
STATUTORY INSTRUMENTS

1987 No. 2132

The Friendly Societies (Long Term Insurance Business) Regulations 1987

PART III

REGULATION OF AUTHORISED SOCIETIES

Matching and localisation

Matching

25.—(1) Where the liabilities of an authorised society in any particular currency exceed 5 per cent of the society's total liabilities, then subject to paragraphs (2) and (3) below, the society shall hold sufficient assets expressed in or capable of being realised without exchange risk into that currency to cover at least 80 per cent of the society's liabilities in that currency.

(2) In so far as the liabilities for property linked benefits are covered by assets which determine the benefits payable under a linked long term contract, paragraph (1) above shall not apply.

(3) In so far as the liabilities for property linked benefits are determined by reference to assets expressed in or capable of being realised without exchange risk into a currency other than the currency in which the society's obligations to its member are expressed, those liabilities shall for the purposes of paragraph (1) be deemed to be liabilities in the first-mentioned currency.

(4) For the purposes of paragraphs (1) and (3) above, an asset is capable of being realised without exchange risk into a currency if it is reasonably capable of being realised into that currency without risk that changes in exchange rates would reduce the cover of liabilities in that currency.

(5) In this regulation—

“assets”, except in the case of assets of the kind referred to in regulation 26 below, means assets valued in accordance with Part VI of these Regulations;

“liabilities” means provision by a society to cover liabilities arising under or in connection with contracts of insurance (not being liabilities relating to insurance business excluded by regulation 27 below).

“property linked benefits” has the meaning given by regulation 34(1) below.

Localisation

26.—(1) Assets held pursuant to regulation 25 above shall be held—

(a) if they cover liabilities in sterling, in the United Kingdom;

(b) if they cover liabilities in any other currency, in the United Kingdom or in the country of that currency.

(2) For the purposes of applying paragraph (1) above to tangible assets and assets consisting of a claim against a debtor or a listed or unlisted investment, the following provisions shall have effect—

Status: This is the original version (as it was originally made).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

- (a) a tangible asset shall be regarded as held in the place where it is situated;
- (b) an asset consisting of a claim against a debtor shall be regarded as held in any place where it can be enforced by legal action;
- (c) an asset consisting of a listed investment shall be regarded as held in any place where—
 - (i) there is a recognised United Kingdom stock exchange or a stock exchange of repute outside the United Kingdom where it is listed, or
 - (ii) there is a securities market outside the United Kingdom, being a market of repute in which prices of all securities in which there are dealings are publicly listed and which is supervised by a public body, where it is dealt in;
- (d) an asset consisting of an unlisted investment issued by an incorporated company shall be regarded as held in the place where the head office of that company is situated.

Exclusion

27. Nothing in regulation 25 or 26 shall apply to insurance business carried on outside the United Kingdom.