
STATUTORY INSTRUMENTS

1987 No. 2132

The Friendly Societies (Long Term Insurance Business) Regulations 1987

PART II

AUTHORISATION

Restrictions on carrying on business

4.—(1) Subject to regulation 5(5) below, no society to which these Regulations apply shall carry on in the United Kingdom any long term business otherwise than pursuant to and in accordance with an authorisation issued by the Chief Registrar under Regulation 5 or 6 below.

(2) Subject to paragraph (3) below, a society authorised pursuant to these Regulations shall not carry on any commercial activities otherwise than in connection with or for the purposes of its long term business.

(3) If such a society was, on 15th March 1979, carrying on—

- (a) insurance business of one or both of the classes specified in Part II of Schedule 1, otherwise than as supplementary business, or
- (b) savings operations,

it may continue to carry on such activities, provided that it manages them in accordance with paragraph (4) below.

(4) The assets representing the fund or funds maintained by the society in respect of its long term business shall be applicable only for the purposes of that business, and shall not be transferred so as to be available for other activities of the society except where the transfer is for the purpose of the insurance business referred to in paragraph 3(a) above and is—

- (a) by way of reimbursement of expenditure borne by other assets in respect of long term business, or
- (b) limited to assets representing the excess of the society's long term business fund or funds over its liabilities attributable to such business.

Authorisation of existing societies

5.—(1) This regulation applies in the case of an existing society, that is to say—

- (a) a society which was carrying on long term business at the date of coming into force of these Regulations and is not exempt from the application of these Regulations at that date by virtue of the provisions of regulation 3 above; or
- (b) a society which—
 - (i) carries on long term business whether commenced before or after the date of coming into force of these Regulations; and

(ii) has been exempt from the application of these Regulations by virtue of regulation 3(c)(ii); and

(iii) ceases to be so exempt by virtue of the proviso to regulation 3(c)(ii).

(2) Where the annual contribution income of an existing society exceeds 500,000 units of account for three consecutive years of account beginning on or after 1st January 1985, the secretary of the society shall submit to the Chief Registrar a statement to the effect that the society's annual contribution income for each of the said three consecutive years of account exceeded that amount and a statement of the class or classes of long term business which it was carrying on during those years.

(3) The statements referred to in paragraph (2) above shall be certified by the auditor of the society to be true statements and submitted to the Chief Registrar not later than 30th June in the year immediately following the three consecutive years of account referred to in paragraph (2) above; provided that the Chief Registrar may allow a longer period in any case in which he is satisfied that it is right in the circumstances of the society to do so.

(4) Within two months of receipt of the statements referred to in paragraph (2) above, the Chief Registrar shall, if he is satisfied as to the accuracy of those statements, authorise the society to carry on the class or classes of long term business which it was carrying on during the three consecutive years of account mentioned in that paragraph, and cause a certificate of authorisation in respect of the said class or classes to be placed on the public file of the society, and a copy of that certificate to be sent to the secretary of the society.

(5) Regulation 4(1) shall not be taken to prohibit an existing society (other than one which has failed to comply with the requirements to paragraphs (2) and (3) above) from carrying on long term business in the United Kingdom during the period ending on the date on which authorisation under paragraph (4) above (or, as the case may be, refusal to issue that authorisation) takes effect.

Authorisation of new societies

6.—(1) This regulation applies in the case of a new society, that is to say—

- (a) a society registered after the date of coming into force of these Regulations which—
 - (i) includes among its purposes the carrying on of long term business, and
 - (ii) is not, at the date of its registration, exempt from the application of these Regulations by virtue of the provisions of regulation 3 above; or
- (b) a society, previously authorised under these Regulations, whose previous authorisation has been withdrawn pursuant to the provisions of regulation 32 below.

(2) Subject to the provisions of paragraphs (3) and (4) below, the Chief Registrar may authorise a new society to carry on in the United Kingdom such long term business as may be specified in the authorisation.

(3) The Chief Registrar shall not grant an authorisation pursuant to this regulation unless the applicant society submits to him the information, including a scheme of operations, particulars of which are set out in Schedule 2, and he is satisfied on the basis of that information and any other information received by him that the application ought to be granted.

(4) Without prejudice to the generality of paragraph (3) above, the applicant society shall demonstrate to the satisfaction of the Chief Registrar that it possesses the minimum guarantee fund.

(5) Where the Chief Registrar grants an authorisation pursuant to this regulation, he shall cause a certificate of authorisation, specifying the class or classes authorised, to be placed on the public file of the society, and a copy of that certificate to be sent to the secretary of the society.

Time for decision on application under regulation 6

7.—(1) Subject to paragraph (2) of this regulation, the Chief Registrar shall decide an application for authorisation under regulation 6 above within six months of receiving the information particulars of which are set out in Schedule 2.

(2) If required to do so by notice in writing by the Chief Registrar, given within six months of receipt of an application, a society seeking authorisation shall furnish to the Chief Registrar such additional information as he may require in order to reach a decision, and in such a case the period of six months referred to in paragraph (1) above shall run from the date of receipt of the additional information.

Scope of authorisation

8.—(1) An authorisation issued by the Chief Registrar under regulation 6 above shall specify the class or classes of insurance business which may be carried on.

(2) An authorisation issued under regulation 5 or 6 above shall cover the whole of a class so specified unless either—

- (a) the society wishes to cover only part of the risks pertaining to the class, or
- (b) the Chief Registrar restricts the authorisation requested for a class to the operations set out in the scheme of operations required under Schedule 2.

(3) A society may not carry on industrial assurance business by virtue of an authorisation under regulation 5 or 6 above unless the authorisation expressly extends to it; and an authorisation to carry on Class I long term business may be restricted to Class I business other than industrial assurance business or to industrial assurance business alone.

(4) An authorisation under regulation 5 or 6 shall be valid for the whole of the United Kingdom unless the society seeks authorisation to carry on business only in a specified part thereof, and the authorisation is limited accordingly.

(5) An authorisation under regulation 5 or 6 shall not be construed so as to extend the description of societies which may be registered under section 7(1)(a) of the 1974 Act or to extend the purposes for which such societies may provide.

Extension of authorisation

9.—(1) A society authorised under regulation 5 or 6 above may seek an extension of its authorisation to another class of business or another part of the United Kingdom by submitting to the Chief Registrar the information specified in Schedule 2 which is relevant to the extension sought, and by demonstrating that it possesses the minimum guarantee fund in accordance with regulation 20(4) below.

(2) If, on the basis of the information submitted to him pursuant to paragraph (1) above and any other information received by him, the Chief Registrar is satisfied that the extension sought ought to be granted, he shall cause a certificate of authorisation in respect of the class or classes of long term business which may be carried on pursuant to both the society's original authorisation and the extension to be placed on the public file of the society and a copy of it to be sent to the secretary of the society.

(3) The provisions of regulation 7 above shall apply in relation to an application for an extension under this regulation in the same way as they apply in relation to an application for authorisation under regulation 6.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Refusal of authorisation

10. Where the Chief Registrar refuses to issue an authorisation for which an application has been made under regulation 5, 6 or 9 above, he shall inform the applicant society in writing of the reasons for his refusal.