
STATUTORY INSTRUMENTS

1994 No. 1984

The Friendly Societies Act 1992
(Amendment) Regulations 1994

PART V

CONDUCT OF BUSINESS

Information for members

21.—(1) After section 67 of the 1992 Act insert—

“Information for members.

67A. Schedule 13C to this Act shall have effect for requiring friendly societies to which section 37(2) or (3) above applies to furnish members with the information there mentioned.”.

(2) After Schedule 13B to the 1992 Act insert Schedule 3 to these Regulations (information for members of friendly societies to which section 37(2) or (3) applies), as Schedule 13C.

Statutory notice

22. After section 67A of the 1992 Act insert—

“Statutory notice.

67B.—(1) Subject to subsection (7) below, unless the requirements of subsection (2) below are fulfilled no friendly society to which section 37(2) above applies shall enter into a contract the effecting of which constitutes—

- (a) the carrying on of long term business in the United Kingdom; or
- (b) the provision there of long term insurance.

(2) The requirements of this subsection are that—

- (a) the society sends by post to the other party to the contract, at or before the time when it is entered into, a statutory notice in relation to that contract; or
- (b) a representative of the society gives such notice to that party at that time.

(3) Where a statutory notice is sent to the other party to the proposed contract before the time when it is entered into, the society shall, not later than 14 days after the contract has become binding, inform the party in writing that it has done so.

(4) For the purposes of this section a statutory notice is a notice which—

- (a) contains such matters (and no others) and is in such form as may be prescribed by regulations made under section 2(2) of the European Communities Act

1972(1) and complies with such requirements (whether as to type, size, colour or disposition of lettering, quality or colour of paper, or otherwise) as may be so prescribed for securing that the notice is easily legible; and

(b) has annexed to it a form of notice of cancellation of such description as may be so prescribed for use under section 67C below.

(5) The Commission may, on the application of a friendly society, alter the requirements in relation to the notice referred to in subsection (4)(a) above so as to adapt those requirements to the circumstances of that society or to any particular kind of contract proposed to be entered into by that society.

(6) Any society which contravenes this section shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale but, without prejudice to section 67C(2) below, no contract shall be invalidated by reason of the fact that the society has contravened this section in relation to that contract.

(7) Subsection (1) above does not apply to—

- (a) a contract the effecting of which by the society constitutes the carrying on of investment business (within the meaning of the Financial Services Act 1986(2));
- (b) a contract the effecting of which by the society constitutes the carrying on of industrial assurance business;
- (c) a contract the other party to which is habitually resident in a member State other than the United Kingdom;
- (d) a contract the other party to which is not an individual;
- (e) a contract of term assurance effected for a period of six months or less; or
- (f) a contract of reinsurance.

(8) In sections 67C and 67D below “statutory notice” has the same meaning as in this section.”.

Right to withdraw from transaction

23. After section 67B of the 1992 Act insert—

“Right to withdraw from transac- tion.

67C.—(1) A person who has received a statutory notice in relation to a contract may, before the expiration of the fourteenth day after that on which he is informed in writing that the contract has become binding, serve a notice of cancellation on the friendly society.

(2) A person to whom a friendly society to which section 37(2) above applies ought to have, but has not, sent a statutory notice in relation to a contract may serve a notice of cancellation on the society; but if the society sends him a statutory notice in relation to the contract before he has served a notice of cancellation under this subsection, then without prejudice to his right to serve a notice of cancellation under subsection (1) above, his right to do so under this subsection shall cease.

(3) A notice of cancellation may, but need not, be in the form annexed to the statutory notice and shall have effect if, however expressed, it indicates the intention of the person serving it to withdraw from the transaction in relation to which the statutory notice was or ought to have been sent.

(4) Where a person serves a notice of cancellation, then—

(1) 1972 c. 68.
(2) 1986 c. 60.

- (a) if at the time when the notice is served the contract has been entered into, the notice shall operate so as to rescind the contract;
 - (b) in any other case, the service of the notice shall operate as a withdrawal of any offer to enter into the contract which is contained in, or implied by, any proposal made to the society by the person serving the notice of cancellation and as notice to the society that any such offer is withdrawn.
- (5) Where a notice of cancellation operates to rescind a contract or as the withdrawal of an offer to enter into a contract—
- (a) any sum which the person serving the notice has paid in connection with the contract (whether by way of premium or otherwise and whether to the society or to a person who is the agent of the society for the purpose of receiving that sum) shall be recoverable from the society by the person serving the notice;
 - (b) any sum which the society has paid under the contract shall be recoverable by him from the person serving the notice.
- (6) Any sum recoverable under subsection (5) above shall be recoverable in any court of competent jurisdiction.”.

Service of notice of cancellation

24. After section 67C of the 1992 Act insert—

“Service of notice of cancellation.

67D.—(1) For the purposes of section 67C above a notice of cancellation—

- (a) shall be deemed to be served on the society if it is sent by post addressed to any person specified in the statutory notice as a person to whom a notice of cancellation may be sent, and is addressed to that person at an address so specified; and
- (b) where paragraph (a) above applies, shall be deemed to be served on the society at the time when it is posted.

(2) Subsection (1) above shall have effect without prejudice to the service of a notice of cancellation (whether by post or otherwise) in any way in which the notice could be served apart from that subsection, whether the notice is served on the society or on a person who is the agent of the society for the purpose of receiving such a notice.

(3) A notice of cancellation which is sent by post to a person at his proper address, otherwise than in accordance with subsection (1) above, shall be deemed to be served on him at the time when it is posted.

(4) So much of section 7 of the Interpretation Act 1978 as relates to the time when service is deemed to have been effected shall not apply to a notice of cancellation.”.