

1978 No. 285

FRIENDLY SOCIETIES**Friendly Societies (Life Assurance Premium Relief) Regulations
(Northern Ireland) 1978***Made* 25th September 1978*Coming into operation* 1st November 1978

The Department(a) of Commerce, in exercise of the powers conferred upon it by paragraph 13 of Schedule 4 to the Finance Act 1976(b) and of every other power enabling it in that behalf, hereby makes the following regulations:

Citation and commencement

1. These regulations may be cited as the Friendly Societies (Life Assurance Premium Relief) Regulations (Northern Ireland) 1978 and shall come into operation on 1st November 1978.

Interpretation

2.—(1) The Interpretation Act (Northern Ireland) 1954(c) shall apply to these regulations as it applies to a Measure of the Northern Ireland Assembly.

(2) In these regulations—

“actuary” means an actuary qualified in accordance with the Friendly Societies (Qualifications of Actuaries) Regulations (Northern Ireland) 1971(d);

“collecting society” has the meaning assigned to it by section 1(1A)(e) of the Industrial Assurance Act (Northern Ireland) 1924(f);

“friendly society” means a friendly society (not being a collecting society) or a branch thereof registered or deemed to be registered in Northern Ireland under the Friendly Societies Act (Northern Ireland) 1970(g) and includes a Great Britain friendly society;

“friendly society contract” means a contract made by a friendly society with a member of the society in the course of business in Northern Ireland, whether contained in the rules of the society or not;

“Great Britain friendly society” subject to paragraph (3) means a friendly society, not being a collecting society, which is registered in Great Britain for purposes corresponding to the Friendly Societies Act (Northern Ireland) 1970;

(a) Formerly Ministry: see 1973 c. 36 s. 40 and Sch. 5 para. 8(1)

(b) 1976 c. 40

(c) 1954 c. 33 (N.I.)

(d) S.R. & O. (N.I.) 1971 No. 18 (p. 134)

(e) Inserted by s. 47 of and Sch. 5 to 1968 c. 6 (N.I.)

(f) 1924 c. 21 (N.I.)

(g) 1970 c. 31 (N.I.)

“gross contribution” means the contribution of the amount payable under the contract;

“net contribution” has the meaning assigned in paragraph 3 of Schedule 1;

“parent” includes a stepfather or stepmother;

“Registrar” means the person appointed to perform in Northern Ireland the functions of registrar of friendly societies under the Friendly Societies Act (Northern Ireland) 1970;

“the prescribed scheme” means the scheme prescribed in Schedule 1;

“an approved scheme” means a special scheme approved by the Registrar in the circumstances provided for in regulation 8.

(3) References in these regulations to a Great Britain friendly society shall include references to a branch thereof registered under the Friendly Societies Act 1974(h).

Modification of enactments

3. The enactments mentioned in Schedule 3 shall have effect subject to the adaptations and modifications set out in that Schedule.

Adoption of a scheme

4.—(1) A friendly society may by resolution of its committee of management passed before 1st December 1978 adopt—

(a) the prescribed scheme, or

(b) an approved scheme

for the purpose of securing that in the case of friendly society contracts to which the scheme so adopted applies amounts equal to 17½ per cent. of the contributions payable are retained by or refunded to the persons paying the contributions.

(2) Where a friendly society has adopted any such scheme amounts equal to 17½ per cent. of the contributions payable under contracts to which the scheme applies shall be retained by or refunded to the persons paying the contributions as provided in the scheme so adopted.

(3) Written notice of a resolution adopting the prescribed or an approved scheme shall within fourteen days of the date of the passing thereof be sent by the society to the Registrar.

(4) Where a friendly society has resolved to adopt the prescribed or an approved scheme any right conferred by section 14 of the Friendly Societies Act (Northern Ireland) 1970 on any person to receive a copy of the rules of the society shall be extended so as to include the right to receive a copy of the resolution and of the scheme adopted by the resolution.

Increase in contribution

5.—(1) A resolution adopting the prescribed scheme may provide that in respect of any specified class of contract made by the society before 6th April 1979 to which the scheme applies under which the contribution does not exceed £4 every four weeks the contribution shall be increased with effect from that date to such sum as after deduction of 17½ per cent. thereof equals the amount expressed in the contract to be the contribution.

(2) Where such provision is made the resolution shall operate so as to effect the increase mentioned in paragraph (1) in the contribution payable under every contract of a class to which the provision relates, and the prescribed scheme shall take effect accordingly.

Corresponding increase in sum assured

6.—(1) Where an increase in the contribution has been effected under regulation 5 the sum assured or guaranteed by the contract under which the increased contribution is payable shall be increased by an amount determined in accordance with rules which have been certified by an actuary to be fair in relation to the increased contribution payable and have been approved by the Registrar.

(2) Where the sum assured or guaranteed by a contract is increased by virtue of the provisions of paragraph (1) the society shall on being requested in writing to do so by the person by whom the increased contribution is payable notify him in writing of the amount of the increase in the sum assured or guaranteed.

7.—(1) Where a friendly society has adopted the prescribed scheme by a resolution making such provision as is referred to in regulation 5(1) the member insured under a contract of a class specified in the provision which was made before 6th April 1979 and under which the contribution exceeds £4 every four weeks may before that date irrevocably elect, in the form set out in Schedule 2 or in a form to the like effect, that the contribution payable under the contract under which he is insured shall be increased with effect from 6th April 1979 to such sum as is mentioned in regulation 5(1).

(2) Where such election has been made the increase in contribution shall be effective as from 6th April 1979 as if it had been effected under regulation 5(2), and regulation 6 shall apply in respect of an increase in contribution under this regulation as it applies in relation to an increase under regulation 5.

Approved Schemes

8. The Registrar may before 1st December 1978 approve a special scheme intended to be adopted by a friendly society for the purposes mentioned in regulation 4 if in his opinion in view of the manner in which the business of the society is conducted, or any other relevant matter, it is expedient that the special scheme should be adopted.

Notice to contribution payers

9. Every friendly society which carries on life or endowment business shall take all reasonable steps to ensure that every person who on 31st December 1978 is paying contributions under a friendly society contract which forms part of such business receives a notice in a form approved by the Registrar setting out:—

- (a) the effect of these regulations,
- (b) whether the society has adopted the prescribed or an approved scheme, and
- (c) the effect of the scheme which has been adopted;

and, as regards contracts made between 31st December 1978 and 5th April 1979, that such notice is received by the prospective contribution payer before the contract is made.

Amendment of rules

10. Notwithstanding anything contained in the rules of a friendly society which has adopted the prescribed scheme or an approved scheme, the committee of management of the society may by resolution passed before 6th April 1979 make amendments to the rules of the society in connection with the adoption by the society of any such scheme.

Sealed with the Official Seal of the Department of Commerce for Northern Ireland on 25th September 1978.

(L.S.)

W. T. McCrory

Assistant Secretary

SCHEDULE 1

Regulation 2

Prescribed Scheme

1. The scheme applies to every friendly society contract assuring life or endowment benefits under which contributions are payable to a friendly society which has adopted the scheme in accordance with regulation 4.

2. Where the member is resident in the United Kingdom and entitled to relief under section 19 of the Income and Corporation Taxes Act 1970(i) the liability of the member in respect of any contribution due and payable after 5th April 1979 under a contract to which the scheme relates shall be discharged by payment of the net contribution; and any payment made on account of such a contribution shall be deemed to have been made after deducting $17\frac{1}{2}$ per cent. from an amount payable in respect of the gross contribution.

3. The net contribution shall be a sum equal to $82\frac{1}{2}$ per cent. of the gross contribution, except that

- (a) where the gross contribution does not exceed £4 every four weeks and the said sum is not a multiple of one halfpenny, the said sum shall be rounded off to the nearer halfpenny, or, if the said sum is a multiple of one half of one halfpenny, to the nearer penny, and
- (b) where the gross contribution exceeds £4 every four weeks and the said sum is not a multiple of one penny, the said sum shall be rounded off to the nearer penny, or, if the said sum is a multiple of one halfpenny, to the nearer even penny.

SCHEDULE 2

Regulation 7

Life Assurance Premium Relief

Form of Election by Member

To: (Name of friendly society)

.....

I (Name) of (Address) irrevocably choose that as from 6th April 1979 the tax relief to which I shall be entitled in respect of the contributions paid by me in respect of the contract particulars of which are set out below shall take the form of an increase in the sum assured of an amount determined in accordance with rules approved by the Registrar of Friendly Societies.

I understand that if I do not sign this form I shall be entitled to deduct and retain 17½ per cent. of the contributions at present payable under the contract.

Signature of member

Date:

PARTICULARS OF CONTRACT

Number, if any, and date of contract

Amount of contribution and interval at which payable

SCHEDULE 3

Regulation 3

Adaptations and Modifications of Enactments

Industrial Assurance and Friendly Societies Act (Northern Ireland) 1929(j)

1. In the Schedule to the Industrial Assurance and Friendly Societies Act (Northern Ireland) 1929 the words "premiums actually paid", in their application to a policy in respect of which under the prescribed scheme or an approved scheme payment of any premium due has been discharged by payment of 82½ per cent. of that premium, shall include premiums in respect of which such payment has been made.

2. In its application to a policy in respect of which the sum assured or guaranteed has been increased under regulation 6 or 7, paragraph 1 of the said Schedule shall have effect subject to the following modifications—

- (a) For the purpose of calculating the amount assured by the free paid-up policy the sum assured by the surrendered policy shall be divided into the original sum assured and the increase in the sum assured, any addition to the sum assured by the surrendered policy by way of bonus on or after 6th April 1979 to be allocated proportionately between and to be treated as comprised in the original sum assured and the increase in the sum assured respectively.
- (b) The amount assured by the free paid-up policy shall consist of the aggregate of proportions of the original sum assured and of the increase in the sum assured calculated as follows—
 - (i) the proportion of the original sum assured shall be the same proportion as the amount of the original premiums actually paid bears to the amount of the original premiums which would have been payable under the surrendered policy had the full number of original premiums become payable thereunder;
 - (ii) the proportion of the increase in the sum assured shall be the same proportion as the amount of the increase in premiums actually paid bears to the amount of the increase in premiums which would have been payable under the surrendered policy had the full number of increases in premium become payable thereunder.

3. For the purposes of this paragraph and paragraph 2(b)(i)—

"the original premiums" means the premiums of the amount payable under the policy before the increase in premium was effected under regulation 5(1) or 7(2), including, in respect of premiums paid, or which would have been payable, after 6th April 1979, payments of that amount included in premiums paid, or which would have been payable, after that date;

"the original sum assured" means the sum (including any addition by way of bonus) assured or guaranteed under the surrendered policy on 6th April 1979 before the increase under regulation 6 or 7 takes effect, together with any addition made thereto in respect of the due proportion of any bonus added on or after 6th April 1979;

"the amount of the increase in the sum assured" means the sum assured by the surrendered policy in so far as it exceeds the original sum assured as at 6th April 1979, together with any addition made thereto in respect of the due proportion of any bonus added on or after 6th April 1979.

Industrial Assurance and Friendly Societies Act (Northern Ireland) 1948(k)

4. For the purpose of section 2(2) of the Industrial Assurance and Friendly Societies Act (Northern Ireland) 1948 (power to insure life of parent or grandparent for not more than £30) there shall be excluded so much of any sum insured to be paid, or paid, on the death of any one of a person's parents or grandparents as represents any increase in any sum assured or guaranteed which is effected under regulation 6 or 7.

Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951(l)

(as applied to Northern Ireland by Order in Council dated 11th February 1953(m))

5. Section 56(3) of the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951, as it applies to a friendly society contract of which the sum assured or guaranteed has been increased under regulation 6 or 7 and which is a contract for the whole term of life, shall have effect as if it provided that the terms of the contract shall be varied in accordance with the following provisions—

- (a) the relevant arrears shall be extinguished by a reduction of the sum assured or guaranteed under the contract, the amount of the reduction to be such an amount as shall be determined by an actuary;
- (b) the friendly society shall at the time for writing off give written notice to the member insured under the contract of the amount of the reduction so determined;
- (c) the member may, within six months of receiving such notice, appeal to the Registrar of Friendly Societies on the ground that such reduction is not fair in relation to the amount of the extinguished relevant arrears;
- (d) if on such appeal, and after giving the member and the society an opportunity of being heard, the Registrar of Friendly Societies is satisfied that the reduction is not fair, he may direct the society to make such increase as he may consider appropriate in the sum assured or guaranteed to which the appeal relates.

Friendly Societies Act (Northern Ireland) 1970

6. In applying the limits imposed by section 55 of the Friendly Societies Act (Northern Ireland) 1970 (maximum benefits which a member, or person claiming through a member, of a registered friendly society is entitled to receive from one or more such societies) there shall be disregarded any increase in any sum assured or guaranteed which is effected under regulation 6 or 7.

7. For the purpose of section 62 of the said Act (limitations on insurance of life of parent or grandparent) there shall be excluded so much of any sum insured to be paid, or paid, on the death of any one of a person's parents or grandparents as represents any increase in any sum assured or guaranteed which is effected under regulation 6 or 7.

(k) 1948 c. 22 (N.I.)

(l) 1951 c. 65

(m) S.I. 1953/197 (II, p. 1787)

EXPLANATORY NOTE

(This note is not part of the regulations, but is intended to indicate their general purport.)

These regulations authorise registered friendly societies (other than collecting societies) and their branches to adopt a prescribed scheme, or any special scheme approved by the Registrar of Friendly Societies, under which tax relief under section 19 of the Income and Corporation Taxes Act 1970 in respect of contributions due and payable after 5th April 1979 on friendly society contracts may be effected by the contribution payer retaining or having refunded to him $17\frac{1}{2}$ per cent. of the contribution payable.

Where the contribution payable does not exceed £4 every 4 weeks the society may by resolution determine that the contribution and the capital sum assured will be adjusted. Where the contribution payable exceeds £4 every 4 weeks, the person contributing has the option of deducting and retaining $17\frac{1}{2}$ per cent. of the gross contribution payable, or electing for an increase in the sum assured.

The regulations contain incidental provisions and make consequential adaptations and modifications to enactments relating to friendly societies.