



Industrial Assurance Act 1923

1923 CHAPTER 8

Accounts, Returns, Inspection, Valuations, Meetings

15 Balance sheets and audit

- (1) A copy of every balance sheet of a collecting society shall, during the seven days next preceding the meeting at which the balance sheet is to be presented, be kept open by the society for inspection at every office at which the business of the society is carried on, and shall be delivered or sent by post to any member or person interested in the funds of the society, on demand.
- (2) The audit of accounts required by section twenty-six of the Friendly Societies Act, 1896, shall, in the case of a collecting society, be made by a public auditor appointed under that Act, and, if such accounts have not been so audited, the provisions of section twenty-seven of that Act requiring an annual return of the receipts, expenditure, funds and effects of the society as audited shall be deemed not to have been complied with.

16 Annual accounts and returns

- (1) The Commissioner, after Considering any representations made by or on behalf of the society or company affected, may, if it appears to him that any account, return, or balance sheet sent by a collecting society or an industrial assurance company in pursuance of the Friendly Societies Act, 1896, or the Assurance Companies Act, 1909, is in any particular incomplete or incorrect, or does not comply with the requirements of the Act applicable to the case, reject the account, return, or balance sheet and give such directions as he thinks necessary for the variation thereof.
- (2) Where any direction so given entails a consequential alteration of any account, return, or balance sheet sent by an industrial assurance company to the Board of Trade, it shall be the duty of the company to make such consequential alteration therein.

17 Inspection

- (1) If, in the case of any collecting society or industrial assurance company, in the opinion of the Commissioner there is reasonable cause to believe that an offence against this

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Act or against the Friendly Societies Act, 1896, or the Assurance Companies Act, 1909, has been, or is likely to be committed, the Commissioner or any inspector appointed by him for the purpose shall have power to examine into and report on the affairs of the society or company, and for that purpose may exercise in respect of the society or company all or any of the powers given by subsection (5) of section seventy-six of the Friendly Societies Act, 1896, to an inspector appointed under that section.

- (2) On himself holding such an inspection or on receiving the report of an inspector so appointed the Commissioner may issue such directions and take such steps as he considers necessary or proper to deal with the situation disclosed therein and in particular may in the case of a society award that the society be dissolved and its affairs wound up, and in the case of a company may present a petition to the court for the winding up of the company.
- (3) The Commissioner may, if he considers it just, direct that all or any of the expenses of and incidental or preliminary to an inspection under this section shall be defrayed out of the funds of the society or company, or by the officers or former officers, or members or former members of the committee of management or board of directors of the society or company, or any of them in such proportions as the Commissioner directs and sums directed by him to be so paid shall be recoverable by him summarily as a civil debt: Provided that any society or company or person directed to pay any part of such expenses may, with the leave of the court, appeal against the direction to the High Court, or in the case of a society or company registered in Scotland to the Court of Session.
- (4) This section shall come into operation on the passing of this Act.

18 Provisions as to valuations

- (1) In the case of a collecting society or industrial assurance company, the following provisions shall have effect with regard to every valuation made as at the thirty-first day of December, nineteen hundred and twenty-four, or any later date :—
 - (a) The valuation shall be made by an actuary as denned by the Assurance Companies Act, 1909, as modified by this Act;
 - (b) The basis of valuation adopted shall be such as to place a proper value upon the liabilities, regard being had to the mortality experience among the persons whose lives have been assured in the society or company, to the average rate of interest from investments and to the expenses of management (including commission), and shall be such as to secure that no policy shall be treated as an asset;
 - (c) The report containing the abstract of the result of the valuation required by section twenty-eight of the Friendly Societies Act, 1896, to be sent shall be sent by a collecting society to the Commissioner within twelve months after the close of the period to which the valuation relates, and shall contain a statement as to how the values of stock exchange securities (if any) included in the balance sheet are arrived at, and a certificate, signed by the same persons as sign the balance sheet, to the effect that in their belief the assets set forth in the balance sheet are in the aggregate fully of the value stated therein less any investment reserve fund taken into account ,
 - (d) Where the balance sheet of a society or company includes amongst the assets thereof any sums representing expenses of organisation or extension, or the purchase of business or good will, and the amount of the assets, exclusive of such sums (after deducting debts due by the society or company other than

debentures and loans), is less than the amount of the industrial assurance fund, or, as the case may be, of the several assurance and insurance funds as shown in that balance sheet, the amount of the industrial assurance fund shown in the valuation balance sheet shall be reduced by the amount of the deficiency, or, as the case may be, by a sum bearing such proportion to that deficiency as the amount of the industrial assurance fund shown in the first-mentioned balance sheet bears to the aggregate amount of all the assurance and insurance funds so shown :

Provided that in the cases hereinafter mentioned this paragraph shall, during such periods as are hereinafter mentioned, apply to societies and companies subject to such relaxations of the stringency of the provisions thereof as the Commissioner may think just; that is to say—

- (i) in the case of a society or company in the balance sheet of which last issued before the passing of this Act any such sums as aforesaid were included, for a period of seven years after the passing of this Act ;
 - (ii) in the case of a society or company which, after the date as at which the balance sheet last issued before the passing of this Act was made up, has under an amalgamation or transfer of engagements become liable for the engagements of any other society or company and has in consideration thereof accepted assets which include any such sums as aforesaid, or has in connection therewith incurred expenditure by way of purchase of business or good will, for a period of seven years after the thirty-first day of December next following the date of amalgamation or transfer of engagements;
- (e) Where debentures have been issued or loans raised which are charged on any of the assets of the company in which the industrial assurance fund is invested, there shall be inserted in the valuation balance sheet a note giving the particulars of the charge and stating that the result shown by the valuation is subject to the liability under the charge;
 - (f) The Commissioner, if satisfied on any valuation that any of the foregoing provisions of this section have not been complied with, or that the industrial assurance fund as stated in the valuation balance sheet is greater than the value of the assets available for the liabilities of that fund, due regard being had to the other, liabilities of the society or company and to the foregoing provisions of this section, may reject the valuation, and may direct the society or company to make such alteration therein as may be necessary to secure compliance with those provisions :

Provided that the society or company may appeal to the High Court, or in the case of a society or company registered in Scotland to the Court of Session, against any decision of the Commissioner under this paragraph;

- (g) The Commissioner may direct any collecting society or industrial assurance company to furnish to him, in addition to such information as the society is required to furnish under section twenty-eight of the Friendly Societies Act, 1896, or the company is required to furnish under the Assurance Companies Act, 1909, all or any of such particulars as are mentioned in the Second Schedule to this Act, and such explanations as he may consider necessary in order to satisfy himself whether the valuation complies with the provisions of this section.

- (2) Notwithstanding anything in section twenty-eight of the Friendly Societies Act, 1896, or section five of the Assurance Companies Act, 1909, the first valuation under this

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Act shall, in the case of any collecting society and industrial assurance company, be made as at a date not later than the thirty-first day of December, nineteen hundred and twenty-five.

- (3) If in the case of a collecting society or industrial assurance company a valuation, whether made before or after the passing of this Act, discloses a deficiency, the Commissioner may, if after investigation he is satisfied that the society or company should cease to carry on industrial assurance business, award that the society be dissolved and its affairs wound up, or, in the case of a company, present a petition to the court for the winding-up of the company:

Provided that the Commissioner shall not, during the first five years after the passing of this Act, take action under this subsection if he is satisfied that substantial measures are being taken to improve the financial condition of the society or company.

19 General meetings

- (1) At least one general meeting of every collecting society and industrial assurance company shall be held in every year.
- (2) Except where the day, hour, and place of an annual or other periodical meeting is fixed by the rules, notice of every general meeting shall either be given by the society or company to the members by advertisement to be published at least twice in two or more of the newspapers in general circulation in every county where the society or company carries on business, or be served upon every member.
- (3) The notice shall specify the day, hour, and place, and the objects of the meeting, and, in case any amendment of a rule is intended to be proposed, shall contain a copy of every such amendment.
- (4) The society or company shall publish the last of such advertisements, or serve such notice as aforesaid, at least fourteen days before the day appointed for the meeting, and shall, during those fourteen days, keep a copy of the notice in legible characters affixed in some conspicuous place in or outside every office at which the business of the society or company is carried on.