a monthly salary paid directly into their bank account. In turn, they were paying their regular bills by cheque or direct debit. This was bad news for the friendly societies' armies of agents and collectors.

The second thing which continued to grow was the public's insatiable desire to own their own homes. There had been a post-war explosion in

house building. By the mid-Seventies around half the homes in the country were owner-occupied. Then along came the Barrett man (in a helicopter) and the concept of new-build housing as a commercial product for the masses was born.

Buying property was regarded not just as a move up the social ladder, but also as a sound investment for any family's future. The phrase "negative equity" would not find its way into the language for another 20 years.

In the Seventies the bulk of mortgages were provided by building societies. High Street banks were reluctant to enter the home loan market at the time, preferring instead to deal in short-term loans.

The 1970s also saw the appearance of a new type of mortgage. Low cost endowment plans were originally introduced by the major life insurance companies as a way of gaining a foothold in the mortgage market. They were effectively interest-only home loans with an additional savings plan in the form of an endowment policy.

Here was a first-rate business opportunity for any self-respecting assurance society. In the latter part of the decade the City of Glasgow Friendly Society seized that opportunity and began to make in-roads into the endowment market. This meant forging solid relationships with insurance brokers - the term "independent financial advisers" had yet to be coined - who could steer clients towards 200 Bath Street.

It also meant that a new type of sales force had to be created in-house to cope with the increased business. This was not a simple task; good sales personnel it seemed, were not only hard to find, they were hard to keep.

Bob Thomson explains, "You just could not get – and could not retain – good salesmen. It was very difficult to build up a good sales force. And it was an expensive business. For example, they had to be mobile so you needed to provide them with company cars. And, of course, they had to be properly trained.

"There was also a lot of movement of personnel around the industry. We could hold about 40 salesmen at any given time. But we needed more."

Commission was also a problem. Not only was direct commission paid to the sales force itself, there was also commission paid to the independent brokers. All in all, it was a very expensive business.

Nevertheless, the friendly society began to crack the endowment mortgage insurance market. In its annual report for 1977, the City of Glasgow Friendly Society boasted a record increase in new business, prompting President Allan Daly to remark with no small measure of satisfaction “The Ordinary Assurance branch is growing apace with our new schemes for house purchase loan policies at low cost being readily acceptable to policyholders and building societies alike.”

Towards the end of the decade the endowment business represented an impressive 30% of the friendly society’s new business. That figure was destined to grow even further when a certain Iron Lady arrived in Downing Street and decided that every council house tenant in the country had the right to buy the house they lived in.

As a measure of the changing fortunes of IB and OB assurance, it is worth noting the difference between the two funds over the decade. The friendly society had entered the 1970s with its IB fund standing at some £7.4m and its OB fund at around £2.6m. Ten years on the corresponding figures were £13.0m and £6.7m respectively. The traditional door-to-door collection work was still well ahead of the game but the gap was steadily narrowing.

Winds of change
1980-1989

ON April 30, 1980, Bill Hunter stood up at the City of Glasgow Friendly Society's Annual General Meeting to deliver his first address as its new President. Circumstances well beyond his - and for that matter, the organisation's - control ensured that his remarks were not entirely upbeat.

In that first year of the new decade, Britain was in the throes of a deep economic recession. Margaret Thatcher, who had come to power the previous year, was an unpopular leader. Her harsh monetarist policies may, argued some, have been the best medicine to cure the nation's ills but they were painful. They were destined to provoke widespread protest and would eventually lead to rioting in the streets of several English cities the following year. It was not the best of times for the nation; not the best of times for the financial services industry.

Hunter told delegates: "The year 1980 has been, as everyone knows, a difficult one for almost every business organisation in Britain and we have felt the effects of the economic situation like others in our own industry."

The recession, he explained, had led to unemployment and distress for many people. Worse than that, it had been accompanied by continuing inflation (a dangerous combination now known as 'stagflation').

"That this is so shows how close we in Britain have been to a total collapse of our currency system," he added.

There was no escaping the fact that the parlous state of the economy had adversely affected the friendly society's business. Sales of new policies had not grown as expected, largely because of the uncertainty of the future, while costs had increased substantially as a result of inflation.

In particular, there had been a marked fall in the number of new policies associated with house purchases. The main reason for this was

the fact that prospective home owners were finding it difficult to secure loans from building societies.

To be fair, by the time Hunter addressed the Board the mortgage market had picked up slightly. However, because of the continuing economic uncertainty, people were still reluctant to take out home loans in the numbers they had in the past.

All things considered, 1980 was a bad year for the insurance sector and worse was to come. Unemployment continued to rise in 1981. The City of Glasgow Friendly Society, though in financial capital terms still one of the strongest in the sector, was not immune to the recession's effects. It became increasingly difficult to expand new business sales. IB business in particular, where the average policyholder had a lesser degree of job security, was badly hit. So too was the endowment business connected to house purchases because the mortgage market remained, at best, static.

The year 1982 saw little improvement. Indeed, the City of Glasgow Friendly Society closed some of its smaller branch offices as a cost-cutting measure. There was also an increase in the number of policies - IB in particular - which either lapsed or were surrendered by clients who could no longer afford to keep them going.

1983 witnessed the first chink of light at the end of the tunnel. There was a measure of relief with the start of the Government's MIRAS (Mortgage Interest Relief At Source scheme), which at long last helped boost the house purchase market.

The endowment policy business was also helped along, in no small measure, by Mrs Thatcher's "right to buy" policy. Introduced in the Housing Act of 1980, this hugely popular legislation allowed council house tenants to purchase their homes at heavily discounted prices. By the mid-Eighties, hundreds of thousands of council houses were being transferred into the private sector through the scheme.

Then in 1984 came a welcome change of fortune for the IB side of the friendly society's business. Towards the end of the previous year, the City of Glasgow Friendly Society had been approached by the Liverpool based Pioneer Mutual Insurance Company with a proposition. Like its contemporaries, Pioneer had seen its IB business steadily diminish to the point where it felt it had no option but to stop taking on new policies. However, it still had to service its existing policyholders.

Thus an arrangement was reached with the City of Glasgow whereby its staff would collect on Pioneer's behalf. This worked to the mutual advantage of both parties and, although the powers that be in 200 Bath Street couldn't have known it at the time, it was in some ways the forerunner of a highly successful business strategy which was to be adopted many years later.

By 1986 the life assurance industry was facing major changes to the way it marketed and sold products. The Financial Services Act, which was to come into force the following year, had serious implications for the industry. Designed to provide more protection to the consumer, it would result in the formation of the Securities and Investment Board (eventually to become the Financial Services Authority) as well as a number of self-regulatory bodies for different sectors of the industry.

For friendly societies like the City of Glasgow it meant that life would become not only more complicated, but considerably more expensive.

Jim Galbraith, who joined the City of Glasgow Friendly Society in 1988 and is now Deputy Chief Executive, was responsible for overseeing the requirements of the new legislation. He felt the introduction of the new regulations had nothing to do with the friendly society or the life assurance sector in general.

"It was more down to the problems of the whole investment business," he explained. "Basically, the Government introduced a new tier of regulation to cover the running of financial services in general."

Each sector had its own regulator. That meant that the sales process took a lot longer. Bureaucracy was a lot tougher and standards for salesmen were a lot higher.

The City of Glasgow Friendly Society had nothing to fear from the new set-up. It had always maintained very high standards for its sales personnel and its sales methods were beyond reproach. But now it had to be placed on a more official footing.

IB business had always been tough because it involved providing products and services for people who didn't have a lot of money in the first place, yet costs were constantly rising to service that business.

"Salesmen had to be trained and tested and most of them were not exam-friendly people. They were not great at studying," adds Galbraith. "The paper work which was involved meant that something that once took 30 minutes to complete now took two or three hours. You had to

build in quality control.”

Combine all of that with the fact that IB policyholders were ageing and not being replaced by younger clients – who preferred OB policies - and you could see that IB business had finally had its day. Even a change of name (it was now referred to as ‘home service assurance’) couldn’t save it.

“It was never an easy business,” reflects Jim Galbraith. “But the combination of regulation and the social dynamics of the time marked the beginning of the end for IB business.”

By the late Eighties the collection work carried out on behalf of Pioneer Mutual had started to fall as the Liverpool insurer’s customer base gradually declined. Though the City of Glasgow Friendly Society would continue to fulfil its obligations to its own ever-decreasing circle of existing IB policyholders, it really was now only a matter of time before that side of the business was consigned to history.

It would be easy to paint a picture here of hard-nosed executives in the Bath Street headquarters who couldn’t care less about the demise of the door-to-door service. However, that would be quite wrong because the decision was made with a heavy heart.

“The truth was that, deep down, none of us wanted to see it go,” Galbraith continues. “We felt a social obligation was involved. For a lot of our customers we were their only financial service.

“We had been providing this for more than 100 years. It was the rock the friendly society had been built upon. A lot of our agents had been with us for a very long time. But to be fair, even they could see there was no future.”

Change had to come. That network of offices which once covered the British Isles would eventually close down and travelling agents would become an anachronism. In his annual report for 1990, Chairman (adopting the new title that replaced “President”) Ian Smail, who had taken over from Bill Hunter two years earlier, predicted tougher times ahead for the organisation. Friendly societies in general were unhappy because, unlike their colleagues and competitors in the life insurance firms, they still operated under severe restrictions on what they could – and could not - sell. Life companies had much wider powers and could provide popular products such as personal equity plans (PEPs) and unit trusts through wholly-owned subsidiaries. Friendly societies were not

permitted to own subsidiaries, but that, as we will discover, would change.

The assurance business was changing. With a new decade came a radical new way of selling products to the public. The Nineties would also see a change of title for the organisation. After 130 years, the 'City of Glasgow Friendly Society' was about to become a name from the past.

Chrysalis: Welcome Scottish Friendly
1990-1999

IT began with a chat between neighbours. Maurice Foley, a colourful IB salesman with the City of Glasgow Friendly Society, lived next door to a woman who worked for a small insurance outfit; its name, Scottish Friendly.

During the course of the conversation she revealed that her employer's days were numbered. Scottish Friendly, which had started life as Scottish Clerks, had always relied upon health insurance as its main source of income. Until the middle of the last century people were generally expected to pay for their own health care. Scottish Clerks sold policies which provided vital sickness cover to its customers.

But then in 1948 came the introduction of the National Health Service and free healthcare for all. Suddenly the insurer's bread-and-butter business went into decline. It persevered for many years, changing its name in the 1970s to Scottish Friendly, but by the late 1980s it was finally forced to raise the white flag. Scottish Friendly prepared itself for voluntary liquidation.

When Maurice Foley heard this he immediately contacted head office and broke the news. It would be hard to underestimate the significance of the salesman's revelation. Indeed, it would eventually lead to a major breakthrough for the City of Glasgow Friendly Society.

At the time, the assurance sector was in the midst of change. The friendly society, like its competitors, was looking at modern and more effective methods of expanding its sales. Gone were the days of an army of agents and a network of offices. The buzz word now was "direct marketing" and the City of Glasgow Friendly Society recruited a marketing professional, Harry Gibb, to head up its new marketing function. Consequently the organisation tested the water with advertising leaflets and inserts in newspapers such as The Glasgow

Herald and the Scotsman. However, in order to expand nationwide, the friendly society knew it had to get away from its perceived parochial brand. And what better way to achieve that than a change of name; the acquisition of a two-word title which presented a clear image of what the friendly society stood for - trust, reliability and financial prudence – while at the same time countered any perceptions that it was merely a provincial organisation, resting on the laurels of its past.

The executives in Bath Street immediately saw the immense value of the “Scottish Friendly” brand. It was exactly what they required. But there was no time to lose. The Board of the ailing company was due to meet in a Dumfries hotel in two days’ time to formally wind the business up.

Chief Executive Bob Thomson hastily dispatched himself to Dumfries, arriving there on the eve of the meeting. Meanwhile, the Scottish Friendly Board was contacted and told that, before they wound the business up, the City of Glasgow Friendly Society’s boss would like to speak to them.

Thomson recalls, with some amusement, overhearing some of the Scottish Friendly executives chatting in the hotel foyer shortly before he was due to address them.

Oblivious to his identity, they asked each other: “Who is this guy? What does he want?” They had no inkling that he was about to make them an offer which, given its appeal, they could not refuse.

“Ten minutes later I met them and they asked me what I wanted,” recalls Thomson. I told them we thought they had a wonderful name and that we would like to see if we could continue with it.”

Out of the blue, the Scottish Friendly Board had been offered an escape route which would avoid the costly legal exercise of winding up the organisation. By the end of the meeting they had agreed in principal to the takeover.

Thomson returned to Glasgow with just one hurdle to negotiate – because the deal had been secured within a matter of a couple of days he had not had time to get the approval of his own Board.

When the Bath Street Board heard about the events in Dumfries there was naturally, a degree of heart-searching among its members. Some expressed regret that the City of Glasgow Friendly Society name would disappear after so many years. However, sound business sense prevailed

and there was no real resistance. The takeover – or “transfer of engagement” as it is called in friendly society parlance - was approved.

It took the best part of the next two years to complete the complex takeover process. Finally, when the annual report for 1992 was published, it bore the title ‘Scottish Friendly’ on its cover for the first time.

In that same report, Chairman Ian Smail noted that the much anticipated Friendly Societies Act had finally been passed. This at long last would allow Scottish Friendly to become an incorporated society (though it would be January 1, 1994 before that was officially established), allowing it to launch subsidiaries and offer a much wider range of products and services. The new name would help ensure success in these endeavours.

The Nineties also involved a ‘flitting’ for Scottish Friendly. The Bath Street premises, which had been the organisation’s headquarters for the best part of 90 years, were no longer fit for purpose. So in 1994 it moved into its present home at 16 Blythswood Square, one of the most prestigious business addresses in Glasgow.

Gone was the gloomy dark wood interior and the rabbit warren of tiny offices which characterised the old HQ. In its place was a modern, sophisticated office. Behind the elegant sandstone facade of Number 16 was a purpose-built business complex; bright, open-plan and perfectly appointed for an ambitious financial firm with its eyes trained firmly on a 21st Century future.

The move to Blythswood Square in the mid-Nineties coincided with the replacement of the friendly society’s cumbersome and by now outdated mainframe computer system. Like the rest of the business world, Scottish Friendly was now in the age of Information Technology. The new set-up involved a modern network of open systems. However, as we shall discover later, the bespoke software initially deployed was not the long-term technological solution the friendly society had hoped for.

As Jim Galbraith recalls, although the software was specially designed for life assurance, the Scottish Friendly implementation struggled to keep up with the friendly society’s needs. As the business changed and adapted, the system required a great deal more care and attention than had been anticipated.

“We were finding it all a bit restrictive,” says the Deputy Chief Executive who admits that, with hindsight, the bespoke system was probably

“over-ambitious”.

In terms of Scottish Friendly’s business, Jim Galbraith and Bob Thomson steered the organisation on a course of expansion through the 1990s. In previous chapters we have alluded to the steady and inevitable decline in IB business; that continued apace through the 1990s.

In 1998, Scottish Friendly appointed a new Finance Manager. Fiona McBain would go on to become the first woman to take a seat in the Scottish Friendly boardroom. With a wealth of top-level business experience – the Glasgow-born chartered accountant had worked in London, the USA, Holland and France – she had most recently been employed by the Prudential having been heavily involved in the demutualisation and takeover of Scottish Amicable.

McBain joined Messrs Thomson and Galbraith, becoming the “junior” member of what was perhaps the most dynamic and successful management team in Scottish Friendly’s history. Her junior status, by the way, would be temporary.

At the time, her two colleagues were heavily involved in product diversification, looking at ways of tapping in to the markets for the soon-to-be-launched ISAs and for OEICs (a modern version of the unit trust). They had also overseen significant expansion to the direct marketing operation.

McBain’s first impression was that she had joined a small society with big ambitions and that, thanks to its ongoing success, it had the money to bankroll those ambitions.

And yet, she could see there was still room for improvement. She recalls “You had Bob and Jim driving forward with modern innovations like direct marketing and looking at new products. But then you had people who had worked here for 33 years and their job had hardly changed in all that time.”

However, it was the culture of Scottish Friendly’s IT department which she found most concerning. It had a staff of 20 who wrote their own software and designed everything from scratch. This *modus operandi*, McBain knew, was common in the insurance industry but it was also extremely frustrating. She was told, amid sharp intakes of breath, it would take as long as 12 to 18 months to set up systems for the exciting new products Scottish Friendly planned to introduce. That being the case, Scottish Friendly would lose out completely on the launch of the

new ISAs in 1999, leaving it way behind its rivals. That was not about to happen on McBain's watch.

"We were going to lose a whole year's business. So we had to get over these constraints and away from the mentality which prevailed in IT at the time," she says.

McBain brought a refreshing energy to the process and, though she admits she made few friends in the then IT department, she and Jim Galbraith ensured that the vital work was completed in just three months.

For much of the 1990s, overhead costs continued to increase. This was largely down to the regulatory burden imposed upon the financial sector. Societies were under enormous pressure to maintain the quality and technical competence of their workforce – and that cost money.

Savings had to be made. Thus, Scottish Friendly's executive team focused on efforts to rationalise the business. At the same time, they relentlessly pursued a policy of growth. By the mid-Nineties direct marketing was the main source of new business. Indeed, Scottish Friendly had been growing as fast as anyone else in this lucrative area.

We have already mentioned in this chapter the fact that IB business continued to decline throughout the decade. Its death knell finally chimed in Scottish Friendly's annual report for 1999. Chairman Douglas Forbes declared "with some sadness" that Scottish Friendly had reached a watershed. They had now ceased selling the product which had been the basis upon which the friendly society had been founded in 1862.

"The disproportional high cost associated with the sale of a small and diminishing product... has resulted in our decision to withdraw from sales of home service assurance business with effect from March 2000," he announced.

They would continue to service existing IB customers but, to all intents and purposes, IB was finished.

All things considered, it was a lean, fit and healthy Scottish Friendly which approached the Millennium. Total sales had increased fivefold in just three years – and tenfold in six years. The biggest sales increases came from direct marketing and through the relationships forged with independent financial advisers.

The friendly society's robust form was due in no small measure to the efforts of the senior management team – Bob Thomson, Jim Galbraith

and Fiona McBain – and the vision, drive and commitment they brought to their task.

Yet, as the 21st Century arrived they knew their mission was far from complete. They were about to enter one of the most exciting periods in the organisation's history. Scottish Friendly was almost ready to start punching above its weight. All it needed was a little technical support from the other side of the world.

5

A new millennium 2000 to 2012

By the year 2000, Scottish Friendly was firmly established as one of the most successful and progressive friendly societies of its kind. Its annual report painted a picture of health.

Chairman Douglas Forbes remarked that Scottish Friendly's "enviable record for exceptional growth over recent years" was matched by "strong with-profits and investment returns". This would not have been achieved without the sound business strategy which Bob Thomson, Jim Galbraith and Fiona McBain had put in place.

However, the executive trio was not ready to rest on its laurels just yet. That annual report, the first of the 21st Century, provides a helpful snapshot of where the business stood at that point in its history.

Direct marketing now accounted for 80% of sales in 2000. Database marketing – a programme of communication to customers and prospective customers held on an organisation's database - was becoming increasingly important and sales through independent financial advisers (IFAs) accounted for a respectable 8.5% of new business.

In 1998 Scottish Friendly had launched its own website and, two years on, although the organisation's e-business was still very much in its infancy, the management team was acutely aware of how important it was likely to be in the future.

Advances in information technology were being made at breakneck speed - and Scottish Friendly could not afford to be left behind in the race to embrace developments. Jeff Wilson was appointed as Head of IT in 2000 and the organisation embarked upon an in-depth assessment of its existing systems which, as we have seen in the previous chapter, were far from perfect.

Frustrated by the limitations of the IT set-up, the management team

started looking at alternative software packages. Unfortunately, this coincided with the dot.com crash and the 9/11 terrorist attack in America, both of which adversely affected stock markets around the world and put a number of leading IT companies out of business.

So it was not until 2002 that Scottish Friendly finally found the answer to its IT ambitions. It came in the shape of the Tacit Group, a business software provider from New Zealand which, in 2005, became part of the Australian-based Bravura Solutions. It was a brave move because Tacit was little known in the UK at the time. However, it was a gamble which, before long, paid off for Scottish Friendly in spectacular fashion.

As Jim Galbraith recalls “Tacit was an ambitious company but at the time it had just one client in Britain. It was keen to get a bigger foothold here but was finding it difficult to get new customers in the UK.

“Tacit offered a very good system which was extremely flexible and could meet our needs. It was a huge step forward, not just from a productivity point of view, but also in terms of functionality and speed.”

The deal was struck and in 2003 the migration operation was successfully accomplished. Everything was transferred from the old bespoke systems to the new Tacit set-up. In one fell swoop, Scottish Friendly went from the complexity of several IT systems to the simplicity of just one.

With almost immediate effect, the changeover led to significant cost savings and opened the door to an exciting new world of product development. Indeed, it is no exaggeration to say that it changed the shape of the organisation’s future.

We shall find out more about that later but let’s go back to 2001 and look a little closer at how much progress Scottish Friendly had made. In less than 10 years, it had transformed itself from a moderately-successful, if a little staid, home service assurance provider to a modern, marketing-led financial services organisation.

With its acquisition costs (how much it costs to get a policy on the books) among the lowest in the country, Scottish Friendly’s customer base was growing by more than 30,000 a year.

However, it became clear that Scottish Friendly had reached critical mass for its customer database and no longer needed to build sales at the phenomenal rates of recent years. In fact, if these rates were allowed to continue then there was actually a danger that they would outstrip

the capacity of the organisation. Now it was time to consolidate and, of course, acquire that all-important new “back office” IT system.

Thanks to the aforementioned stock market crash, 2002 saw a drop in consumer confidence across the financial sector. Although this had an impact on sales which decreased by 37%, the total for the year still stood at an impressive £11m.

Casting her mind back to 2003, Fiona McBain points out that it wasn't so much the new software package which was the critical factor, it was more how Scottish Friendly would use it.

She recalls: “From the start, we stuck rigidly to the idea that we would redesign the business to fit the package and not the other way round. Jim Galbraith and I spent many Sundays in the office with red pens rewriting the design specifications. It wasn't always easy to get across.

“For example, I remember one of the staff in the office told us we needed to design the system to process a particular type of claim in a particular kind of way with particular kinds of calculations. I asked her how many policies were involved and she replied ‘Eight!’”

Clearly, a change of mindset was required. The office staff had to realise that a system could not be designed around the requirements of just eight policies. The reality was that Scottish Friendly had to focus on maximum flexibility and maximum efficiency. Every aspect of the business began to be streamlined. The headcount was reduced by some 40%. Seven separate customer services departments were merged into two.

By early 2004 – and on the back of the IT improvements – there was a restructuring of the business. With sales now based predominantly on direct marketing, the decision was taken to close down the sales force. As Galbraith says, “It was time to switch from door-to-door collections to getting all our customers paying by Direct Debit. A few were even still paying by postal order.”

Fiona McBain adds: “It was hugely emotive. Bob (Thomson) was Chief Executive and he was instrumental in getting it to work. We succeeded because Bob managed to get the agents on side. They were seeing the demise of their jobs, after all, and rather than let these agents suffer a long and painful decline, he took the bull by the horns.”

Thanks to Thomson's sympathetic and considered approach, the process went a great deal more smoothly than some of his colleagues had

anticipated.

“The agents knew that the time had come,” recalls Jim Galbraith. “Their earnings had diminished and we provided generous redundancy packages.”

June 2004 also saw the closure of Scottish Friendly’s own in-house investment management team. In a strategic move, it switched the majority of its investments to low cost tracker funds, with additional investments in some specialist funds.

By now Scottish Friendly, which a few years earlier had operated with a workforce of 200, was employing just 60 people. Not only were its acquisition costs among the lowest in the financial sector, so too were its renewal costs (that’s the cost of administering a policy once it is on the books). This was no small feat for a friendly society. Like all friendly societies, the bulk of its business was still in small tax-exempt savings plans which had never increased in real terms over the years. Nevertheless, it had to absorb the same regulatory overheads for its £25-a-month policies as the much larger insurance companies did for, say a £100,000 bond. Given that, Scottish Friendly’s ability to keep its costs so low was quite an achievement and is something of which Fiona McBain and Jim Galbraith are justly proud.

In 2004 gross premium income grew by 4% to £68m. This, combined with a return to form on the investment front, meant that Scottish Friendly’s assets reached a record £420m.

That year, too, Scottish Friendly began to reap the technological benefits of its new IT system. The Labour Government of the day had just introduced the Child Trust Fund as a way of encouraging parents to save for their offspring. Thanks to its deployment of the Tacit software, Scottish Friendly was able to develop the new product swiftly and at a fraction of the cost of many of its competitors.

The following year, with re-engineering complete, distribution changes in place and running costs admirably low, the question was: “How do we capitalise on that?”

In 2005, Douglas Forbes stepped down as Scottish Friendly’s Chairman – though he continued as a Board member for another two years - and was replaced by Graham Webster. That same year Bob Thomson, the man who had provided the building blocks for the organisation’s success, announced his intention to retire as Chief Executive after more than 30

years' service to Scottish Friendly. Fiona McBain became Chief Executive of the Scottish Friendly group of companies which included Scottish Friendly Assurance Society Limited, Scottish Friendly Asset Managers Limited and Scottish Friendly Insurances Services Limited as well as two other subsidiaries.

There was a brief period of transition and, during that time, McBain and Galbraith – who would become Deputy Chief Executive – developed a masterplan for the future of the business. Called “A Strategy for Growth”, it had three key elements: organic growth, mergers and acquisitions and business process outsourcing.

Much of the thinking surrounding the strategy was based on the premise that, given the capacity, sophistication and flexibility of its systems, Scottish Friendly was well placed to attract other players in the financial sector to share in its efficiencies and expertise. It could and should forge relationships with business partners so that it could promote the organisation's products through them, in addition to administering business for other firms.

So over the course of 2005, McBain and Galbraith started knocking on doors.

“One hurdle we had to overcome was for Scottish Friendly to be taken credibly,” explains McBain. “People said ‘Scottish who?’ We had to do a lot of talking, a lot of selling ourselves but finally, we secured our first contract.”

That contract was with the Association of British Credit Unions Ltd. It helped to initiate a virtuous circle. Other deals followed with a variety of small banks and building societies.

Fiona McBain formally took over as Chief Executive on January 1 2006. Then a few months later, came the appointment of a new member of the management team, Sales and Marketing Director Neil Lovatt. He had worked for Edinburgh-based Scottish Life for 14 years, notably heading up the marketing operation in Scottish Life International.

His remit was to re-shape Scottish Friendly's product range, its distribution methods and its marketing materials, all of which fell under the “organic growth” strand of the strategy.

Referring to the IT set-up, which earned Scottish Friendly the Orange Prize for Best Use of Technology at the Scottish Business Awards in 2008, Lovatt says, “It was obvious to us that we had this brilliant back-office

system which was not yet being used enough. It's a bit like having a Range Rover Sport and all you do is drive to the shops to buy a pint of milk. You really have to take it off-road and do what you want with it."

He adds: "We essentially had one organisation with one product (tax exempt savings plan) and one distribution channel."

Using the standard marketing principle of test-and-learn, Scottish Friendly would change that.

Soon more significant business partnerships were established with bigger players including Royal London, the UK's largest mutual life and pensions company, and Resolution which later became part of the Phoenix Insurance group. But it wasn't just insurers. Scottish Friendly also partnered up with the likes of Reader's Digest, NSPCC and with Forces Financial which specialises in providing tailor-made services for the Armed Forces and the police.

Lovatt explains: "I previously worked in places where new products could take years to introduce. With Scottish Friendly's set-up we could do it in months or even weeks.

"From a marketing perspective, we could use our systems to ask the right questions about our products; who is buying, what are they buying, what time are they buying, via which publication or mailing list are they buying it?

"Now, we had the ability to pull all that information together and come up with new products and new ways of putting them together. Without that IT system the development costs would have been spectacular.

"For an organisation of Scottish Friendly's size, it was a big risk to bring the software in but it was a risk that paid off. We had this technology with fantastic flexibility but it was only fantastic if we exploited it. Basically, it gave us the map to take that Range Rover off-road."

Lovatt's arrival at Blythswood Square coincided with another exciting development for the Scottish Friendly. The Group was on the verge of making a significant breakthrough in another of its strategic strands, business process outsourcing. It was a deal which, yet again, was based on the strengths of the deployment of the IT system.

The Blythswood Square Executives had connected with Nucleus, a new company set up by a powerful group of independent financial advisers. The Edinburgh-based outfit was looking for someone to administer its wrap business.

Wrap accounts, which originated in Australia and New Zealand during the 1990s, are a method of handling investment portfolios online. Clients can keep their pensions, ISAs, unit trusts and other investments under one “wrapper” thereby making them easier to control and manage.

Scottish Friendly beat off stiff opposition from far larger players in the field to secure the contract to provide Nucleus with back-office and logistical support for its wrap business.

The wrap project was so successful that in 2008 Norwich Union (now Aviva) came knocking on the door of 16 Blythswood Square. Jim Galbraith recalls that, since the insurance giant’s attempts to run its own wrap operation had been beset by problems, he assumed they were simply coming to take a look at Scottish Friendly’s version.

In fact, Norwich Union wasn’t simply looking for advice; it wanted Scottish Friendly to administer its wrap business. It was another feather in the cap for the Glasgow-based organisation and developed into the highly successful wrap administration business, of which more is to come later.

The third strand of McBain and Galbraith’s growth strategy, mergers and acquisitions, started off modestly at the end of 2005 with the takeover of the Manchester-based friendly society, Rational Shelley. This was followed a few months later with the acquisition of Preston Operative Assurance Society. Then in 2007 came the transfer to Blythswood Square of the life business of the Pioneer Friendly Society in Wiltshire.

However, it was the takeover of one-time rivals Scottish Legal Life which gave Scottish Friendly the greatest advancement. At the time it was the largest transfer of engagements in the history of UK friendly societies, and it marked Scottish Friendly as a significant player in the acquisition field. The deal saw the Group grow by a third overnight.

“The takeover of Scottish Legal was the big one for us,” explains Jim Galbraith. “We had had discussions a couple of times in the past but not with a particularly productive outcome. We were a bit like the Celtic and Rangers of friendly societies. However by 2006/2007, Scottish Legal decided they wanted to transfer to someone else. They put out invitations to tender to about 20 companies and in the end we won.”

The takeover increased the funds under Scottish Friendly’s management by £170m. But, in terms of mergers and acquisitions, there

was still one more to come. The year 2007 closed with the completion of another transfer, that of the London Aberdeen and Northern Mutual Assurance Society (LANMAS).

The following year was not a vintage one for the financial services industry. The banking crisis, turmoil in the markets and interest rates plummeting to previously unheard of levels... the challenges in 2008 were, to say the least, significant.

Scottish Friendly weathered the storm. Its core life and pensions sales fell – but only by 3%. The Group continued to develop valuable relationships with its business partners, including Soccer Savings, a new arrangement through which it promoted bespoke savings plans to major football clubs including Rangers and Celtic.

The ‘credit crunch’, though it adversely affected consumer confidence in the short term, resulted in a much more sober attitude to money among the public.

“There had always been such a flippant attitude to credit cards,” explains Neil Lovatt. “As a savings and investments-based organisation, that had always been a great negative for us. Credit cards offered a kind of instant gratification. Why save up for that new television set when you can get it immediately by putting it on your card?”

“When the credit crisis happened it obviously caused us problems in that people were nervous about financial matters. But long term it created a much more rational and sensible attitude to money. It removed the nasty ideology of credit cards. For an investment organisation, that can only be a good thing.”

Thus, in a curious way, you can draw a connecting line from Scottish Friendly’s original ‘penny policies’ to the product range of today. It has been the same message for 150 years; “Let us help you put something aside for the future”.

Lovatt adds, “We continue to recognise our role as a friendly society. What we do is inspired by the tradition of getting people into the habit of saving.”

As the first decade of the 21st Century came to an end, Scottish Friendly was now the only mutual life office left in Scotland. Its workforce had once again increased to around 200. It operated from three premises in Glasgow city centre; the Blythswood Square headquarters and offices in West George Street and St Vincent Street, reflecting the growth from each

of the three strands of its strategy.

Despite the severe economic uncertainties which have plagued the world in general and the financial industry in particular over the last few years, Scottish Friendly has prevailed and continued to deliver returns for its members. Much of this is down to the sound policies of the management team's strategy for growth.

In 2011, a year before it celebrated its 150th anniversary, Scottish Friendly began negotiations with Citi, part of the US-based financial giant Citigroup, with a view to selling Scottish Friendly's much envied wrap administration business which, by now, was handling around £4bn of funds.

The deal was announced in November and on 1 January 2012, some 134 Scottish Friendly employees were transferred, together with its offices in St Vincent Street and West George Street, to the American bank. There was not a single redundancy.

Why did Scottish Friendly sell? Fiona McBain said it was because it offered the chance to realise a "premium value" for its members. Scottish Friendly had built a highly successful business from scratch that had attracted the attention of leading multi-national organisations that recognised that they could not achieve what the Group had in such a short space of time.

The creation, development and ultimate sale of the business for a premium was a tangible and dramatic example of the strength of the flexibility and innovation that lay within the Group.

So Scottish Friendly went back to the future. Once again its entire operation was centred in one building, 16 Blythswood Square and the workforce was down to fewer than 100. However its ambitions remain undiminished.

Today it has approximately 410,000 members and funds under management of more than £800 million. Its current Chairman is Michael Walker who took over in January 2009 from Graham Webster.

"I am really proud of what everyone here has achieved," reflects Fiona McBain, who was named both Female Director of the Year and Director of the Year (Glasgow & West of Scotland) in the 2010 Institute of Directors Scotland Awards and in the top three UK large company directors in the Institute of Directors National Awards.

"Yes, we have changed a lot but it has been a gradual process as a result

of the ‘building blocks’ which Bob Thomson engineered. People used to say ‘Scottish who?’ but now we have plcs knocking on our door and talking to us about initiatives. I have flown to New York to collect an award on behalf of Scottish Friendly, and to New Zealand to deliver a speech to a multi-national audience on how we have achieved the re-engineering and growth of our business.”

But she adds a word of warning: “We can’t ever get complacent about what we have achieved.”

And the future? “We have to look at how best we can capitalise on the value we have created here. It is something that a lot of other major plcs don’t have. We are the envy of many companies.

“Major regulatory changes are expected and it is widely anticipated that there will be more consolidation in the sector. Given our efficiency and the transfers we have already made, I think we’re well placed to benefit from that,” she adds.

So when someone comes along in 50 years’ time to update Scottish Friendly’s story, what will they find?

“I hope that we will be living and breathing what would by then be the legacy of what we have accomplished in recent years. We will still be delivering really good products and services to our policyholders. I just hope the corporate ethos never gets lost,” she says.

Well, it hasn’t yet. After 150 years the traditional values upon which the original City of Glasgow Friendly Society was founded still remain. It has never forgotten its responsibility to the community it serves. And that’s not just in terms of the products it sells. Its members can take pride in its long-standing commitment to promote children’s literacy in Scotland in partnership with Scottish Book Trust. Indeed, as recently as 2010 it helped reach more than 250,000 children through its award-winning online initiative, Meet Our Authors.

Yes, Scottish Friendly may now be a modern, multi-million pound group and a key player in the financial sector, but its function stays the same: to help people save and assure them that their pennies and their pounds are in safe hands.

Happy anniversary, Scottish Friendly. Here’s to the next 150 years!

