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STATUTORY INSTRUMENTS

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**1994 No. 1984**

**The Friendly Societies Act 1992  
(Amendment) Regulations 1994**

**PART IV**

**REGULATION OF BUSINESS**

*Powers of Commission*

**Application to court**

**12.** In subsection (2) of section 52 of the 1992 Act (application to court), for paragraph (c) substitute—

- “(c) that the society is failing to satisfy any obligation to which it is subject by virtue of any provision of the law of any EEA State other than the United Kingdom which—
- (i) gives effect to the general insurance or life Directives; or
  - (ii) is otherwise applicable to the insurance activities of the society in that State;”.

**Prohibition on disposal of assets**

**13.** After section 52 of the 1992 Act insert—

**“Prohibition on disposal of assets.**

**52A.—**(1) Where the Commission has reason to believe that any of the conditions mentioned in subsection (2) below is satisfied in relation to a friendly society to which section 37(2) or (3) applies, it may apply to the court for an injunction restraining, or in Scotland an interdict prohibiting, the society from disposing of or otherwise dealing with any of its assets to the value of its EC liabilities.

- (2) The conditions referred to in subsection (1) above are—
- (a) that the Commission has given (and not revoked) a direction in respect of the society under section 40 above; or
  - (b) that the society has failed to satisfy an obligation to which it is or was subject by virtue of section 48, 49, 49A above or Part III of the Friendly Societies (Insurance Business) Regulations 1994(1); or
  - (c) that a submission by the society to the Commission of an account or statement specifies, as the amount of any liabilities of the society, an amount appearing to the Commission to have been determined otherwise than in accordance with—
    - (i) valuation regulations; or

- (ii) where no such regulations are applicable, generally accepted accounting concepts, bases and policies or other generally accepted methods appropriate for friendly societies,

and a court shall not make an order under this section unless it is satisfied that one or more of those conditions are satisfied.

(3) Where a court makes an order under this section, it may by subsequent orders make provision for such incidental, consequential and supplementary matters as are necessary to enable the Commission to perform its functions under this Act.

(4) The jurisdiction conferred by this section shall be exercisable by the High Court and the Court of Session.

(5) In this section any reference to an EC liability is a reference to a liability of the business carried on by the society in the European Community.”.

### **Supervision of controllers**

14.—(1) After section 55 of the 1992 Act insert—

#### **“Supervision of controllers.**

**55A.**—(1) Schedule 13A to this Act shall have effect for making provision for or in connection with the supervision by the Commission of controllers of friendly societies to which section 37(2) or (3) above applies.

(2) In this Act—

“controller”, in relation to a friendly society to which section 37(2) or (3) of this Act applies, means a person who, either alone or with any associate or associates—

- (a) is entitled to exercise or control the exercise of 10 per cent. or more of the voting power at any general meeting of the society; or
- (b) is able to exercise a significant influence over the management of the society by virtue of an entitlement to exercise, or to control the exercise of, the voting power at any general meeting of the society;

“notifiable voting rights”, in relation to a friendly society to which section 37(2) or (3) above applies, means voting rights which, if acquired by any person, will result in his becoming a 10 per cent. controller, a 20 per cent. controller, a 33 per cent. controller, a 50 per cent. controller or a majority controller of the society.

(3) In this section and Schedule 13A to this Act, in relation to a friendly society to which section 37(2) or (3) above applies—

“10 per cent. controller” means a controller in whose case the percentage referred to in paragraph (a) of the definition of “controller” in subsection (2) above is 10 or more but less than 20;

“20 per cent. controller” means a controller in whose case that percentage is 20 or more but less than 33;

“33 per cent. controller” means a controller in whose case that percentage is 33 or more but less than 50;

“50 per cent. controller” means a controller in whose case that percentage is 50;

“majority controller” means a controller in whose case that percentage is more than 50.”.

(2) After Schedule 13 to the 1992 Act insert Schedule 1 to these Regulations (supervision of controllers of friendly societies to which section 37(2) or (3) applies), as Schedule 13A.

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

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