



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

1951 CHAPTER 65 14 and 15 Geo 6

## PART VI

### PROTECTION AGAINST LOSS OF BENEFITS UNDER CONTRACTS WITH INDUSTRIAL ASSURANCE COMPANIES AND FRIENDLY SOCIETIES

#### **54 Protection of life policies (industrial assurance, and collecting societies).**

- (1) This section applies to—
  - (a) policies of industrial assurance; and
  - (b) policies of assurance upon human life effected with collecting societies other than policies of industrial assurance.
- (2) In this Part of this Act the expression “relevant premium”, used in relation to a given period of relevant service, means an unpaid premium as to which the following conditions are fulfilled, that is to say, that it fell due either—
  - (a) during that period of service or within the following additional period from the ending thereof, that is to say, three months or twice the duration of the period of service, whichever is the shorter, or
  - (b) before the beginning of that period of service on a policy which was in force immediately before the beginning thereof,and that at the beginning of the period of service one year’s premiums or more had been paid on the policy on which it fell due.
- (3) A policy to which this section applies shall not be forfeited after the commencement of this Act by reason of non-payment of any premium if either—
  - (a) on an application for relief duly made under subsection (4) of this section after the non-payment occurred, relief from forfeiture in respect of the non-payment of it is granted thereunder; or
  - (b) it falls due whilst a period of protection for the policy under this section is current.

*Status: Point in time view as at 01/02/1991.*

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- (4) Where under section twenty-three of the <sup>M1</sup>Industrial Assurance Act 1923 (which requires notice before forfeiture by reason of non-payment of premium) a notice relating to a relevant premium or premiums either—
- (a) is served after the commencement of this Act, or
  - (b) has been served before the commencement of this Act but the policy has not been forfeited at the commencement thereof,

if the owner of the policy or any other person on his behalf duly makes an application to the company or society for relief under this subsection and it appears on such an application that the owner of the policy, whether the service man or another, is unable to pay the amount stated in the notice as due by reason of circumstances directly or indirectly attributable to the service man's performing the period of relevant service, or, if it has ended, to his having performed it, the company or society shall grant relief in respect of the non-payment of the premium or premiums to which the notice relates, and, if the relief is granted after the ending of the additional period referred to in subsection (2) of this section, in respect of any other relevant premium or premiums fallen due on the policy since the notice was served:

Provided that if the notice, being served after the ending of the said additional period, relates to any premium not being a relevant premium as well as to the relevant premium or premiums, relief shall be granted in respect only of the relevant premium or premiums, but in a case in which relief is granted and this proviso takes effect a further notice shall be required under and by virtue of the said section twenty-three before forfeiture of the policy by reason of default in payment of any premium excluded from the relief by this proviso.

An application for relief under this subsection must be made within twenty-eight days from the date of the serving of the notice if served after the commencement of this Act or within three months from such commencement if it was served theretofore, so however that, if the date of the serving of the notice was before the beginning of the period of relevant service, an application under this subsection shall be deemed to be made in due time if it is made within twenty-eight days from the beginning of that period.

- (5) Where such a notice has been served before the commencement of this Act and the policy has been forfeited at the commencement thereof, if the owner of the policy or any other person on his behalf within three months from the commencement of this Act duly makes an application to the company or society for reinstatement of the policy and it appears on such an application that there was at the expiration of the time for payment limited by the notice the like inability to pay as is mentioned in the last preceding subsection, the company or society shall grant the application:

Provided that if the notice, having been served after the ending of the additional period referred to in subsection (2) of this section, related to any premium not being a relevant premium as well as to the relevant premium or premiums, the company or society shall not be under obligation to reinstate the policy unless the premium or premiums other than relevant premiums are paid within twenty-eight days from the time when the granting of the application is notified.

- (6) Where under the preceding provisions relief from forfeiture is granted, or a policy is reinstated, during the period of relevant service in question or the additional period referred to in subsection (2) of this section, the company or society shall fix a period of protection for the policy.

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- (7) Where a period of protection for a policy has been fixed the company or society shall extend it from time to time on application being duly made by or on behalf of the owner of the policy if it appears that the period of service in question or the additional period referred to in subsection (2) of this section has not ended, subject however to the next succeeding subsection.
- (8) The company or society may at any time terminate a period of protection which is then current, or may refuse an application made at any time for extension of such a period, if it appears that the owner of the policy for which the period was fixed is no longer unable to pay the premiums thereon by reason of such circumstances as are mentioned in subsection (4) of this section, and they may at any time shorten a period of protection which is then current if it then appears that it will extend beyond the ending of the additional period referred to in subsection (2) of this section, and may terminate a period of protection which remains current after the ending of the said additional period.
- (9) An appeal shall lie to the Commissioner from any refusal by a company or society to grant under this section relief from forfeiture, or an application for reinstatement, and from any termination or shortening by them of a period of protection and from any decision of theirs as to the length of time for which a period of protection is to be fixed or extended; and, where the Commissioner allows an appeal in circumstances in which a period of protection is required to be fixed or extended, the length of it shall be determined by him instead of by the company or society.

An appeal to the Commissioner under this subsection shall be dealt with as if it were a dispute referred to him under [F1section seventy-seven of the M2Friendly Societies Act 1974].

#### Textual Amendments

F1 Words substituted by virtue of [Friendly Societies Act 1974 \(c. 46\)](#), [Sch. 10 para. 2](#)

#### Marginal Citations

M1 [1923 c. 8](#).

M2 [1974 c. 46](#).

## 55 Protection of life policies (friendly societies other than collecting societies).

- (1) This section applies to policies of assurance upon human life, in respect of which there are separate premiums, effected with a friendly society (whether registered or not) which is not a collecting society.
- (2) Where a policy to which this section applies has been forfeited, whether before or after the commencement of this Act, by reason of non-payment of a relevant premium or premiums (as defined in the last preceding section), if the owner of the policy or any other person on his behalf at any time before the expiration of six months from the wdate of the ending of the period of relevant service in question (or, if later, the expiration of three months from the commencement of this Act) duly makes an application to the society for reinstatement of the policy, and it appears on such an application that there was at the time when the forfeiture took place the like inability to pay as is mentioned in subsection (4) of the last preceding section, the society shall grant the application:

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Provided that, if at the time when the forfeiture took place the society was entitled to forfeit the policy by reason of non-payment of any premium not being a relevant premium as well as by reason of non-payment of the relevant premium or premiums, the society shall not be under obligation to reinstate the policy unless the premium or premiums other than relevant premiums are paid within twenty-eight days from the time when the granting of the application is notified.

- (3) Subsection (9) of the last preceding section shall apply to a refusal of an application under this section as it applies to a refusal of an application under subsection (5) of that section.

## 56 Adjustment of rights under policies protected.

- (1) Where relief from forfeiture of a policy is granted, or a policy is reinstated, under either of the two last preceding sections on an application made in connection with any period of service, the amount or aggregate amount of any relevant premium or premiums thereon remaining unpaid at the time for writing-off hereinafter defined, or on the arising of a claim under the policy before that time, shall be dealt with in accordance with subsection (3) or (4) of this section:

Provided that, in the case of a policy for which a period of protection has been fixed under section fifty-four of this Act, the premiums to be dealt with as aforesaid (in this section referred to as the relevant arrears) shall include all premiums remaining unpaid as aforesaid which fell due thereon during that period and shall exclude any premium falling due thereon after the ending of that period.

- (2) In this section the expression “time for writing-off” means the expiration of twenty-eight days from—
- (a) in the case of a policy to which section fifty-four of this Act applies, if a period of protection has been fixed therefor under that section, the ending of that period, or, if no period of protection therefor has been so fixed, the date on which the decision for relief or reinstatement is notified;
  - (b) in the case of a policy to which section fifty-five of this Act applies, if it was reinstated before the ending of the additional period referred to in subsection (2) of section fifty-four of this Act, the date of the ending of that period, or, if it is reinstated after the ending of that period, the date on which the decision for reinstatement is notified.
- (3) Where at the time for writing-off there are relevant arrears on a policy as to which relief from forfeiture has been granted, or which has been reinstated, under either of the two last preceding sections, and the policy is then in force and a claim has not arisen thereunder, the terms of the policy shall be varied in accordance with the following provisions of this subsection.

If the policy is a policy for the whole term of life, the relevant arrears shall be extinguished by a reduction of the sum assured under the policy, the amount of the reduction being the amount of those arrears multiplied by the factor shown in the following table which is appropriate to the age next birthday of the person whose life is assured:—

| <i>Age next<br/>Birthday</i> | <i>Factor</i> | <i>Age next<br/>Birthday</i> | <i>Factor</i> |
|------------------------------|---------------|------------------------------|---------------|
|------------------------------|---------------|------------------------------|---------------|

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|          |       |             |        |
|----------|-------|-------------|--------|
| 1 to 5   | 6     | 36 to 40    | 2 · 5  |
| 6 to 10  | 5 · 5 | 41 to 45    | 2 · 25 |
| 11 to 15 | 5     | 46 to 50    | 2      |
| 16 to 20 | 4 · 5 | 51 to 55    | 1 · 75 |
| 21 to 25 | 4     | 56 to 65    | 1 · 5  |
| 26 to 30 | 3 · 5 | 66 to 75    | 1 · 25 |
| 31 to 35 | 3     | 76 and over | 1      |

If the policy is an endowment policy, the date of maturity of the policy shall be postponed by a period equal to that in respect of which the premium or premiums comprised in the relevant arrears were payable, and the period during which premiums under the policy remain payable after that time shall be correspondingly extended.

- (4) Where a claim arises under such a policy (or, in the case of a policy reinstated, is to be deemed by virtue of subsection (3) of the next succeeding section to have arisen thereunder) before the time for writing-off and there are or were relevant arrears thereon at the time when the claim arises or is to be deemed to have arisen, the amount payable in respect of the claim shall be reduced by the amount of those arrears together with compound interest thereon at the rate of three per cent. per annum with half-yearly rests.

For the purposes of this subsection any sums paid or tendered in respect of any premiums shall be treated as satisfying them in the order in which they fell due.

- (5) Where the amount of a free policy or of a surrender value is required to be ascertained in relation to such a policy and at the date when the ascertainment is made there is or are remaining unpaid any premium or premiums on the policy which either—
- (a) if the time for writing-off has come, have been dealt with, or are to be dealt with, as relevant arrears under subsection (3) of this section, or
  - (b) if that time has not come, will fall to be so dealt with if not paid before that time,

the provisions of the policy, of any guarantee given in relation thereto, and of the Industrial Assurance Acts 1923 to 1948, relating to free policies and surrender values shall have effect subject to such modifications as appear to the Commissioner to be necessary having regard to the non-payment of the premium or premiums aforesaid and to the actual or prospective variation of the terms of the policy under subsection (3) of this section.

- (6) In this section the expression “endowment policy” means a policy insuring money to be paid on the duration for a specified period of the life of the person assured, either with or without provision for the payment of money in the event of the death of that person before the expiration of that period [<sup>F2</sup>and either with or without provision for the payment of money before the expiration of that period and during the life of that person in the event of the marriage of that person or otherwise.]

#### Textual Amendments

**F2** Words added by Friendly Societies Act 1955 (4 & 5 Eliz. 2 c. 19), s. 3(3)

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**Modifications etc. (not altering text)**

C1 S. 56(3) modified by S.I. 1977/1143, Sch. 3 para. 5 and 1977/1144, Sch. 3 para. 7

**57 Provisions supplementary to the three preceding sections.**

- (1) An industrial assurance company, and a collecting society, shall as soon after the commencement of this Act as facilities therefor can be obtained publish by advertisement in one or more newspapers in general circulation in every county where the company or society carries on business a statement approved by the Commissioner as sufficiently notifying the rights to make applications conferred by section fifty-four of this Act:

Provided that such a company or society shall not be under obligation to publish as aforesaid in any county if arrangements are made between the Commissioner and such companies and societies generally for the general publication by newspaper advertisement of such a statement, and such a statement is in accordance with those arrangements published during such a period from the commencement of this Act as the Commissioner may allow in manner approved by him as satisfying the purposes of this subsection as respects that county.

- (2) A notice under section twenty-three of the Industrial Assurance Act 1923, served after the expiration of six months from the commencement of this Act as to a policy on which one year's premiums or more have been paid shall be of no effect unless, in addition to the matters required by that section to be stated, it contains a statement in such form as may be prescribed by regulations under this section of the effect of subsection (4) of section fifty-four of this Act.
- (3) Subject to the provisions of the last preceding section a policy reinstated under section fifty-four or fifty-five of this Act after a forfeiture shall have effect, and be deemed always to have had effect, as if the forfeiture had not taken place:

Provided that nothing in this subsection shall be construed as authorising a company or society again to forfeit such a policy by reason of any non-payment of a relevant premium that occurred before the forfeiture.

- (4) Regulations may be made by the Commissioner with the consent of the Treasury, by statutory instrument—
- (a) as to procedure in connection with the making of applications under this Part of this Act, with the fixing, extending, terminating and shortening of periods of protection, and with appeals, including provision as to information to be furnished and the manner of verification thereof;
  - (b) for fixing limits of time for appeals;
  - (c) as to the form and manner in which decisions of companies or societies, and of the Commissioner on appeals, are to be expressed and notified;
  - (d) for requiring notice to be given of the termination or shortening of periods of protection, and shortly before such periods are about to end, and for extending such periods in cases in which there is default in giving such notice;
  - (e) for preventing forfeiture of a policy at a time when a right to make an application or appeal which would be prejudiced thereby is subsisting, or when such an application or appeal has been made and is pending;
  - (f) for enabling relief (including relief by way of reinstatement of a policy after forfeiture) to be granted in cases in which there has been a failure to make

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an application or appeal within due time and there were good reasons for the failure;

(g) for other purposes for which provision is required for giving full effect to the preceding provisions of this Part of this Act.

(5) . . . . . <sup>F3</sup> a registered friendly society which contravenes or fails to comply with provisions of regulations under this section shall be guilty of an offence under the Industrial Assurance Act 1923 (in the case. . . . . <sup>F3</sup> of such a society being a collecting society being a collecting society), or under [<sup>F4</sup>the Friendly Societies Act <sup>M3</sup>1974] (in the case of such a society not being a collecting society).

(6) The Statutory Instruments Act <sup>M4</sup>1946, shall apply to a statutory instrument containing regulations under this section in like manner as if it had been made by a Minister of the Crown.

(7) No regulations under this section shall be made unless a draft thereof has been approved by resolution of each House of Parliament:

Provided that regulations may be made under this section within three months from the date of the passing of this Act without a draft thereof having been approved as aforesaid, but regulations so made shall be laid before Parliament after being made and shall cease to have effect on the expiration of a period of twenty-eight days from the date on which they were made unless at some time before the expiration of that period they have been approved by a resolution of each House of Parliament, without prejudice however to anything previously done thereunder of to the making of new regulations. In reckoning any such period of twenty-eight days no account shall be taken of any time during which Parliament is dissolved or prorogued, or during which both Houses are adjourned for more than four days.

**Textual Amendments**

**F3** Words omitted, except in relation to contraventions or failures occurring before 27.7.1967, under authority of [Companies Act 1967 \(c. 81\)](#), [s. 86\(1\)\(a\)](#), Sch. 8 Pt. V

**F4** Words substituted by virtue of [Friendly Societies Act 1974 \(c. 46\)](#), [Sch. 10 para. 2](#)

**Marginal Citations**

**M3** [1974 c. 46](#)

**M4** [1946 c. 36](#)

**58 Relief against non-payment of contributions to friendly societies (other than life policy premiums).**

(1) Where any person performing a period of relevant service was at the beginning of that period a member of a friendly society, having paid contributions to the society for a period up to that time of one year or longer, and thereafter ceases to pay contributions to the society, he shall not for that reason cease to be a member but no further contributions shall be paid by him until the ending of that period, and his rights to any benefits provided by the society shall be suspended until he subsequently resumes payment of contributions, and he shall thereupon, as respects any benefits accruing in the future, be in the same position as he would have been if he had not ceased to pay contributions:

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Provided that regulations may be made under this section within three months from the date of the passing of this Act without a draft thereof having been approved as aforesaid, but regulations so made shall be laid before Parliament after being made and shall cease to have effect on the expiration of a period of twenty-eight days from the date on which they were made unless at some time before the expiration of that period they have been approved by a resolution of each House of Parliament, without prejudice however to anything previously done thereunder or to the making of new regulations.

- (2) The preceding subsection shall not affect any policy to which section fifty-four or fifty-five of this Act applies.
- (3) Nothing in this section shall be taken to prevent a friendly society providing by its rules for the continuance of the membership of persons performing relevant service upon terms more favourable than those provided by this section.
- (4) This section shall be deemed to have had effect from the fifteenth day of July, nineteen hundred and fifty.

## **59 Interpretation and extent of Part VI.**

- (1) This Part of this Act shall be construed—
  - (a) in its application to industrial assurance companies and collecting societies, as one with the Industrial Assurance Acts 1923 to 1948; and
  - (b) in its application to friendly societies which are not collecting societies, as one with the Friendly Societies Acts 1896 to 1948;
- (2) In this Part of this Act, except where the context otherwise requires, the following expressions have the meanings hereby assigned to them respectively, that is to say:—
  - “the Commissioner” means the authority designated in relation to collecting societies as the Industrial Assurance Commissioner, and, in relation to friendly societies which are not collecting societies, as the Chief Registrar of Friendly Societies;
  - “owner” means, in relation to a policy effected with a friendly society other than a collecting society, the person who is for the time being the person entitled to receive the sums payable under the policy on maturity, and means, in relation to a policy which has been forfeited, the person who would be so entitled if the policy were still in force;
  - “policy” includes a contract of assurance in respect of which no specific document constituting the contract is issued;
  - references to a registered society include references to a branch of such a society;
  - references to forfeiture of a policy shall be construed, in a case where the policy provides that on a default in the payment of premiums the policy provides that on a default in the payment of premiums the policy shall be converted into a free policy for a reduced amount, as including references to such a conversion.
- (3) His Majesty may by Order in Council direct that this Part of this Act shall extend, with such exceptions, adaptations and modifications, if any, as may be specified in the Order, to the Isle of Man or any of the Channel Islands.



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