



Industrial Assurance Act 1923

1923 CHAPTER 8

Rights of Owners of Policies

20 Provisions as to proposals for policies

- (1) Every proposal for an industrial assurance policy shall, except—
- (a) where the policy is taken out on the life and on behalf of a child under the age of sixteen; or
 - (b) where the policy assures a payment of money for the funeral expenses of parent, child, grandparent, grandchild, brother, or sister; or
 - (c) where the person whose life is to be assured under the policy is a person in whom the proposer has an insurable interest;

contain a declaration by the person whose life is to be assured that the policy is to be taken out by him, and that the premiums thereon are to be paid by him.

Where the person whose life is to be assured under the policy is a person in whom the proposer has an insurable interest, the proposal shall contain a statement of the nature of that interest.

- (2) A collecting society or industrial insurance company shall not, nor shall any collector or agent of such a society or company, issue a proposal form or accept a proposal which does not comply with the foregoing provisions of this section.
- (3) If the proposal contains a statement that the person whose life is proposed to be assured is not at the time of making the proposal a person on whose life another policy has been issued by the society or company, and a policy is issued in pursuance of the proposal, the society or company shall be liable under the policy, notwithstanding that the statement is not true, and the truth of the statement is made a condition of the policy.
- (4) If a proposal form for an industrial assurance policy is filled in wholly or partly by a person employed by the society or company, the society or company shall not, except where a fraudulent statement in some material particular has been made by the proposer, be entitled to question the validity of the policy founded on the proposal on the ground of any misstatement contained in the proposal form :

Provided that—

- (a) if the proposal form contains a misstatement as to the age' of the person whose life is proposed to be assured, the society or company may so adjust the terms of the policy, or of any policy which may be issued in substitution or in lieu thereof, as to make them correspond with the terms which would have been applicable if the correct age of the person had been originally inserted in the proposal;
- (b) where but for this subsection the validity of a policy could have been questioned on the ground of any misstatement in the proposal form relating to the state of health of the person upon whose life the assurance is to be taken out at the date of the proposal, nothing in this subsection shall prevent such a question being raised, if raised within two years from the date of the issue of the policy founded on the proposal.

21 Forms of policies

- (1) A policy of industrial assurance issued after the commencement of this Act shall set out the provisions of this Act mentioned in the Third Schedule to this Act, such of those provisions as are contained in Part II. of that Schedule being printed in distinctive type, and in the case of a policy on the life of a child under ten years of age shall also set out in distinctive type a statement of the effect of section sixty-two of the Friendly Societies Act, 1896 :

Provided that the policy may, if the Commissioner consents, in lieu of setting out the said provisions of this Act, contain a statement which, in the opinion of the Commissioner, sufficiently sets forth the effect of those provisions.

- (2) Where a policy of industrial assurance issued after the commencement of this Act does not comply with the provisions of this section, the society or company effecting the insurance shall be guilty of an offence against this Act, and shall, without prejudice to any other liability be liable to pay to the person by whom the premiums have usually been paid a sum equal to the amount of the premiums paid, which sum shall be recoverable summarily as a civil debt.

22 Return of policies and premium receipt books after inspection

If at any time a collecting society or industrial assurance company, or any person employed by such a society or company, take possession of a policy or premium receipt book or other document issued in connection with a policy, a receipt shall be given, and the policy book or document shall be returned to the owner of the policy within twenty-one days, unless the policy has been terminated by reason of satisfaction of all claims capable of arising thereunder:

Provided that, where possession is taken of a policy, book or document for the purpose of legal proceedings to be taken by the society or company that issued the policy against a collector, it shall be lawful for the society or company to retain the policy, book or document so long as may be necessary for the purposes of those proceedings, but in that case if the policy, book or document is retained for more than twenty-one days, the society or company shall supply to the owner of the policy, a copy thereof certified by the society or company to be a true copy.

23 Notice before forfeiture

- (1) A forfeiture shall not be incurred by any member or person assured in a collecting society or industrial assurance company by reason of any default in paying any premium until after—
 - (a) notice stating the amount due from him, and informing him that in case of default of payment by him within twenty-eight days and at a place to be specified in the notice his interest or benefit will be forfeited, has been served upon him by or on behalf of the society or company; and
 - (b) default has been made by him in paying any premium in accordance with that notice.
- (2) This section shall extend to contracts of assurance effected by a collecting society before the commencement of this Act which are not contracts of industrial assurance within the meaning of this Act.

24 Provisions as to forfeited policies

- (1) Where notice of the forfeiture of a policy of industrial assurance by reason of default in the payment of any premium thereunder has been served on the owner of the policy, then if the policy—
 - (a) is a policy for the whole term of life or for a term of fifty years or upwards, the person whose life is assured under which is a person who is at the time of such default over fifteen years of age, and upon which not less than five years' premiums have been paid; or
 - (b) is a policy for a term of twenty-five years or upwards, but less than fifty years, upon which not less than five years' premiums have been paid; or
 - (c) is a policy for a term of less than twenty-five years upon which not less than three years' premiums have been paid;the owner of the policy shall, on making application, for the purpose to the collecting society or industrial assurance company within one year from the date of the service of the notice, be entitled—
 - (i) to a free paid-up policy for such amount as is hereinafter mentioned payable upon the happening of the contingency upon the happening of which the amount assured under the original policy would have been payable or of any other contingency not less favourable to the owner of the policy; or
 - (ii) if the owner of the policy is permanently resident or submits satisfactory proof of his intention to make his permanent residence outside Great Britain, the Isle of Man and the Channel Islands, or if the person whose life is assured has disappeared and his existence is in doubt, to the surrender value of the forfeited policy ascertained in manner hereinafter provided.
- (2) The amount of a free paid-up policy so issued as aforesaid shall not be less than such as may be determined in accordance with the rules contained in the Fourth Schedule to this Act, and shall be ascertained at the date when the premium following the last premium paid became due:

Provided that the amount of the free paid-up policy shall not exceed the difference between the amount of the forfeited policy (inclusive of any bonus added thereto) and the amount which would be assured by a corresponding policy at the same premium effected on the life of the same person according to the age of that person at his birthday next following the date of forfeiture.

- (3) In every premium receipt book issued after the commencement of this Act there shall be printed a notice stating that in the event of the forfeiture, after the expiration of five years from the passing of this Act, of any policy of industrial assurance by reason of default in the payment of premiums thereunder, the owner of the policy shall, if the policy has been in force a sufficient period as provided by this section, be entitled to a free paid-up policy or, if the conditions mentioned in paragraph (ii) of subsection (1) of this section are fulfilled, to the surrender value of his policy, and that upon application to the head office of the society or company information as to the amount of such free paid-up policy or surrender value will be supplied, and it shall be the duty of the society or company to supply such information.
- (4) Where the rules of a society or the conditions of a policy are such as would confer on the owner of the policy in case of forfeiture rights more favourable to the owner of the policy than those conferred by this section, nothing in this section shall prevent the owner of the policy from claiming under those rules Or conditions instead of under this section.
- (5) This section shall not apply in the case of a forfeiture occurring before the expiration of five years after the passing of this Act.

25 Substitution of policies

- (1) Where the owner of an industrial assurance policy agrees to accept a new policy in substitution therefor, the collecting society or industrial assurance company, shall pay to the owner of the policy the surrender value (to be ascertained in manner herein-after provided) of the old policy or shall issue to him a free paid-up policy of equivalent value, unless the value of the substituted policy, calculated in accordance with the rules set out in the Fourth Schedule to this Act, at the date of the substitution is equal to or exceeds such surrender value.
- (2) In any such case the society or company shall furnish to the owner of the policy, with the new policy and new premium receipt book, a statement setting forth the rights of the owner under this section, and containing an account certified by the secretary of the society or company, or other officer appointed for the purpose, showing the surrender value of the old policy and the value of the new policy.
- (3) Where a substituted policy is so issued and the value thereof is equal to or exceeds the surrender value of the old policy, then, for the purpose of determining whether the owner is entitled to a free paid-up policy or surrender value under the provisions of this Act relating to forfeited policies, the substituted policy shall be deemed to have been issued at the date at which the old policy was issued, and premiums shall be deemed to have been paid on the substituted policy in respect of the period between that date and the date at which the substituted policy was actually issued.

26 Transfers from one society or company to another

- (1) A member of or person assured with a collecting society or industrial assurance company shall not, except in the case of—
 - (a) as respects a collecting society, an amalgamation, transfer of engagements or conversion into a company under the Friendly Societies Act, 1396, or this Act; or
 - (b) as respects an industrial assurance company, an amalgamation or transfer of business under the Assurance Companies Act, 1909, or this Act,

be transferred from the society or company in which he was so assured so as to become or be made a member of or be assured with any other such society or company without his written consent, or, in the case of an infant, without the like consent of his parent or other guardian, and any society or company and any collector or other officer of any society or company concerned in such a transfer shall, if the provisions of this section are not complied with, be deemed to have contravened the provisions of this Act.

- (2) Such consent as aforesaid shall be in the prescribed form and shall have annexed thereto a document in the prescribed form to be furnished by the society or company to which the transfer is to be made setting out the terms of and rights under the existing policy, and the terms of and rights under the policy to which the assured will become entitled on transfer and the consideration (if any) which has been or is to be paid for the transfer and the person to whom such consideration has been or will be paid.
- (3) The society or company to which the assured is sought to be transferred shall furnish to the person by whom such consent as aforesaid is signed a copy of such consent and of the document annexed thereto, and shall, within seven days from the date when such consent is signed, give to the society or company from which the assured is sought to be transferred notice of the proposed transfer containing full particulars of the name and address of the assured and the number of his policy, together with such consent as aforesaid, and the document annexed thereto.
- (4) As from the date of the said notice, the society or company from which the person is sought to be transferred shall cease to be under any liability with respect to the policy in question and shall not be required to serve any notice of forfeiture of the policy in accordance with the foregoing provisions of this Act.

27 Payment of claims

Where a claim arising under a policy of industrial assurance is paid, no deductions shall be made on account of any arrears of premiums due under any other policy.

28 Policies to which 4 & 5 Geo.5 c.78 applies

- (1) The Courts (Emergency Powers) Act, 1914, shall cease to be in force so far as it relates to the enforcement of lapses of policies of insurance.
- (2) The owner of any policy to which the said Act applied shall be entitled at his option either—
 - (a) on payment at any time before the expiration of six months after the publication of such notice as is hereinafter mentioned of all arrears in premiums then due, to secure the maintenance of the policy; or
 - (b) on making application in writing for the purpose at any time before the expiration of six months after the publication of such notice as aforesaid, to have a new policy issued to him of such reduced amount, or, in the case of an endowment assurance policy modified in such manner, as having regard to the amount of the arrears may be determined under regulations made by the Commissioner to be proper to give effect to the loss occasioned by the non-payment of the arrears.
- (3) Every collecting society and industrial assurance company shall, within three months after the passing of this Act, publish in such manner as the Commissioner may approve, notice of the rights under this section of the owners of policies to which the said Act applied.

(4) Where the person whose life is assured under any such policy has died before the passing of this Act or within nine months thereafter and the option hereinbefore conferred has not been exercised before his death, the society or company on application being made for the purpose within two years after the passing of this Act shall be liable to pay to the person entitled to receive the sum assured under the policy the amount thereof after deducting the amount of the arrears of premiums due at the date of death.

(5) This section shall come into force on the passing of this Act.

29 Value of policies

(1) Where for the purposes of this Act the value of a policy (including an illegal policy and a policy beyond the legal powers of a collecting society or industrial assurance company) has to be ascertained, the value of the policy shall be calculated in accordance with the rules set out in the Fourth Schedule to this Act.

(2) The surrender value of such a policy shall be an amount equal to seventy-five per cent. of the value of the policy so calculated.

30 War bond policies

(1) The owner of any war bond policy existing at the passing of this Act shall be entitled to make application to the Commissioner alleging that the conditions of the policy are so unreasonable as to entitle him to claim relief under this section, and the Commissioner shall consider the application, and if he is of opinion, after giving the society or company an opportunity of being heard, that the conditions of the policy are such as to warrant such a course, he shall direct that so far as relates to lapse and surrender the policy and all other policies (if any) issued by the same society or company which contain the same conditions shall be modified in such manner as having regard to the legitimate interests of the society or company and the other owners of policies appears to him just, and all policies to which the directions relate shall thereupon have effect as so modified:

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

(2) For the purposes of this Act, " war bond policy " means a policy of life assurance, whether an industrial assurance policy or not, where the amount assured is payable in any securities issued in connection with any Government loan raised for the purposes of the war, or in such securities or in cash at the option of the owner of the policy.

(3) This section shall come into operation on the passing of this Act.

31 Saving for certain policies issued before 3rd December 1909

No policy effected before the third day of December, nineteen hundred and nine, with a collecting society or an industrial assurance company shall be deemed to be void by reason only that—

- (a) the person effecting the policy had not, at the time the policy was effected, an insurable interest in the life of the person upon whose life the policy is taken out; or

- (b) the name of the person interested, or for whose benefit or on whose account the policy was effected, was not inserted in the policy ; or
 - (c) the assurance was not one authorised by the Acts relating to friendly societies ;
- if the policy was effected by or on account of a person who had at the time a bona fide expectation that he would incur expenses in connection with the death or funeral of the person whose life is insured, and if the sum assured is not unreasonable for the purpose of covering those expenses, and any such policy shall enure for the benefit of the person for whose benefit it was effected or his assigns.