



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

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—
- 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;
 - 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.

Changes to legislation: There are currently no known outstanding effects for the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951, Section 56. (See end of Document for details)

- (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 Birthday</i>	<i>Factor</i>	<i>Age next Birthday</i>	<i>Factor</i>
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 [F¹the actuary] to be necessary having regard to the non-payment of the premium or premiums aforesaid

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and to the actual or prospective variation of the terms of the policy under subsection (3) of this section.

[^{F2}(5A) In subsection (5), “the actuary” means an independent actuary whose appointment has been agreed by the parties to the policy.]

(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 [^{F3} 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

- F1** Words in s. 56(5) substituted (1.12.2001) by S.I. 2001/3647, art. 5, **Sch. 3**, Pt. I para. 4(2) (with art. 6)
F2 S. 56(5A) inserted (1.12.2001) by S.I. 2001/3647, art. 5, **Sch. 3 Pt. I para. 4(3)** (with art. 6)
F3 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

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