

SCHEDULES

SCHEDULE 6

Articles 30(1)(ii) (2), 31(1), 34 and 35(2)

(b)

RULES FOR VALUING POLICIES AND FOR ASCERTAINING THE AMOUNT OF A FREE PAID-UP POLICY

PART I

RULES FOR VALUING POLICIES

1. The value of the policy is to be the difference between the present value of the reversion in the sum assured according to the contingency upon which it is payable, including any bonus added thereto, and the present value of the future net premium.

2. Subject to paragraphs 3 to 5, the net premium is to be such premium as, according to the assumed rate of interest and rate of mortality and the age of the person whose life is assured at his birthday next following the date of the policy, is sufficient to provide for the risk incurred by the collecting society or industrial assurance company in issuing the policy, exclusive of any addition thereon for office expenses and other charges.

3. In the case of a policy, other than a policy for the whole term of life issued before the person whose life is assured attained the age of 10 years, the date of the policy may be assumed to be one year after the actual date, and, if it is so assumed, the term of the policy may be assumed to be one year less than the actual term.

4. In the case of a policy for the whole term of life issued before the person whose life is assured attained the age of 10 years, account shall not be taken of any period for which the policy was in force before the anniversary of the date of issue of the policy next preceding the date on which the age of 11 years was attained.

5. In the case of a substituted policy, the net premium shall be calculated with reference to such sum as, according to the practice of the collecting society or industrial assurance company for the time being, would have been assured by the premium payable, if the person upon whose life the substituted policy is issued had not been assured with the society or company before the issue of that policy.

PART II

RULE FOR ASCERTAINING THE AMOUNT OF A FREE PAID-UP POLICY

6. Subject to Article 35 and Schedule 7, the amount of a free paid-up policy is to be a sum bearing the same proportion to 75 per cent. of the value of the policy as the sum of £1 bears to the value of the reversion in the sum of £1, according to the contingency upon which the sum assured under the original policy was payable.

PART III

GENERAL RULES APPLICABLE FOR PURPOSES OF PARTS I AND II

7. Interest is to be assumed at the rate of 4 per cent. per annum.
8. The rate of mortality is to be assumed according to the table contained in column 6 of Table G in the Supplement to the 65th Annual Report of the Registrar-General of Births, Deaths and Marriages in England and Wales—Part I.
9. The age of the person whose life is assured shall be obtained by adding to the age attained by him at his birthday next after the date of the issue of the policy, the duration of the policy in completed years at the date as at which the value of the policy is required to be ascertained.
10. In the case of a policy issued for a term other than the whole term of life, the remaining term at the date at which the value of the policy is required to be ascertained shall be obtained by deducting from the original term of the policy the duration of the policy in completed years at that date.

PART IV

MODIFICATIONS OF THIS SCHEDULE IN RELATION TO CERTAIN POLICIES

11. In its application to the valuation of a policy of which the sum assured or guaranteed has been increased under regulation 6 or 7 of the Industrial Assurance (Life Assurance Premium Relief) Regulations (Northern Ireland) 1978 , this Schedule shall have effect subject to the following modifications—
 - (a) the value of the policy shall be the aggregate of the value of the sum assured or guaranteed by the policy immediately before the increase and of the value of the increase in the sum assured or guaranteed;
 - (b) for the purpose of the valuation of the increase in the sum assured or guaranteed, paragraphs 1 and 2 shall have effect as if the increase had been assured by a policy effected on the next anniversary date of the policy after 6th April 1979 for the then unexpired term of the policy.
- [^{F1}12. In its application to the valuation of a policy of which the sum assured or guaranteed has been increased as mentioned in paragraph 11 and the increase has been amended under regulation 6 or 8 of the Industrial Assurance (Life Assurance Premium Relief) (Change of Rate) Regulations (Northern Ireland) 1989, this Schedule shall have effect subject to the following modification, namely the value of the policy shall be computed and approved by an actuary in accordance with principles which take account of the amendment and which are approved by the Commissioner.]

Annotations:

F1 SR 1989/75

Changes to legislation:

There are currently no known outstanding effects for the Industrial Assurance (Northern Ireland) Order 1979, SCHEDULE 6.