



CHAPTER xxx.

An Act to effect a fusion of the undertaking of the Scottish Imperial Insurance Company with that of the Norwich Union Life Insurance Society and for other purposes. A.D. 1906.

[22nd June 1906.]

WHEREAS the Scottish Imperial Insurance Company (in this Act referred to as "the Scottish Imperial") was incorporated in the year one thousand eight hundred and sixty-six under the Companies Act 1862 as an unlimited company:

And whereas the objects for which the Scottish Imperial was established were to issue policies of insurance against loss and damage by fire and to issue policies of insurance on life to grant endowments and to purchase and grant annuities and reversions and to guarantee the fidelity of persons in whom pecuniary trust is reposed and of persons who are employed in offices of confidence and to transact every description of insurance business transacted by insurance companies established for the above purposes and to do all things conducive incidental and subsidiary thereto respectively:

And whereas by the Scottish Imperial Insurance Company's Act 1884 the powers of the Scottish Imperial to issue policies of insurance against loss or damage by fire and to guarantee the fidelity of persons in whom pecuniary trust is reposed and of persons who are employed in offices of confidence were rescinded and annulled:

And whereas the Norwich Union Life Insurance Society (in this Act referred to as "the Norwich Union") was established under the name of "the Norwich Union Society" by deed of settlement dated the first day of July one thousand eight hundred and eight for

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(*Scottish Imperial Fusion*) Act, 1906.

A.D. 1906. effecting insurances on lives and survivorships and for granting annuities :

And whereas in the year one thousand eight hundred and ninety-one the Norwich Union under the powers conferred on it by the Norwich Union Life Insurance Society Act 1891 (in this Act referred to as "the Act of 1891") made divers new laws and regulations in relation to its objects and government :

And whereas the Norwich Union was on the tenth day of May one thousand eight hundred and ninety-three registered under Part VII. of the Companies Act 1862 as an unlimited company :

And whereas by section 6 of the Norwich Union Life Insurance Society Act 1905 (in this Act referred to as "the Act of 1905") it was enacted that the memorandum and articles of association set forth in the schedule to that Act should subject to the provisions of the Companies Acts 1862 to 1900 including the powers as regards alteration contained in those Acts be the memorandum and articles of association of the Norwich Union in substitution for the then existing laws and regulations of the Norwich Union made pursuant to the Act of 1891 or otherwise and should be treated as having been registered accordingly and all the provisions of the Act of 1891 save so far as the same were re-enacted by the Act of 1905 should be and the same were thereby repealed :

And whereas the present objects of the Norwich Union are specified in the said memorandum of association set forth in the schedule to the Act of 1905 and include power to carry on the business of life assurance in all its branches and to grant annuities of all kinds whether dependent on human life or otherwise and to contract with leaseholders borrowers lenders annuitants and others for the establishment accumulation provision and payment of sinking funds redemption funds depreciation funds renewal funds endowment funds and any other special funds and to purchase and deal in and lend on life reversionary and other interests in property of all kinds and to purchase or otherwise acquire and undertake upon any terms that may be deemed expedient all or any part of the business property and liabilities of any person or company carrying on any business which the Norwich Union is authorised to carry on or possessed of property suitable for the purposes of the Norwich Union :

And whereas the Scottish Imperial has a premium income of about sixty thousand pounds per annum and has assets exceeding seven hundred thousand pounds :

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And whereas proposals have been suggested for the transfer of the undertaking of the Scottish Imperial to the Norwich Union and these proposals are set forth in the memorandum of terms contained in the Schedule hereto :

And whereas the said companies have been actuarially advised that the adoption of the proposals aforesaid would be to their advantage :

And whereas it is expedient that the Norwich Union should be empowered to take over and that the Scottish Imperial should be empowered to make over the assets and business of the Scottish Imperial on the terms of the said proposals and that effect should be given to the said proposals :

And whereas the objects of this Act cannot be attained without the authority of Parliament :

May it therefore please Your Majesty that it may be enacted and be it enacted by the King's most Excellent Majesty by and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled and by the authority of the same as follows (that is to say) :—

1. This Act may be cited as the Norwich Union Life Insurance Society (*Scottish Imperial Fusion*) Act 1906 and the Norwich Union Life Insurance Society Act 1905 and this Act may together be cited as the Norwich Union Life Insurance Society Acts 1905 and 1906. Short title.

2. This Act shall come into operation on the first day after its passing which date is hereinafter referred to as "the commencement of this Act." Commencement of Act.

3. In this Act "the memorandum of terms" means the memorandum of terms set forth in the Schedule hereto. Interpretation.

4. The memorandum of terms is by this Act made binding on the Scottish Imperial and the Norwich Union and on the holders of policies of insurance and annuity contracts granted or entered into by the Scottish Imperial and on the members and shareholders of the Scottish Imperial and the members of the Norwich Union and on all other persons interested and shall be carried into effect accordingly. Confirmation of terms.

5. From and after the commencement of this Act the Scottish Imperial shall wholly cease to undertake any new business in the way of life assurance or otherwise and when the transfer of the Dissolution of Scottish Imperial.

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(*Scottish Imperial Fusion*) Act, 1906.

A.D. 1906. assets of the Scottish Imperial has been completed pursuant to the memorandum of terms the Scottish Imperial shall ipso facto be dissolved. A certificate in writing under the hands of a majority of the directors of the Norwich Union that the transfer aforesaid has been completed shall when filed with the Registrar of Joint Stock Companies be conclusive evidence thereof.

Actions to continue.

6. Nothing in this Act shall cause the abatement or discontinuance of or in anywise prejudicially affect any action arbitration or other proceeding or cause of action arbitration or proceeding pending or existing by or against the Scottish Imperial either solely or jointly with any other company or person immediately before the commencement of this Act but the same may be continued and enforced by or in favour of or against the Norwich Union to the same extent as the same might have been continued or enforced by or in favour of or against the Scottish Imperial if this Act had not been passed.

As to officers &c.

7. Subject to the provisions of the memorandum of terms all officers and persons who have or after the commencement of this Act have in their possession or under their control any books documents papers or effects belonging to the Scottish Imperial or to which the Scottish Imperial but for this Act would be entitled shall account for and deliver up the same to the Norwich Union or to such persons as the directors of the Norwich Union appoint to receive the same in like manner and subject to like consequences on failure so to do as if those officers and persons had been appointed by and become possessed of the books documents papers or effects for the Norwich Union.

As to books.

8. All books and documents which if this Act were not passed would be evidence in respect of any matter for or against the Scottish Imperial shall be admissible as evidence in respect of the same or the like matter for or against the Norwich Union.

Copies of Act to be registered.

9. The Norwich Union shall deliver to the Registrar of Joint Stock Companies two printed copies of this Act and he shall retain and place one copy on the file of the Norwich Union and the other copy on the file of the Scottish Imperial and if such copies are not so delivered within three months of the passing of this Act the Norwich Union shall incur a penalty not exceeding two pounds for every day after the expiration of those three months during which the default continues and any director or manager of the Norwich Union who knowingly and wilfully authorises such default shall

[6 EDW. 7.] *Norwich Union Life Insurance Society.* [Ch. xxx.]
(*Scottish Imperial Fusion*) Act, 1906.

incur the like penalty Every penalty under this section shall be recoverable summarily There shall be paid to the said registrar by the Norwich Union on such copies being registered the like fee for each copy as is for the time being payable under the Companies Act 1862 on registration of any document other than a memorandum of association. A.D. 1906.

10. Nothing in this Act shall be deemed to exempt the Norwich Union from the provisions of the Life Assurance Companies Acts 1870 to 1872 or from those of any general Act passed during the present or any future session of Parliament affecting life assurance companies formed previously to the passing thereof. Saving for general Acts.

11. The costs charges and expenses preliminary to and of and incidental to procuring obtaining and passing this Act shall be paid by the Norwich Union subject to the provisions of clause 15 of the memorandum of terms. Costs of Act.

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The SCHEDULE referred to in the foregoing Act.

MEMORANDUM OF TERMS mutually suggested for the amalgamation of the undertaking of the Scottish Imperial Insurance Company (below referred to as "the Scottish Imperial") with that of the Norwich Union Life Insurance Society (below referred to as "the Norwich Union").

1. In these terms the expressions following shall have the meanings hereinafter set forth (that is to say):—

"The Act" means the Act to be passed adopting and making binding these terms:

"Scottish Imperial policies and annuity contracts" means policies of insurance and annuity contracts granted or entered into by the Scottish Imperial and in force or liable to be revived at the time by the above Act fixed for the commencement thereof and also policies of insurance and annuity contracts in respect of which the Scottish Imperial shall then be liable and also policies of insurance and annuity contracts granted after the commencement of the said Act in substitution for any Scottish Imperial policies or annuity contracts under the powers therein contained:

"Participating policy-holders of the Scottish Imperial" means the owners for the time being and from time to time of policies of the Scottish Imperial conferring the right to participate in profits:

"The Scottish Imperial fund" means the fund with that name to be established as hereinafter provided.

2. Forthwith after the day fixed by the Act for the commencement thereof the Scottish Imperial shall transfer to the Norwich Union—

(1) The goodwill of the Scottish Imperial business and the full benefit of the working organisation of that company and of all existing agency agreements and of all agreements with the staff of the Scottish Imperial and all books papers and documents relating to the business of the Scottish Imperial:

(2) The sum of £52,130 which as at 31st December 1904 represented the shareholders' fund and their interest in the general investments representing the same together with all additions or accretions to such fund up to the day fixed by the Act for the commencement thereof:

(3) All the other assets whatsoever and wheresoever of the Scottish Imperial except uncalled capital which shall be extinguished by the dissolution of the Scottish Imperial as after provided.

3. The assets specified in the last preceding clause are to be transferred:—

- (1) As to the assets comprised in paragraphs (1) and (2) of that clause to the Norwich Union absolutely:
- (2) As to the assets comprised in paragraph (3) of the said clause they are to be carried to and form part of the Scottish Imperial fund.

4. A fund for the protection and sole benefit of the Scottish Imperial policy-holders and annuitants and others is to be established by the Norwich Union and is to be called "the Scottish Imperial fund" and such fund is to be vested in the Norwich Union as trustees for the purposes hereinafter mentioned and is to consist of—

- (A) The assets to be transferred in accordance with paragraph (3) of clause 2 hereof;
- (B) All proceeds arising from sales exchanges and other dealings with the Scottish Imperial fund;
- (C) All assets acquired with assets of the Scottish Imperial fund;
- (D) All income arising from assets for the time being of the Scottish Imperial fund;
- (E) All premiums and other payments arising in respect of Scottish Imperial policies and annuity contracts for the time being subsisting; and
- (F) All sums arising in respect of any compromise arrangement modification substitution or other dealing in relation to Scottish Imperial policies and annuity contracts.

5. The Scottish Imperial fund is to be kept separate from the general assets of the Norwich Union and is to be regarded as a trust fund applicable for the benefit of those entitled to Scottish Imperial policies and annuity contracts and other persons towards whom the Scottish Imperial is under liability and accordingly out of the Scottish Imperial fund the Norwich Union is from time to time and in due course to pay satisfy and discharge all claims and moneys from time to time payable in respect of Scottish Imperial policies and annuity contracts and all sums payable in respect of compromises surrenders or otherwise in relation to Scottish Imperial policies and annuities and all sums payable to the Norwich Union by way of recoupment as hereinafter provided and all premiums on re-insurance policies effected in relation to all Scottish Imperial policies or annuity contracts and all sums from time to time payable to the Norwich Union by way of contribution under

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clause 7 hereof and all other debts and liabilities of the Scottish Imperial existing at the time of the commencement of the said Act and all sums under these terms payable out of the said fund and subject to all such payments as aforesaid the Scottish Imperial fund is to be held as to nine-tenths for the benefit of the participating policy-holders of the Scottish Imperial and as to the remaining one-tenth for the benefit of the Norwich Union until clause 13 shall come into operation when the whole of the Scottish Imperial fund shall be held for the benefit of the Norwich Union.

6. The Norwich Union is to become liable in the place of the Scottish Imperial upon and in respect of all debts liabilities contracts and engagements of the Scottish Imperial including its policies and annuity contracts but upon the footing that its liability is primarily to pay out of the Scottish Imperial fund and if this shall be insufficient or exhausted then out of its own fund and property.

7. Out of the premiums of each year received in respect of the Scottish Imperial policies for the time being subsisting there shall be paid to the general fund of the Norwich Union as from the commencement of the Act as a contribution by the Scottish Imperial fund towards the expenses of management and commission to agents for that year $12\frac{1}{2}$ per cent. on the premium income of the Scottish Imperial policies brought into the revenue accounts of that fund for that year and a sum equivalent to a half per cent. per annum on the capital value for the time being and from time to time of the Scottish Imperial fund but not exceeding in any one year the sum of £1,500 and the term "premium income" in this clause is to be understood to refer to the gross premium income after deduction of any re-insurances premiums and regard being had to this contribution the Norwich Union out of its general assets is to pay the expenses of managing the Scottish Imperial fund commission to agents and all other ordinary charges and disbursements connected therewith or incidental thereto.

8. If from any temporary cause it shall be deemed expedient by the directors of the Norwich Union to apply any part of the general assets of the Norwich Union to satisfy any claims and sums of money properly payable out of the Scottish Imperial fund that fund is to be liable to make good to the Norwich Union any moneys so taken from the general assets of the Norwich Union with interest thereon at such rate not exceeding 4 per cent. per annum as the directors of the Norwich Union from time to time may fix but this provision is to be without prejudice to the right of those who have any claims as holders of Scottish Imperial policies or annuity contracts or as creditors of that company or otherwise to have their claims satisfied by the Norwich Union when and if and so often as from any cause the Scottish Imperial fund shall be insufficient and not ready for answering the same.

9. The Scottish Imperial fund is to be under the management and control of the directors for the time being of the Norwich Union and in managing such fund the said directors shall have— A.D. 1906.

- (1) Power as regards investments and variations and transpositions of investments similar to those which the directors of the Norwich Union shall have under the memorandum and articles of association of the Norwich Union :
- (2) Power to make or assent to any arrangements as to surrender or modification of any Scottish Imperial policies or annuity contracts :
- (3) Power to compromise and settle all claims in respect of Scottish Imperial policies or annuity contracts :
- (4) Power to take resist or defend any legal proceeding in the interest and at the cost and expense of the Scottish Imperial fund :
- (5) Power to make out of the Scottish Imperial fund all payments (if any) properly incurred in relation thereto not being expenses of management or commissions to agents :
- (6) Power generally to act in the management and working of the Scottish Imperial fund as they may think expedient.

10. The directors of the Norwich Union shall at intervals of not more than five years from 31st December 1905 cause actuarial valuations to be made of the liabilities of the Scottish Imperial fund in respect of assurance annuity and other contracts and at like intervals shall themselves with such expert assistance as they deem requisite estimate the funds of the Scottish Imperial at such reasonable prices as they in their judgment shall deem proper and expedient according to the circumstances at the time of making such estimate and after making provision for such liabilities as aforesaid and any special or other reserves as they may think fit the directors aforesaid shall at a special board meeting declare what amount of the surplus (if any) of such assets after such deductions may in their opinion be fairly divided by way of bonus and shall apportion the amount so declared as to nine tenths thereof by way of bonus either vested or contingent among the holders of such policies entitled to participate as were in force or liable to be revived on the day up to which such actuarial investigation is made on such principles and by such methods as they may from time to time determine and as to the other tenth part thereof the same shall be payable to and be made over to the Norwich Union absolutely and the directors aforesaid may allot in respect of any participating policies in any sections or classes of policies a different rate or scale of bonus to that allotted to the participating policy-holders in other sections or classes regard being had to the rates of premium paid in respect of such policies to the mortality experience in the respective sections or classes or to such

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other circumstances as the directors aforesaid may deem material and the directors aforesaid may if they think fit declare and pay any interim bonuses between any two actuarial valuations at such rates and upon such methods as they may determine. Provided always that the total amount of the bonus and the amount to which any policy-holder may be entitled under any mode of application shall be determined by the directors aforesaid whose decision thereon shall be final and conclusive.

11. No new policy or annuity contract is to be granted or entered into after the commencement of the Act with reference to the Scottish Imperial fund save that the directors of the Norwich Union may upon a surrender of any Scottish Imperial policy or annuity contract issue in substitution any policy or annuity with reference to the Scottish Imperial fund but every such policy or contract issued in substitution must expressly state that it is issued or entered into with reference to the Scottish Imperial fund.

12. The right of participating policy-holders of the Scottish Imperial to participate in profits is to be confined to a right to participate in the profits of the Scottish Imperial fund.

13. If the number of Scottish Imperial policies in force shall be reduced to less than 100 the Scottish Imperial fund shall cease to exist as a separate fund and all the assets thereof shall be made over to and amalgamated with the general funds of the Norwich Union and such fund shall thereupon become liable to the payment of the sums assured by the Scottish Imperial policies and annuity contracts together with future bonuses at the same rate from time to time as the bonuses declared in favour of the Scottish Imperial policy-holders on an average of the two last declarations of bonus immediately preceding the date when the Scottish Imperial fund shall cease to exist as a separate fund.

14. Each of the directors of the Scottish Imperial (namely Thomas Russell James Aiken William Duff James Merry Forrester Leonard Gow Douglas M. Hannay Richard H. Hunter and Henry Munro) if in office immediately before the commencement of the Act shall immediately after the commencement of the Act be paid out of the Scottish Imperial fund in commutation of the remuneration paid or payable to them respectively a sum equivalent to the capitalised value of such remuneration computed in terms of the male life annuity tables of the Norwich Union. For the purpose of such commutation the remuneration of a director shall be regarded as a life annuity and be held to be the average amount of fees paid or payable to him during the two years or such less period as he may have held office immediately preceding the date of the commencement of the Act. In consideration of such payment the said directors of the Scottish Imperial and the survivors and survivor of them shall give such advice individually with regard to the administration of the Scottish

Imperial fund as may be required of them by the directors of the Norwich Union during the five years immediately succeeding the passing of the Act but they shall not thereby incur any responsibility either collectively or individually. A.D. 1906.

15. The costs and expenses of and incident and preliminary to the preparation of these terms and of carrying them into complete effect including the costs charges and expenses preliminary to and of and incidental to procuring obtaining and passing of the Act and of the dissolution of the Scottish Imperial shall be borne as to one moiety by the Norwich Union and as to the other moiety shall be debited to the Scottish Imperial fund.

16. The Norwich Union shall forthwith after the commencement of the Act pay to the holders of shares in the Scottish Imperial the sum of £2 2s. in respect of every share in the Scottish Imperial held by them respectively and such shareholders shall also be entitled to receive out of the shareholders' fund mentioned in clause 2 (2) hereof a dividend at the rate of 8 per cent. per annum on the face value of the shares calculated from the date up to which the last dividend has been paid.

17. The Act shall provide for the dissolution of the Scottish Imperial.

18. The Scottish Imperial may continue to transact business in all respects as at present until the Act shall be passed and if the Act shall not be passed in the next ensuing session of Parliament no further application shall be made for an Act without the consent of both parties. Meanwhile no bonus shall be declared or paid except with the consent of the Norwich Union.

19. The valuation requiring to be made by the Scottish Imperial as at 31st December 1905 shall not be less strict than the valuation which was made for the quinquennial period ending 31st December 1900 and in particular it shall be made on the basis of the H.M. 3 per cent. tables with net premiums.

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