SCHEDULES.

SCHEDULE 8

Section 29.

FRIENDLY SOCIETIES.

PART I

CONDITIONS FOR FRIENDLY SOCIETIES' TAX EXEMPT BUSINESS

1 (1) The following conditions shall apply to every policy for the assurance of a gross sum, or of an annuity, which the friendly society issues, or has issued at any time since 3rd May 1966—

(a) the period (in this Schedule called " the term " of the policy) between the payment of the first premium and the time when the gross sum assured is payable (or as the case may be when the first instalment of the annuity is payable) shall be not less than ten years, and must not, on any contingency other than the death, or retirement on grounds of ill health, of the person liable to pay the premiums or whose life is insured, become less than ten years,

(b) the premiums payable under the policy shall be premiums of equal or rateable amounts payable at yearly or shorter intervals over the whole term of the policy of assurance, or over the whole term of the policy of assurance apart from any period after the person liable to pay the premiums or whose life is insured attains a specified age, being an age which he will attain at a time not less than ten years after the beginning of the term of the policy of assurance,

(c) until the expiration of three-quarters of the term of the policy of assurance, or of ten years from the beginning of the term, whichever is the shorter, the policy may not be surrendered to the friendly society for consideration exceeding the amount of the premiums paid, except that, if a surrender value is prescribed for the surrender by section 24 of the Industrial Assurance Act 1923 or section 3 of the Industrial Assurance and Friendly Societies Act 1929, the limit on the consideration shall be either that value or the amount of the premiums paid, whichever is the greater.

(2) The friendly society shall not be a party to any variation of the terms of a policy which infringes the conditions in the foregoing provisions of this paragraph.

2 Notwithstanding paragraph 1(1)(a) above, the policy—

(a) may provide for a payment to a person of an age not exceeding 18 years at any time not less than five years from the beginning of the term of the policy if the premium or premiums payable in any period of twelve months in the term of the policy do not exceed £13,

(b) may provide for a payment at any time not less than five years from the beginning of the term of the policy, if it is one of a series of payments falling due at intervals of not less than five years, and the amount of any payment,

other than the final payment, does not exceed four-fifths of the premiums paid in the interval before its payment.

3 Notwithstanding paragraph 1(1)(b) above, the policy—

(a) may allow a payment at any time after the expiration of one-half of the term of the policy of assurance, or of ten years from the beginning of the term, whichever is the earlier, being a payment in commutation of the liability to pay premiums falling due after that time,

(b) where the person liable to pay the premiums ceases to reside in the United Kingdom, or gives satisfactory proof of intention to emigrate, may allow him to commute any liability for premiums, and

(c) may allow any liability for premiums to be discharged in consideration of surrendering a sum which has become payable on the maturity of any other policy of assurance issued by the same friendly society to the person liable to pay the premiums, or to his parent, where that other policy of assurance is issued as part of the friendly society's tax exempt life or endowment business.

4 Nothing in the foregoing provisions of this Schedule applies to life or endowment business which is not tax exempt life or endowment business.

PART II

AMENDMENTS OF FRIENDLY SOCIETIES ACTS

5 (1) The following limits shall be substituted for the limits imposed by section 41(1) of the Friendly Societies Act 1896 on the amounts which a member, or person claiming through a member, of a registered society or branch is entitled to receive from any one or more such societies or branches (taking together all such societies or branches throughout the United Kingdom)—

(a) not more than £500 by way of gross sum under tax exempt life or endowment business,

(b) not more than £104 a year by way of annuity under tax exempt life or endowment business,

(c) not more than £2,000' by way of gross sum under life or endowment business which is not tax exempt, but increasing that limit from £2,000 to £3,000 if the entitlement under this head, so far as it exceeds £2,000, is under any mortgage protection policy or policies.

(d) not more than £208 a year by way of annuity under life or endowment business which is not tax exempt,

and this sub-paragraph shall be construed as if contained in the said section 41.

(2) A friendly society shall not be registered if it contracts with any person for the assurance of an annuity or of a gross sum in excess of the limits imposed by sub-paragraph (1) above.

(3) The Chief Registrar of Friendly Societies may by order made with the consent of the Treasury and contained in a statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament from time to time increase or further increase all or any of the limits in paragraphs (1)(c) and (1)(d) of this paragraph, and any such order may contain transitional and other supplemental provisions.

(4) In applying the limits in this paragraph—

(a) any bonus or addition declared upon assurance of a gross sum or annuity, and

(b) any such annuities as are referred to in section 26(1) of the Finance Act 1956 (retirement annuities, etc.),

shall be disregarded.

(5) In this paragraph " mortgage protection policy " means a policy of assurance of a gross sum the whole or the major part of which is applicable solely for the purpose of meeting payments due under a mortgage or charge of land.

(6) The proviso to section 8(1), and section 41(1), of the Friendly Societies Act 1896, which are superseded by this paragraph, shall cease to have effect.

6 (1) Subject to this paragraph, the rules of any registered friendly society or branch may within six months from the time when this Part of this Schedule comes into force be amended by resolution of the committee of management so as to permit the society or branch to assure additional amounts within the limits prescribed by paragraph 5 above, or for the purpose of bringing the rules into conformity with the provisions of Part I of this Schedule.

(2) If any amendment of the rules of a friendly society is made after the coming into force of this Part of this Schedule, otherwise than in pursuance of sub-paragraph (1) above, the power of the society's committee of management under sub-paragraph (1) above shall determine on the date on which the amendment is registered.

(3) This paragraph shall apply in relation to any increase of limits effected by an order under paragraph 5(3) above as it applies in relation to the increases made by that paragraph, but substituting the time when the increase so effected comes into force for the time when this Part of this Schedule comes into force.

7 This Part of this Schedule shall extend to Northern Ireland.