



## CHAPTER xv.

An Act to consolidate with amendments the provisions of the deed of constitution Acts Order and regulations under which the Scottish Provident Institution is carrying on its business to confer further powers on the Institution and for other purposes.

A.D. 1927.

[29th June 1927.]

**W**HEREAS the Scottish Provident Institution (hereinafter called "the Institution") was established in the year 1837 on the principle of mutual life assurance under a deed of constitution and laws and regulations of date the twelfth day of May eighteen hundred and thirty-seven and subsequent dates and recorded in the Books of Council and Session at Edinburgh the eighth day of June in the same year and was by the Act 11 & 12 Victoria Cap. 106 intituled "An Act for incorporating the Scottish Provident Institution for confirming the Laws and Regulations thereof for enabling the said Society to sue and be sued to take and to hold property and for other purposes relating to said Society" incorporated and authorised to carry on the business of effecting assurances on lives and survivorships purchasing and selling annuities and reversions granting endowments receiving money for investment and accumulation and in general to carry on all the business connected with a life assurance society in all the various branches thereof in any part of Her then Majesty's dominions of Great Britain and Ireland and the Colonies or elsewhere:

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And whereas by the following Acts and Order (namely) :—

The Scottish Provident Institution Act 1884 ;

The Scottish Provident Institution Act 1893 ; and

The Scottish Provident Institution Order 1901 ;

further powers have been conferred on the Institution and further provision made for the management of the affairs of the Institution :

And whereas it is expedient that the said deed of constitution and the said recited Acts and Order and the regulations of the Institution should be consolidated and amended and that such further powers as are contained in this Act should be conferred on the Institution and the directors thereof :

And whereas the purposes aforesaid cannot be effected 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) :—

Short title.

1. This Act may be cited as the Scottish Provident Institution Act 1927.

Interpretation.

2. In this Act and in the schedule to this Act unless the context otherwise requires the following expressions have the meanings hereby assigned to them (that is to say) :—

“ The Institution ” means the Scottish Provident Institution ;

“ The directors ” and “ the board ” mean the directors and the board of directors of the Institution at Edinburgh ;

“ Laws of the Institution ” means this Act and any subsequent Act of Parliament or Order confirmed by Parliament relating to the affairs of the Institution and the regulations of the Institution as from time to time existing ;

“ Regulations of the Institution ” or “ regulations ” means the regulations set forth in the schedule to this Act as the same may from time to time

be lawfully amended or extended or other the regulations for the time being lawfully substituted in place thereof;

“Policy” means the deed or document evidencing a contract of assurance annuity or insurance by the Institution or in respect of which the Institution has undertaken liability for payment of any money on the happening of any contingency or event;

“Life policy” means any policy which is required or permitted to be included in life assurance business under and for the purposes of any general Act governing the business of assurance and for the time being in force;

“Member” means a member of the Institution;

“Common fund” means the whole funds of the Institution excepting any special funds in which any class of policy-holders shall be interested to the exclusion of all other policy-holders;

“General meeting” means a general meeting of the members of the Institution;

“The manager” means the manager of the Institution and includes the assistant joint or acting manager of the Institution at the head office;

“The secretary” means the secretary of the Institution and includes the assistant joint or acting secretary of the Institution at the head office or other duly authorised officer acting as secretary;

“Head office” means the principal office of the Institution;

“Seal” means the common seal of the Institution;

“Existing” means existing at the commencement of this Act.

3. Nothing in this Act shall be deemed to exempt the Institution from the provisions of the Assurance Companies Act 1909 or of any general Act passed during the present or any future session of Parliament affecting assurance companies formed previously to the passing thereof. Saving for  
general  
Acts.

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All life policies of Institution deemed within Policies of Assurance Act 1867.

Repeal of deed of constitution Acts &c.

Corporate status of Institution.

Continuance of present directors &c. in office.

Saving for assurances actions &c.

4. For the purposes of the Policies of Assurance Act 1867 every life policy issued by the Institution shall be deemed to be a "policy" or a "policy of life assurance" within the meaning of that Act.

5. Subject to the provisions of this Act the deed of constitution of the Institution bearing date the twelfth day of May one thousand eight hundred and thirty-seven and subsequent dates and recorded in the Books of Council and Session at Edinburgh on the eighth day of June in the same year and the Scottish Provident Institution Acts and Order 1848 to 1901 and the existing laws and regulations of the Institution are hereby repealed and cancelled without prejudice to anything done or suffered or to any contracts entered into thereunder.

6.—(1) Notwithstanding such repeal as aforesaid the Institution shall continue to be incorporated by the name of the Scottish Provident Institution with perpetual succession and a common seal with power from time to time to change and renew the seal and with power to sue and be sued by such name as aforesaid.

(2) Subject to the provisions of this Act the existing members shall continue to be members of the Institution and the Institution and any trustee on its behalf shall continue to hold and be entitled to enjoy and recover all property of every description (including things in action) which immediately before the commencement of this Act belonged to or was vested in the Institution or to or in such trustee on its behalf or to which the Institution or such trustee on its behalf was then entitled.

7. Notwithstanding such repeal as aforesaid the directors honorary directors local referees trustees auditor officers and servants of the Institution who are in office at the commencement of this Act shall continue to hold and enjoy their respective offices and employment subject to the laws of the Institution.

8. Notwithstanding such repeal as aforesaid or any other provisions of this Act—

(a) All assurances deeds mortgages bonds contracts agreements securities awards and other acts and things made and entered into executed or done by or with the Institution or any person or persons on its behalf and in force at the

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commencement of this Act shall be as valid and effectual to all intents in favour of against or with reference to the Institution as if this Act had not been passed :

(b) All policies bonds and other obligations and generally all debts and liabilities of whatsoever kind made granted issued incurred or undertaken by and valid and subsisting against the Institution at the commencement of this Act shall be and are hereby declared to be valid and subsisting against the Institution as if the same had been made granted issued incurred or undertaken by the Institution under the authority of this Act and all existing policies shall entitle the holders thereof to the same benefits and remedies secured by the terms of such policies as they would have had if this Act had not been passed :

(c) Any action arbitration or other proceeding or right of action reference to arbitration or other proceeding pending or existing at the commencement of this Act by with against or in favour of the Institution or any person or persons on its behalf shall not abate or be prejudicially affected by the passing of this Act but may be continued or commenced and carried on by with against or in favour of the Institution as if this Act had not been passed :

(d) All books and documents of or concerning the Institution which if this Act had not been passed would have been admitted in evidence shall be admitted in evidence as if this Act had not been passed :

(e) All or any byelaws minutes rules resolutions orders and forms in force at the commencement of this Act pursuant to the statutory provisions theretofore governing the Institution shall continue in force unless and until the same are altered by resolution of the directors.

9. The membership of the Institution shall comprise every person who either was a member of the Institution immediately before the commencement of this Act or is thereafter admitted as a member in accordance with the laws of the Institution so long as the membership

Member-  
ship.

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No assurance deemed to be effected until payment of premium.

**10.** No person effecting an assurance with the Institution shall unless otherwise expressly agreed in writing between the Institution and such person be considered as assured by the Institution until he has paid the single or first premium on the policy contracted to be granted to him in terms of the laws of the Institution although the policy may have been executed by the Institution.

Change of name.

**11.** The Institution may from time to time with the sanction of a general meeting change its name but no such change of name shall be effective until it is advertised in the Edinburgh Gazette and the London Gazette and no such change of name shall affect any rights or obligations or render defective any legal proceedings instituted or to be instituted by or against the Institution and any legal proceedings may be continued or commenced by or against the Institution by its new name that might have been continued or commenced by or against the Institution by its former name.

Provision as to regulations.

**12.—(1)** The regulations set out in the schedule to this Act shall be the regulations of the Institution provided that the Institution may at any time by special resolution as defined in this section repeal alter or innovate any of the regulations set forth in the said schedule or may make any addition thereto and any alteration innovation or addition so made shall be subject to repeal or alteration by subsequent special resolution and so from time to time. A copy of the regulations as from time to time in force shall be forwarded by the Institution to any member at his request on payment of one shilling or such less sum as the directors may fix.

(2) For the purposes of this section a special resolution is a resolution of the Institution passed at one general meeting called as hereinafter prescribed and confirmed at a second general meeting held not less than fourteen and not more than thirty days after the first meeting.

(3) The resolution must be passed at both meetings by a majority of not less than three-fourths of the votes of the members voting thereat.

(4) A special resolution may be rescinded extended or altered by a subsequent special resolution. A.D. 1927.

(5) General meetings for the purposes of this section shall be called by notice inserted in one or more newspapers published in Edinburgh in Glasgow and in London once in each of two successive weeks with an interval of six clear days between each publication the first of such meetings to be held not earlier than the seventh day after the last insertion of such notice The two meetings may be convened by one and the same notice and it shall be no objection to such notice that it only convenes the second meeting contingently on the resolution being passed by the requisite majority at the first meeting.

(6) The notice calling the meetings shall state the general purport of the proposed alteration and that a copy of the proposed repeal alteration innovation or addition can be inspected by any member at the head office.

**13.** The business of the Institution may be carried on in Great Britain and in any other part of the world whether within His Majesty's dominions or not The head office and domicile of the Institution shall be in the city of Edinburgh provided however that every policy of assurance effected with the Institution by any person described in such policy as of any place in England shall be deemed to be a policy effected in England with an assurance society having its domicile and head office in the city of London and this provision shall take effect notwithstanding that it may appear on the face of such policy that the same was not in fact effected in England. Place of  
business  
&c.

**14.** All assignments of policies of the Institution shall be deemed to be validly and sufficiently authenticated if executed according to the mode usual in Scotland or in England or in the country where they are executed. Execution  
of assign-  
ments of  
policies.

**15.** The objects of the Institution are to carry on in any part of the world :— Objects of  
Institution.

- (1) The business of life assurance in all its branches and in particular of granting or effecting policies or assurances of all kinds for payment

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of money by way of a single payment or by several payments or otherwise upon the birth or marriage or death or survivorship or failure of issue of any person or on the attainment of a given age by any person or upon the expiration of any fixed or ascertainable period or upon the occurrence of any contingency or event which would or might be taken to affect the interest whether in possession vested contingent expectant prospective or otherwise of any person in any property subject or not to any such events as aforesaid happening in the lifetime of any other person or upon the loss or recovery of contractual or testamentary capacity in any person :

- (2) The business of granting selling and purchasing annuities of all kinds whether dependent on human life or otherwise perpetual or terminable immediate or deferred contingent or otherwise :
- (3) The business of contracting 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 either in consideration of a lump sum or of an annual premium or otherwise :
- (4) The business of re-insuring all or any risks and of undertaking all kinds of re-insurance connected with any business which the Institution is authorised to carry on :
- (5) The business of every kind of insurance or re-insurance whether against or in connection with any loss damage injury liability misfortune contingency or events connected with any business which the Institution is authorised to carry on and all matters of business which now are or may come to be connected with the same :
- (6) The business of purchasing dealing in and lending money on life reversionary and other interests in property of all kinds whether



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absolute or contingent or expectant and whether determinable or not and of acquiring lending money on redeeming cancelling or extinguishing by purchase surrender or otherwise any policy annuity security grant or other contract issued or taken over or entered into by the Institution :

- (7) Such other business as may be considered incidental or conducive to the attainment of any of the objects of the Institution.

**16.** Without prejudice to the powers conferred by the immediately preceding section and all other powers competent to it by virtue of this Act the Institution shall have the following powers :—

Powers of  
Institution.

- (1) To hold and retain or to dispose of for the purposes of the Institution all property investments securities or other estate or assets heritable or moveable real or personal held by the Institution or by others on its behalf immediately prior to the commencement of this Act :
- (2) To acquire and hold lands without any licence in mortmain :
- (3) To purchase feu take on lease or in exchange hire or otherwise acquire any real or personal or heritable or moveable property and any rights or privileges which the Institution may think necessary or convenient or capable of being profitably dealt with in connection with any of the property business or rights for the time being of the Institution :
- (4) To sell feu exchange mortgage charge lease manage maintain build upon develop or otherwise improve deal with or dispose of the lands of the Institution or any part thereof or any estate or interest therein or relating thereto as the directors think fit :
- (5) To continue to hold any investments securities obligations or property in or upon which any of the moneys funds or property of the Institution are invested at the commencement of this Act and to lay out invest lend or deal with the moneys funds and property of the

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Institution as may from time to time be authorised by the regulations :

- (6) To sell feu exchange improve manage develop enfranchise lease mortgage dispose of turn to account or otherwise deal with all or any part of the property investments securities assets or rights of the Institution :
- (7) To undertake and execute trusts of all kinds and to undertake the offices of trustee (other than trustee in bankruptcy or a trustee under a deed of arrangement with creditors) executor administrator agent factor or treasurer and to keep for any company government authority or body any register relating to any stocks funds shares or securities and to undertake any duties in relation to the registration of transfers the issue of certificates or otherwise and to undertake all kinds of agency business :
- (8) To enter into arrangements with any British or foreign government or authority supreme municipal local or otherwise and to obtain from any such government or authority all rights concessions and privileges that may seem conducive to the objects of the Institution or any of them :
- (9) To enter into and carry into effect any contract or agreement for purchasing acquiring or taking over all or any of the business property rights and liabilities of or amalgamating with or acquiring an interest in any other society association corporation or company carrying on any business or undertaking within the objects of the Institution or for undertaking paying and performing all or any of the assurances annuities and engagements of any such other society association corporation or company :
- (10) To establish and support or to aid in the establishment and support of associations institutions trusts funds or schemes calculated to promote the goodwill or to encourage the business of the Institution or to benefit employees or ex-employees of the Institution

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or their wives widows families dependents or connections and to grant pensions and allowances to and to make payments for or towards insurance of any benefit for any employee ex-employee or other such person as aforesaid and to subscribe or guarantee money to or for objects connected with the employees or business of the Institution :

(11) To draw accept endorse discount execute and issue bills of exchange promissory notes and other negotiable or transferable instruments :

(12) To raise or borrow or secure the payment of money of such amounts in such manner and on such terms as may seem expedient and among other modes by the issue of deposit receipts bonds debentures or debenture stock whether perpetual or redeemable and charged or not charged upon the whole or any part of the property and rights of the Institution both present and future and to redeem purchase or pay off such securities :

(13) To enter into partnership or into any arrangement for sharing profits union of interests joint adventure reciprocal concession or co-operation or otherwise with any person society association corporation or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Institution is authorised to carry on or engage in and to take or otherwise acquire and hold shares or stock in or securities of and to subsidise or otherwise assist any such person society association corporation or company and to make and carry out arrangements for giving the Institution the entire or partial control or management or benefit of the business of any such person society association corporation or company and to guarantee dividends or interest on shares stock debentures or debenture stock mortgages bonds or securities of any company :

(14) To form or assist in forming any society association corporation or company for the purpose of carrying on as principal or as

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agent for the Institution any business which the Institution is authorised to carry on or for the purpose of acquiring the undertaking of the Institution or any part thereof or for any other purpose whatsoever that may seem conducive to any of the interests of the Institution and to hold shares stock debentures debenture stock or any other interest in any such society association corporation or company and to dispose of such shares stock debentures debenture stock or interest :

- (15) To procure the Institution to be registered or recognised in any country state or place outside Great Britain and to make any investments or deposits in such names and manner as may be required and to comply with any conditions necessary or expedient in order to enable the Institution to carry on business in any country state or place outside Great Britain and to establish or guarantee local societies associations corporations or companies or branch offices constituted or regulated under or by local laws for the purpose of carrying on any business which the Institution is authorised to carry on :
- (16) To allow to remain in abeyance or to discontinue from time to time any branch or part of the business of the Institution :
- (17) To lend money to such persons on such terms as the directors may approve :
- (18) To underwrite or guarantee the subscription of any stocks funds shares debentures mortgages or securities and to subscribe for the same conditionally or otherwise or to act as agents for the issue of the same :
- (19) To receive money on deposit from members and other persons for such period and on such terms and conditions special or general as the directors may think fit :
- (20) To take make support or oppose any proceedings or application for obtaining Acts of Parliament Provisional Orders or other legislative acts which in the opinion of the directors may beneficially or adversely affect the Institution :

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- (21) To remunerate any persons for services rendered or to be rendered in placing or assisting to place any shares or stock or any debentures debenture stock or other securities of or belonging to the Institution or rendered or to be rendered in or about the conduct of the business of the Institution :
- (22) To open banking accounts in name of the Institution to be operated upon as may from time to time be prescribed by the regulations :
- (23) To do all or any of the above things in any part of the world and either as principals agents trustees contractors or otherwise and either alone or in conjunction with others and either by or through agents sub-contractors trustees or otherwise :
- (24) To do all such other acts and things as may be considered conducive to the full exercise of the foregoing powers.

17. The Institution shall not be bound to see to the execution of any trust whether express implied or constructive to which any policy granted by the Institution may be subject and the discharge of the surviving party or parties in whose name any such policy shall stand in the books of the Institution shall be a sufficient and effectual discharge to the Institution for any money payable in respect of such policy notwithstanding any trust to which such policy may then be subject and whether or not the Institution have had notice of such trust.

Institution  
not bound  
by trusts.

18.—(1) The management of the affairs of the Institution shall be vested in the directors who in addition to the powers and authorities by the laws of the Institution expressly conferred upon them may exercise all such powers and do all such acts and things as may be exercised or done by the Institution and are not by the Assurance Companies Act 1909 or any other general Act of Parliament or by the laws of the Institution expressly directed or required to be exercised or done by the Institution in general meeting.

Manage-  
ment.

(2) Subject to the provisions of this Act the number qualification powers duties mode of election retirement

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Power to vary investments.

**19.** It shall be in the power of the directors at pleasure to alter change sell exchange or dispose of any existing investments securities or property belonging to the Institution or any investments securities or property which may hereafter be acquired or taken on behalf of the Institution and again to lay out and deal with the proceeds thereof from time to time in or upon any investments securities or property authorised by the regulations.

How policies &c. to be subscribed.

**20.** All policies and contracts of annuity and all bonds discharges and renunciations of heritable securities and other discharges bills charters contracts deeds and writings which require to be granted and executed by the Institution may be executed in such manner as the regulations shall from time to time prescribe and all contracts policies instruments and other writings so executed shall be good valid and effectual and binding and obligatory on the Institution although not under the seal and the same may be in writing or in print or partly in writing and partly in print and in all matters and proceedings whatsoever wherein it shall be requisite to make any declaration or affidavit by or on behalf of the Institution such declaration affidavit or the like may be made by the manager secretary or other officer or by one of the directors of the Institution for the time being as the directors shall appoint and the same when so made shall be sufficient.

Policies subject to debts due to Institution by members.

**21.** Any policy belonging to a member with the whole profits and emoluments attaching to the same and the interest which such member has in the Institution shall be subject to and charged with and the same shall be deemed to be assigned and to belong to the Institution in security of any debt that may be owing by him to the Institution and in security of the performance and observance on his part of any obligations undertaken by him to the Institution and the directors are hereby authorised and empowered to sell and dispose of the same when necessary with the profits and emoluments attaching thereto according to such rules as shall be fixed by the directors but whenever an assignment

in favour of a third party has been duly intimated no debt subsequently contracted to the Institution by the party granting such assignment shall compete with the same. A.D. 1927.

**22.** No assignment to the Institution whether dated before or after the commencement of this Act by way of security for money borrowed of any policy granted by the Institution shall be deemed to extinguish any obligation of the Institution for payment of the sums assured under such policy but the said policy and any such assignment thereof shall during the periods for which they are respectively granted have according to their respective terms full force and effect. Effect of assignment to Institution of its own policies.

**23.** Any summons or notice or any writ or other proceeding at law or in equity requiring to be served upon the Institution may be served in manner prescribed by the regulations. Service of notices on Institution.

**24.** No member or officer of the Institution shall as such be liable for any debts due or to become due by the Institution or for any sum or sums that shall become due in virtue of any policy already granted or that may at any time be granted or issued by the Institution and all creditors and other persons having claims against the Institution shall only be entitled to make such claims effectual against the funds of the Institution and shall in no case or event whatever be entitled to make any demand or claim for or on account of the sums so falling due against any individual member or officer and it shall not be competent to nor in the power of the Institution or the directors or the liquidator of the Institution or other person on any account or occasion whatsoever to make any call upon any individual member or officer as such for any sum of money in addition to the contributions payable by such member in terms of the policy or policies which forms or form the basis of his membership of the Institution. Members not personally liable for debts of Institution.

**25.** Every director trustee officer and servant of the Institution shall be indemnified by the Institution against and it shall be the duty of the directors out of the funds of the Institution to pay all costs losses and expenses which any such director trustee officer or servant may incur or become liable to by reason of Indemnity.

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Individual  
respon-  
sibility.

**26.** No director or trustee for the Institution shall be liable for the acts receipts neglects or defaults of any other director or trustee or of any officer or servant of the Institution or for joining in any receipt or other act for conformity or for any loss or expense happening to the Institution through the insufficiency or deficiency of title to any property acquired by or by order of the directors for or on behalf of the Institution or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Institution shall be invested or for any loss or damage arising from the bankruptcy insolvency or wrongful act of any person with whom any moneys securities or effects shall be deposited or for any loss or damage occasioned by any error of judgment or oversight on his part.

Costs of  
Act.

**27.** All costs charges and expenses preliminary to and of and incident to the preparing for obtaining and passing of this Act or otherwise in relation thereto shall be paid by the Institution.



The SCHEDULE referred to in the  
foregoing Act.

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## REGULATIONS OF THE INSTITUTION.

### MEMBERSHIP.

1. Every proposer for a life policy or contract of annuity shall apply to be admitted a member of the Institution and except as provided in regulation 7 no person shall be admitted a member of the Institution unless assured under a life policy or contract of annuity issued by the Institution either on his own life or on the life of another. Who shall be admitted as members.
2. Every person applying to be admitted a member shall furnish such information and evidence in regard to the application as the directors may require and shall subscribe a declaration in a form approved by the directors which declaration shall inter alia declare the applicant's accession to the laws of the Institution. Declaration by applicants for membership.
3. If the directors accept an application for membership and if the applicant shall duly make payment to the Institution of the single or first premium in the case of a life policy or the consideration or first premium in the case of a contract of annuity there shall be delivered to him a policy duly executed in accordance with the laws of the Institution specifying the benefit intended to be secured out of the funds of the Institution and the conditions and contingencies upon which the same is to be payable and depend Thereupon the applicant shall become a member and subject to the laws thereof shall be entitled to all the benefits and advantages of the Institution corresponding to his interest under the policy. Admission of members.
4. On the happening of the contingency upon which depends or arises the sole or final benefit expressed in any policy of the Institution the person entitled to such benefit shall upon proof satisfactory to the directors of such contingency having happened become a creditor on the funds of the Institution for the sum payable under and by virtue of such policy and upon payment of the said sum membership under and by virtue of such policy shall if existing cease and determine. When membership ceases and persons entitled to the benefit of policies become creditors on the funds.
5. A member admitted either when any policy is issued or subsequently in pursuance of these regulations shall subject to the laws of the Institution remain a member in respect of the policy until his membership shall cease as hereinbefore Retention of membership until substitute member admitted.

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Assignees  
&c. not to  
become  
members.

6. Except as provided in regulation No. 7 and subject to the conditions therein contained assignment or other transmission or devolution of a policy shall not confer membership in respect of such policy and no assignee or transferee whether legal or contractual (including assignees in trust assignees or trustees in bankruptcy judicial factors and receivers) shall as such be entitled to attend or to vote at meetings of the Institution or to have any voice in its affairs.

Substituted  
membership.

7.—(1) In any case in which by the terms of a policy which confers membership of the Institution or in consequence of assignment or other transmission or devolution some person (hereinafter called "the substitute") other than the existing member in respect of such policy has the right to the benefit secured by such policy the substitute may if the directors think fit and on such terms as to payment of costs or otherwise as they may require be admitted a member in respect of the policy in room and stead of the existing member provided that the substitute comply with the following requirements:—

(a) He shall subscribe a declaration that he accedes to the laws of the Institution which laws shall then be binding on him to all intents and purposes; and

(b) He shall also prove to the satisfaction of the directors either (1) that he has by legal devolution become vested in the absolute legal right to the whole of the benefit under the policy or (2) that he is vested in the absolute right both legal and beneficial to the said benefit and that he either acquired such right for onerous or valuable consideration in money or money's worth or that the existing member has consented to the admission of the substitute as a member in the stead of the existing member.

(2) In this regulation "existing member" means the member (whether original or substituted) last admitted to membership of the Institution in respect of the policy.

(3) On the admission of a substitute in respect of any policy under this regulation the membership of the previously existing member in respect of such policy shall absolutely cease and determine.

Rights of  
attending  
meetings  
and of voting  
thereat.

8. Every member who complies with the conditions of his policy shall subject to the laws of the Institution be entitled to attend and vote at the meetings of the Institution but saving as hereinafter provided in regulation No. 38 no person other than a member personally present shall be entitled to vote at the meetings of the Institution.

CONDITIONS AS TO POLICIES.

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9. The contributions payable by the members shall be paid into the funds of the Institution and only the official receipt therefor as authorised by the directors shall be valid and binding.

Official  
receipt for  
contribu-  
tions.

10. The rates of contributions or premiums to be charged by the Institution in respect of policies issued by the Institution shall be settled or regulated by the directors on such terms special or general as the directors may from time to time prescribe or approve and with such differentiation as the directors may think proper in relation to the amounts assured or to the occupations or places of residence of the lives involved or to any other consideration which in the opinion of the directors should be taken into account and in any case or cases or class of cases where in the opinion of the directors the usual rate of contribution or premium is for any reason unsuitable the contribution or premium shall be according to such special rate or upon such special scale of payment and generally under such special conditions as the directors may determine.

Rates of  
premiums.

11. No alteration in the Institution's terms or tables of contributions or premiums shall entitle either the Institution on the one hand or the individual members on the other to require that the altered contributions or premiums shall apply to or that any readjustment of benefits consequential thereon shall be made in respect of contracts already in existence when the alteration takes effect.

Alterations  
in terms or  
tables of con-  
tributions.

12. A renewal premium under any policy may be paid within one calendar month from its due date In the event of its non-payment :—

Effect of  
non-pay-  
ment of  
premiums.

(a) If the policy have a surrender value sufficient to cover the unpaid premium it shall notwithstanding the non-payment of such premium continue in force for twelve months thereafter and at any time within that period the premium in arrear may be paid with a surcharge at such rate as the directors may from time to time fix If at the end of the said period the premium remain unpaid the policy shall lapse and shall ipso facto become a paid-up assurance as hereinafter provided and it shall not be competent to reinstate the policy unless by special consent of the directors obtained on explanations satisfactory to them (as to the sufficiency of which explanations they shall be the sole judges) and on production of medical evidence if required and on such conditions as the directors may prescribe The said paid-up assurance shall be for such reduced amount as the surrender value or the balance thereof after deduction of any

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loan and interest will secure provided such paid-up assurance be for an amount not less than twenty-five pounds otherwise the said surrender value or balance thereof shall be held at credit for five years :

- (b) If the policy have not a surrender value sufficient to cover the unpaid premium it shall lapse on the expiry of the month of grace and the liability of the funds of the Institution for the benefit assured shall then cease but the policy may be revived if payment of the premium in arrear with surcharge is made within the period of twelve months specified in sub-clause (a) of this regulation. If not so revived it shall not thereafter be competent to revive it unless by special consent of the directors as provided for and on the conditions set out in the said sub-clause :
- (c) The provisions of this regulation as regards the revival of policies shall not extend or be applicable to the case of policies upon which less than a whole year's premium has been paid or to policies effected on a scale of premiums lower than that for the whole term of life.

Surrender of policies.

13. Members assured for capital sums by premiums not lower than the tabular rate for the whole term of life or others in their right shall on surrendering the policy provided that not less than two years premiums have been paid be entitled to receive in cases where all the premiums to date have been duly met a surrender value according to such scale as the directors may from time to time fix but such value shall not be less than one-third of the ordinary premiums paid excluding the first. In all other cases it shall be in the power of the directors to make such allowances for surrender of policies or other contracts as may appear to them in the circumstances to be equitable.

Payment of claims and places of payment.

14. The benefits assured shall be payable on proof of the death or other event in respect of which they become exigible having been admitted by the directors and upon production at the head office of a proper title and delivery of the policy together with such receipt for the sums payable thereunder as the directors may require. All claims upon the Institution shall be payable at the head office in Edinburgh or at such branch office as the directors may think proper in the circumstances.

Cases (other than those under regulation 12) in which benefits lapse.

15. Where the proposal and declaration made at admission as the basis of the contract or the information to be furnished under regulation 2 hereof shall (subject as after mentioned) contain any untrue averment as to age or shall contain any false and fraudulent averment in other respects the policy

shall not be a claim upon the funds of the Institution in respect of the benefits specified therein or of the sums paid thereon. Neither shall the policy be a claim as aforesaid where the member or other person on the failure of whose life the benefits assured would be exigible shall within twelve calendar months from the date of the policy commit suicide but such suicide shall not affect the interests of bona fide assignees for valuable consideration. Where the member or other person as aforesaid shall in contravention of the terms of the policy go beyond the free limits of residence as specified in the policy or as subsequently extended by the directors or shall serve in the navy army or the mercantile marine or become employed in aviation the policy shall not be a claim upon the funds of the Institution in respect of the benefits specified therein or of the sums paid thereon unless there be paid such additional sums as the directors may deem equitable in the particular circumstances. Where any person proposing to become a member or on whose life a proposal for assurance shall be made shall at the time be residing beyond the free limits of residence or serving in the navy army or the mercantile marine or be employed in aviation or shall be about to reside or serve or be employed as aforesaid the directors shall have power to make such special agreements or stipulations relative to the limits of residence or occupation as they may think proper and to grant such licences on such terms and conditions as the circumstances of the case may seem to them to require. In all cases in which a policy is or becomes void those of fraud or wilful falsehood excepted the directors shall have power to make such allowances as to them may seem fit to those who would otherwise have had an interest and in cases of innocent error as to age to make such arrangements with a view to the correction of the error and its consequences as they may deem equitable.

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16. When a policy has been in existence for five years and the person on whose life the assurance is effected is not serving in the navy army or the mercantile marine or employed in aviation such policy unless otherwise provided shall thereafter be free from restrictions as regards occupation and foreign residence and from all liability to payment of any extra premium in respect thereof. It shall be competent to the directors on such information as they may require and on such terms and conditions as they may deem suitable to issue policies or to declare existing policies free from all liability to payment of extra premium in respect of foreign residence or occupation either from the date of the policy or otherwise.

Free residence and occupation.

17. In the event of any person against whom the Institution shall have any claim or demand becoming bankrupt or of his estate being sequestrated or in course of liquidation or in the event of such person being desirous of effecting an arrangement

Representative in case of bankruptcy &c.

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with his creditors by means of a trust or by way of composition or otherwise it shall be lawful for the directors by themselves or by an official of the Institution duly authorised by them to appoint any person to represent the Institution in all matters and proceedings relating thereto and to prove any debt owing to the Institution by any such person and to make any claim demand affidavit or declaration which may be necessary for that purpose and to vote and otherwise act for and on behalf of the Institution at all meetings of creditors of such party and otherwise in all respects as if such claim or demand were the claim or demand of the person so appointed to represent the Institution and a copy of the resolution or document appointing such person certified to be a true copy by the manager or secretary shall be conclusive evidence of the authority of such person to represent the Institution.

Investiga-  
tions when  
to be made.

18. The affairs of the Institution shall be investigated at the expiration of every five years or at the end of such shorter period as the directors may determine. At each investigation the directors shall ascertain the amount of surplus if any that may have arisen on the common and special funds respectively and they shall have power to make therefrom such reserves as they shall deem to be advisable and to determine what surplus if any shall be apportioned to the policies in the respective funds and on what principles it shall be divided with due regard to the interests of the participants inter se.

Surplus on  
common  
fund.

19. The surplus arising on the common fund shall eventually belong to those policies exclusively which extend over the whole term of life and do not depend on the contingency of survivance and on which there has been paid in premiums a sum or sums which if accumulated with interest at the rate of 4 per centum per annum would be equal in amount to the sum originally assured such accumulation being for convenience deemed to have been completed on the first day of January of the year in which the completion would take place. Incidental payments in respect of residence travel or occupation or in respect of premiums paid otherwise than once a year or the like shall not be taken into account for the said accumulation.

Apportion-  
ment of  
surplus on  
common  
fund.

20. The surplus on the common fund available for apportionment at each investigation shall be apportioned by way of vested reversionary bonus additions to those policies which are then qualified to participate and by way of contingent reversionary bonus additions (vesting on completion of the aforesaid accumulation) to those policies which will in ordinary course have so qualified before the next ensuing investigation.

Apportionment  
of surplus on  
special endow-  
ment fund.

21. The surplus on the special endowment assurance fund available for apportionment shall be apportioned to the policies

in that special class by way of uniform percentage reversionary additions to the sum assured and existing bonuses if any. A.D. 1927.

22. In the event of death after a policy in the common fund has become qualified as aforesaid to participate in the surplus or in the event of a policy in the special endowment assurance fund becoming a claim by death or survivance it shall be entitled to such intermediate addition as may be prescribed from time to time by the directors and these additions shall form a charge on the surplus of the period during which the claims emerge. Intermediate additions.

23. The results of each investigation shall be reported to the annual general meeting immediately following the date thereof. At that meeting the directors shall report the amount of surplus if any that may have arisen on the respective funds and to what extent it is available for apportionment as hereinbefore provided. Results of investigation to be reported to annual general meeting.

24. An annual general meeting or extraordinary general meeting may at any time direct the formation of a special class or of special classes of assurances whether such assurances be dependent on the contingency of one life surviving another or of the life assured predeceasing or surviving any assigned period or on any other contingency or circumstance with right of participation by each class in the surplus arising from the special fund or funds created for such class as hereinafter provided. Formation of classes of assurances and separate funds in connection therewith.

25. An annual general meeting or extraordinary general meeting may at any time direct that the contributions and other sums from time to time received in respect of assurances of any such class as is mentioned in the immediately preceding regulation issued after the commencement of the Scottish Provident Institution Act 1927 shall be carried to a special account in the books of the Institution to form a separate fund or funds (in these regulations referred to as a "special fund" or "special funds") in which the holders of assurances of the class in respect of which any such fund shall have arisen shall be interested to the exclusion of the holders of all other assurances and without any right and interest in the other funds of the Institution except such temporary provisions (if any) as an annual general meeting or extraordinary general meeting may deem proper to make for meeting the charges upon the special fund until the same shall have attained an amount rendering such temporary provisions no longer necessary. Contributions to be carried to special account.

26. It shall not be necessary to invest any special fund separately from the other funds of the Institution but if at any time occasion should arise for allocating the assets of the Institution not specially appropriated to any fund such allocation shall be made rateably in proportion to the respective amounts of the Special fund need not be separately invested.

A.D. 1927. special fund and other funds of the Institution as appearing in the books of the Institution in so far as not respectively represented by specific investments.

Income credited and expenses charged to special funds.

27. The special funds shall respectively be credited with such proportion of the income of the Institution from invested funds and charged with such expenses as in the opinion of the directors shall be just and equitable.

Apportionment of profit and loss.

28. Any profit arising from or loss sustained in connection with any business not conferring a right to participate in the surplus assets of the Institution shall belong to or be borne by the common fund to the exclusion of the special funds except in so far as an annual general or extraordinary general meeting may from time to time otherwise decide.

#### GENERAL MEETINGS.

Meetings of Institution.

29. There shall be one annual general meeting held in Edinburgh on such day in each year as the directors may appoint. An extraordinary general meeting may be held at any time if the directors think fit and shall be held if one-third of the directors or any number not less than twenty of the members holding life policies for sums assured amounting in all to not less than fifty thousand pounds exclusive of additions by way of bonus shall by writing addressed to the Institution require an extraordinary general meeting to be called or in any other case provided by the laws of the Institution.

Method of calling meetings of Institution.

30. Except as otherwise provided by the Scottish Provident Institution Act 1927 every general meeting shall be called by advertisement in such newspapers published in Edinburgh in Glasgow and in London as the directors shall appoint once in the week ending on the day before the meeting and in the week immediately preceding that week and in the case of an extraordinary general meeting the advertisement shall shortly specify the purposes for which the meeting is called.

Business at meetings.

31.—(1) The ordinary business of each annual general meeting shall be to consider the accounts and balance sheet and the ordinary reports of the directors and auditors and any special report or other matters connected with the business or affairs of the Institution referred to the meeting by the directors to elect directors in the place of those retiring to elect or re-elect one or more auditors to determine the remuneration or extra remuneration to be paid to the directors and auditors for their services and to transact any other business which under the laws of the Institution ought to be transacted at the annual general meeting.

(2) An extraordinary general meeting shall only deal with the particular business notified in the advertisement of such extraordinary general meeting.



32. The quorum for a general meeting shall be twenty-one members except for the purpose of the election of directors and the appointment of an auditor or auditors at the annual general meeting which election and appointment shall be carried out although the number of members present be less than the quorum aforesaid.

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Quorum for  
meeting.

33. If within ten minutes from the time appointed for any general meeting a quorum is not present the meeting if convened on a requisition of members as aforesaid shall be dissolved and no motion for adjournment shall be entertained and this provision shall apply as well to any adjournment of a meeting convened on such requisition as aforesaid as to the original meeting. In the case of any other general meeting the meeting shall stand adjourned to the same day in the next week at the same time and place or such other time and place as shall be agreed to by those present at the meeting and if at such adjourned meeting a quorum as above defined is not present within fifteen minutes from the time appointed for holding the adjourned meeting the members present shall be a quorum.

In case no  
quorum.

34. At all general meetings the chairman of directors shall be entitled to take the chair and failing him the chair shall be taken by any member nominated by the directors present at such meeting and failing any directors being present or if present failing to nominate a member as chairman then by a member to be chosen by the members present.

Chairman at  
meeting.

35. The chairman may with the consent of any general meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. It shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

Adjourn-  
ment of  
meeting.

36. In all cases not otherwise specially provided for questions arising at a general meeting shall be determined by a simple majority of members qualified to vote personally present and voting and in case of equality the person in the chair shall have a casting vote. A declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the Institution's minute book shall be conclusive evidence of the fact without further proof.

Voting at  
meetings.

37. If two or more persons are members by virtue of one and the same policy any one of such members personally present at a general meeting may vote as if he were the sole member qualified to vote in respect of such policy provided that in case more than one of such persons be present personally at a general meeting

Votes of  
joint  
members.

A.D. 1927. — the one of such persons so present whose name stands first in the said policy or in the assignment thereof where the assignees have become members and no other person shall be entitled to vote as if he were the sole member qualified to vote by virtue of the policy.

Votes of corporation.

38. A corporation being a member of the Institution and qualified to vote may from time to time by resolution of its directors authorise any of its officials or other person to act as its representative at any general meeting and the person so authorised shall on production of evidence of such resolution be entitled on behalf of such corporation to attend such general meeting and to vote as if he were himself a member. Save as by this regulation provided no member shall be entitled to vote at any general meeting unless he is personally present thereat.

Validity of proceedings.

39. No resolution of or proceedings at any general meeting shall be invalidated by reason of its being discovered subsequent thereto that one or more of the members attending the same and voting thereat was or were not qualified to vote.

#### APPOINTMENT &C. OF DIRECTORS.

Number of directors.

40. The number of directors shall be such number not being more than fifteen nor less than ten as may from time to time be determined by the directors.

Temporary filling of vacancies in directorate.

41. The directors may appoint any qualified person to be a director in the place of any director who has died or resigned or ceased to be a director under the provisions of the laws of the Institution (otherwise than by retirement at the annual general meeting in accordance with the provisions of these regulations in that behalf) but the person so appointed shall remain in office only until the next election of directors at the annual general meeting when he shall retire but shall be eligible for re-election.

Appointment of directors in special cases.

42. The directors may at any time subject to the condition set forth in the immediately preceding regulation appoint an additional one or more directors over and above the number for the time being in office provided that such appointment does not increase the number of directors to a number in excess of the maximum under these regulations.

Retirement and election of directors.

43. At the annual general meeting in each year three of the directors shall retire in addition to any directors who may retire in pursuance of the provisions of these regulations as to the temporary filling of vacancies in the directorate and as to the appointment of directors in special cases. The meeting may elect directors to fill the places of those retiring as aforesaid. Any directors retiring shall be eligible for re-election. The order in which the directors shall retire in terms of this regulation shall from time to time be determined by the directors.

44. If at any annual general meeting the members do not elect directors to fill the places of those retiring as aforesaid the directors retiring whose places have not been filled up shall if willing to act be deemed to have been re-elected.

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Default in  
election of  
directors.

45. The continuing directors may act notwithstanding any vacancy in their body and no act or proceeding of the directors or any of them either before or after the commencement of the Scottish Provident Institution Act 1927 shall be invalid or open to be called in question on the ground merely that at the time when such act or proceeding took place any vacancy or vacancies existed in the number of directors of the Institution as constituted at the date of such act or proceeding. Provided that if the number of directors shall fall below the prescribed minimum number the directors shall forthwith take the necessary steps to make up such minimum number.

Directors  
may act not-  
withstanding  
vacancy.

46. Every director must be a member of the Institution in respect of a life policy of not less than £200 or contract of annuity for not less than £20.

Qualification  
of directors.

47.—(1) Until the date of the annual general meeting next subsequent to the date of the commencement of the Scottish Provident Institution Act 1927 the remuneration to be paid to the directors shall be as fixed by the resolution of the general meeting dated 30th March 1910.

Remunera-  
tion of  
directors.

(2) After the date of the said annual general meeting the said remuneration shall be such as may be fixed from time to time by a general meeting but until so fixed it shall be such an aggregate annual sum as after deduction of a sum equal to income tax at the standard rate on such aggregate sum would leave an amount sufficient to provide for each director an annual payment at the rate of five hundred guineas per annum calculated in respect of the period for which he shall have held office during the year in respect of which the remuneration is to be computed. Such aggregate annual sum shall be divided among the directors in such proportions as they may by resolution from time to time decide.

(3) If a director be called upon for any purposes of the Institution to perform extra services of any kind the directors may give to such director such extra remuneration as they may think fit and may pay him any travelling and other expenses incurred in connection with such extra services.

48. A director may resign at any time by notice in writing of his resignation signed by him and sent to or left at the head office.

Directors  
may resign.

49.—(1) A general meeting may remove a director before the expiration of the term of his office.

Removal of  
directors.

(2) The directors at a meeting specially called for the purpose may by a resolution in which not less than three-fourths of the

A.D. 1927. total number of directors for the time being in Great Britain shall concur remove from office a director whose continuance in office shall appear to the directors voting in favour of such resolution to be prejudicial to the interests of the Institution.

Vacation of office of director in certain cases.

50. The office of a director shall be vacated—  
if he become bankrupt or suspend payment or compound with creditors;  
if he be found lunatic or become of unsound mind;  
if he cease to hold the necessary qualification;  
if he shall without permission from a meeting of directors have been absent from all the meetings of directors held during any six consecutive months and a resolution that he has so ceased to be a director shall have been minuted by a meeting of directors.

Director may hold other office except auditor.

51. A director may hold any other office or place of profit under the Institution (except the office of auditor) in conjunction with the office of director and on such terms as to remuneration tenure of office duties and otherwise as the directors think fit and a person shall not be disqualified from being appointed or acting as a director by reason of his holding or any partner of his holding any such other office or place of profit nor shall any director holding such office or place of profit be required to account to the Institution for any remuneration payable to him in respect of such office or place of profit.

Certain acts not to disqualify.

52. A director shall not be disqualified by his office from contracting with the Institution either as vendor purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Institution in which a director shall be in any way interested be avoided nor shall a director so contracting or being so interested be liable to account to the Institution for any profit realised by any such contract or arrangement by reason only of such director holding that office or of the fiduciary relation thereby established. Provided that the nature of his interest must be disclosed by him at the meeting of the directors at which the contract or arrangement is determined on if his interest then exists or in any other case at the first meeting of the directors after the acquisition of his interest. Provided further that no director shall as a director vote in respect of any contract or arrangement in which he is so interested as aforesaid and that if he do so vote his vote shall not be counted but this prohibition may at any time or times be suspended or relaxed to any extent by the Institution in general meeting.

General notice as to director's interest.

53. A general notice that a director is interested in any particular transactions with the Institution or is a member of any specified firm or company and is to be regarded as interested in all transactions with that firm or company shall be a sufficient

disclosure under the foregoing regulation as regards such director and the said transactions and after such general notice it shall not be necessary for such director to give a special notice of his interest in any particular transaction with him or with that firm or company.

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54. Where a director is directly or indirectly interested in any assurance contract which shall in the ordinary course of business be effected by or through such director through the manager or other proper officer of the Institution disclosure to the manager or such other officer that such director is so interested shall be deemed to be sufficient disclosure for the purposes of the foregoing regulations and the manager or such other officer may deal with any such contract as regards terms premium commission or otherwise as freely as he could deal therewith if such director were not so interested.

Disclosure of  
interest to  
manager.

55. A director may become and continue a member or director of any company promoted by the Institution or in which the Institution may be interested as vendors shareholders or otherwise and such director shall not be accountable for any benefits received by him as member or director of such company.

Directors  
may become  
members or  
directors of  
any company  
promoted &c.  
by Institution.

#### POWERS OF DIRECTORS.

56. Without prejudice to or limitation of the powers general or special otherwise conferred upon the directors by the laws of the Institution and subject thereto the directors shall have the following powers (that is to say):—

Powers of  
directors.

- (1) To make alter and repeal from time to time rules byelaws or minutes for the management of the business of the Institution in all its branches and of any other matters relating to the Institution that appear to the directors to require regulation provided that such rules byelaws or minutes shall not be inconsistent with the laws of the Institution or with any resolution of the Institution in general meeting and that the Institution in general meeting may rescind or alter such rules byelaws or minutes without prejudice to anything previously done or suffered thereunder :
- (2) To fix and from time to time to alter and vary forms of the proposals and declarations to be signed by persons applying to be admitted as members of the Institution and to effect assurances of any kind with the Institution and the forms and conditions of policies and other contracts to be issued by the Institution :
- (3) To fix and from time to time to alter the maximum amount of any assurance or annuity to be held at the Institution's own risk :

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- (4) To grant and effect or reassure assurances and annuities and any other authorised business of the Institution for such amounts and at such rates general or special and on such terms and conditions general or special as they think fit :
- (5) To determine the conditions if any as to foreign travel and residence occupation military naval and air service and otherwise upon which policies may be granted and in what cases such conditions may be modified or dispensed with :
- (6) In any case or class of cases if they see fit to suspend waive or dispense with all or any of the terms or conditions attached to any policy :
- (7) At any time during the currency of a policy on the application of or by arrangement with the owner thereof to alter or vary the then subsisting method of making the contributions in respect of such policy to any other method approved of by the directors or to substitute an assurance payable on the occurrence of any other event or to convert an assurance of one class into an assurance of any other class on such terms and conditions as the directors may deem equitable and proper :
- (8) To grant ex gratia payments or benefits of such amount and nature as they think fit in the case of any policy which has been forfeited or become void from any cause :
- (9) To redeem or purchase in whole or in part any policy or the bonus additions thereto and to allow such value therefor as they may see fit or to issue or grant in lieu thereof a paid-up policy for a reduced amount or to convert the original policy into such paid-up policy or otherwise to deal with the same as may be arranged with the owner thereof :
- (10) To prescribe and from time to time to vary the rate or differential rates of interest to be charged by and payable to the Institution in respect of loans on security of the Institution's policies :
- (11) To pay or settle claims at such times on such evidence and in such manner as they think fit :
- (12) To receive moneys on deposit from members and other persons for such periods and on such terms and conditions special or general as they think fit :
- (13) To draw accept and endorse all bills of exchange promissory notes and other negotiable securities cheques and orders for the payment of money in the name or on account of the Institution :
- (14) To commence carry on regulate control or bring to an end any branch or class of business which the Institution

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is authorised to transact provided that no class of business other than a class of business which the Institution was authorised to transact prior to the commencement of the Scottish Provident Institution Act 1927 shall be commenced without the authority of a resolution of a general meeting passed on the recommendation of the directors :

- (15) To form or assist in forming any company or to acquire hold and dispose of shares in any company or corporation now or hereafter existing in any part of the world :
- (16) To institute conduct defend compound or abandon any legal proceedings by or against the Institution or its officers or otherwise concerning the affairs of the Institution against or by any person and to compound and allow time for payment or discharge of any debts due and of any claims or demands by or against the Institution :
- (17) To refer to arbitration any claim or demand by or against the Institution and to observe and perform the awards :
- (18) To enter into all such negotiations and contracts and to rescind or vary all such contracts and execute and do all such acts deeds and things in the name and on behalf of the Institution as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Institution :
- (19) To determine from time to time what proportion of the whole expenses of the Institution shall be charged against any special fund or special branch or section of the Institution's business and their determination shall be final and conclusive :
- (20) To form or assist in forming or to acquire the undertaking or control of any society or company which the Institution is authorised to form assist in forming acquire or control.

#### PROCEDURE &C. OF DIRECTORS.

57. The directors shall meet at Edinburgh for the despatch of business at such intervals of time as they may from time to time prescribe and at any other meetings to which they may adjourn or to which they may be specially called by a written notice from the manager or secretary specifying the business for which the meeting is convened. The quorum for any such meeting shall be three in all cases not otherwise specially provided for.

Meetings of directors and quorum thereat.

58. The directors shall from time to time elect one of their number to be their chairman for such period as shall be fixed at

Chairman of directors.

A.D. 1927. the time of such election and may in like manner elect one of their number to be deputy-chairman and in the absence of such chairman and deputy-chairman (if any) at any meeting they shall elect one of the directors present to be chairman of that meeting.

Voting at meetings of directors.

59. In all cases not otherwise specially provided for questions arising at a meeting of directors shall be determined by a simple majority of the directors present and qualified to vote and in case of equality the director in the chair shall have a casting vote.

Committees of directors.

60. The directors shall have power when they may think it expedient to appoint committees consisting of one or more members of their body to whom they may commit any of the powers of the directors subject to such rules as to the quorum of any such committee (when such committee consists of two or more members) or otherwise as they may deem proper and such committees shall report minutes of their proceedings to the next meeting of directors.

Special meetings of directors.

61. Special meetings of the directors may be called by the manager himself or by the manager on the requisition in writing of any three directors in such manner and on such notice as the manager or the requisitionists may appoint. The powers of all such meetings shall be limited to the business specified in the notice calling the same.

Validity of proceedings of directors.

62. All acts done by directors or by a committee of directors or by a local board or by any person acting as a director or as a member of a committee of directors or as a member of a local board notwithstanding that it may be afterwards discovered that there was some defect in the appointment of such directors or members or any such person acting as a director or as a member or in the formality of their proceedings or that they or any of them were disqualified shall be as valid as if every such person had been duly appointed and qualified and such proceedings had been regular.

#### LOCAL BOARDS.

Directors may appoint local boards.

63.—(1) The directors may from time to time appoint any number of persons whether members or not to be a local board in any place whether in Great Britain or in any other part of the world for the purpose of carrying on any business or exercising any powers of the Institution at any such place.

(2) The directors may confer on a local board any powers vested in the directors to be exercised within the district for which such local board is appointed.

(3) The directors may out of the funds of the Institution pay to the members of a local board such remuneration as the directors think fit.



(4) The directors may from time to time make regulations for the guidance and government of a local board. A.D. 1927.

(5) The directors may fill up any vacancy on a local board.

(6) The directors may at any time remove any member of a local board and may at any time dissolve a local board.

(7) The directors may authorise a local board to delegate all or any of the powers vested in such local board.

#### TRUSTEES.

64.—(1) The directors may from time to time appoint any director or officer of the Institution or any other person or corporation as trustee for the Institution to accept and hold any property mortgage investment or security belonging to the Institution or in which it is interested in trust for the Institution or for any other purposes and may execute and do all such deeds and things as may be requisite in relation to any such trusts and may provide for the remuneration of such trustee. Appoint-  
ment of  
trustees.

(2) The directors may authorise any trustee to delegate all or any of the powers vested in such trustee.

(3) Any person who for the time being holds property as trustee for the Institution shall act in all respects under and in accordance with the instructions of the directors.

#### OFFICERS AND AGENTS.

65. The directors shall have power to appoint and employ such managers secretaries actuaries medical officers solicitors and other officers and such agents or other persons as they may think fit for conducting the business of the Institution in Great Britain or elsewhere to fix their respective duties offices and terms of employment and to require such security (if any) for the discharge and performance of their respective duties and offices as the directors shall determine and to fix and vary from time to time their emoluments duties and terms of employment and to suspend or remove any of them when the directors shall think fit without being obliged to assign any cause therefor and to give to them such gratuities or commissions as the directors think fit for extra or special services and to grant to them or to their wives widows families connections and dependents pensions and retiring allowances or gratuities or either during their employment or upon their retirement to vote sums of money to be paid to them or their wives families connections and dependents by way of honorarium. Directors  
may appoint  
officers and  
agents.

66. It shall be in the power of the directors to set apart and specially appropriate as a guarantee fund to secure the Institution from any loss consequent on defalcations of any persons from Guarantee  
fund.

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time to time in its employment or to contribute to any such guarantee fund that may be formed under their sanction (and whether or not involving contributions by the employees) such sums as the directors shall think fit and the administration of such guarantee fund shall be in the hands of the directors who may make such rules as to the application of such guarantee fund (whether set apart by them or formed under their sanction) as they may consider expedient. Provided always that in the event of the accumulations of such guarantee fund exceeding an amount which the directors shall consider necessary for the objects above specified they may pay over such surplus to a committee to be from time to time appointed under their direction who may from time to time apply the same or any part thereof at their discretion for the benefit of any person who is or has been in the employment of the Institution or of the wife widow or other dependent of any such person in such manner as they may see fit.

## SEAL.

Seal.

67. The directors shall provide for the custody of the seal and may make regulations as to the formalities to be observed when the seal is to be affixed to any deed or other writing.

## EXECUTION OF DEEDS POLICIES AND OTHER DOCUMENTS.

Execution  
of deeds  
policies and  
other  
documents.

68.—(1) All deeds and other writings required to be executed by the Institution shall be sufficiently executed by being signed by one director and by the manager or by the secretary or other person authorised by the directors to sign the same and shall be equally binding whether attested by witnesses or not and whether executed under the seal or not.

(2) Assignments charges and other documents of security executed in respect of the grant by the Institution of loans over policies of the Institution may be legally discharged under the hand of any one of the following (that is to say) the manager or secretary or other person authorised by the directors to grant such discharges.

(3) All cheques bills of exchange promissory notes warrants receipts notices and other similar writings requiring execution or authentication by the Institution shall be valid and effectual to all intents if signed by the manager or secretary or other person authorised by the directors.

(4) All policies shall be valid and effectual to all intents if signed by one director and by the manager or secretary or other officer authorised by the directors.

POWERS OF ATTORNEY.

A.D. 1927.

69.—(1) The directors may from time to time by power of attorney appoint any person in any part of the world to be attorney of the Institution for such purposes and with such powers authorities and discretions and for such period and subject to such conditions as the directors consider desirable and any such appointment may if the directors think fit be made in favour of a member of a local board appointed by the directors or in favour of any company or firm or in favour of a member director nominee or manager of any company or firm or in favour of any fluctuating body of persons whether nominated directly or indirectly by the directors or in favour of the holder for the time being of any office and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorney as the directors think fit.

Directors  
may grant  
powers of  
attorney.

(2) The directors may authorise an attorney appointed by them to delegate all or any of the powers vested in such attorney.

INVESTMENT OF FUNDS.

70.—(1) In this regulation if and so far as the context admits the word "purchase" shall include acquisition by subscription allotment tender underwriting exchange partition or otherwise.

Investment  
of funds.

(2) Any investment or loan authorised by this regulation may be made by the directors either alone or jointly or in conjunction with other investors.

(3) Subject to any restrictions imposed by any resolution passed at a general meeting or by this regulation the directors may from time to time lay out and invest either by way of purchase or loan any of the funds of the Institution in or upon all or any of the undermentioned investments securities obligations or property in any part of the world and whether payable to bearer transferable by delivery or otherwise (that is to say):—

- (i) Land or any interest therein or right connected therewith or in building upon or otherwise improving or developing such land;
- (ii) Superiorities feu-duties ground annuals ground rents head rents chief rents or rentcharges or any kind of rents or income arising out of or charged on land;
- (iii) Policies annuities or contracts of any kind of the Institution or of any other company society or institution;
- (iv) Life interests or reversionary or other interests whether immediate postponed vested absolute contingent or

A.D. 1927.  
—

- expectant in property of any kind whether determinable or not and with or without policies of life assurance ;
- (v) Government or public stocks funds bonds annuities bills documents of debt securities or obligations ;
- (vi) Bonds mortgages notes debentures debenture stocks or other obligations securities or funds annuities guaranteed rentcharge or lien stocks or shares preference or preferred stocks or shares preferred or deferred ordinary stocks or shares and ordinary common or other stocks or shares of or deposits with any state county municipality local authority corporation company firm trust or body and generally moveable and personal estate property and funds of every description ;
- (vii) Bonds bills notes personal obligations covenants or other obligations of any corporation company firm trust body or individual where specific property heritable real personal or moveable is vested in any corporation company trust body or individual in trust or otherwise pledged or hypothecated for securing the payment of the sums exigible under such bonds bills notes or other obligations ;
- (viii) Any other property investments securities or obligations specific or general from time to time authorised by a resolution passed at a general meeting in force for the time being :

Provided that :—

No investment shall be made or loan granted on the security of any stocks or shares which would involve the Institution in unlimited liability for calls or contributions.

#### BANKING ACCOUNTS OVERDRAFTS AND BORROWING OF MONEY.

Banking  
accounts  
overdrafts  
and borrow-  
ing of  
money.

71. The directors may open banking accounts in the name of the Institution with such bank as they may select. Each account shall be operated on by such of the directors officers or agents of the Institution as the directors may authorise to that effect and under such regulations and conditions as may be made from time to time by the directors and if at any time the directors shall deem it expedient in the interests of the Institution to obtain advances by overdraft or to borrow money or receive deposits from any bank financial company or other lender they shall have power to do so for such amounts in such form and manner and on such terms and conditions as they may approve and to grant such security (if any) therefor as may be arranged over the funds and property of the Institution or any part thereof.

BOOKS AND ACCOUNTS.

A.D. 1927.

72. The directors shall cause full and true books and accounts to be kept in such form as shall seem to them most suitable for preserving an accurate and distinct view of the affairs of the Institution. Books and accounts to be kept.

The books and accounts shall show :—

- (1) The sums of money received and expended by the Institution and the matters in respect of which such receipt and expenditure takes place; and
- (2) The assets and liabilities of the Institution.

And in keeping such books and accounts the directors shall have regard to the laws of the Institution and the provisions of any statutes applicable to the Institution with respect to the accounts and the separation of the funds of the Institution.

73.—(1) At the annual general meeting in every year the directors shall lay before the members duly audited the revenue account and balance sheet for the last preceding financial year of the Institution. Annual account balance sheet and report of directors.

(2) Such account and balance sheet shall be accompanied by a report of the directors as to the state of the Institution's affairs and the account balance sheet and report shall be signed in such manner as the directors may from time to time determine and such account and balance sheet when passed at a general meeting shall be deemed and taken to be accurate and correct and shall notwithstanding any subsequent discovery of any error therein be binding and conclusive on all the members.

(3) A printed copy of such account balance sheet and report shall on the application of any member be forwarded to him by post or otherwise.

74. The books of the Institution shall be open at all convenient times to any of the directors who may choose to inspect the same. It shall not be in the power of any other member to insist upon inspection of the books without having first obtained an order from the directors or a resolution of a general meeting for that purpose. Books of Institution to whom to be open.

AUDITORS.

75.—(1) The Institution shall at the annual general meeting next subsequent to the date of the commencement of the Scottish Provident Institution Act 1927 and at each annual general meeting thereafter appoint an auditor or auditors to hold office until the next annual general meeting. The auditor in office at the date of the commencement of the said Act shall continue to hold office according to the terms of his appointment until Appointment remuneration powers and duties of auditors.

A.D. 1927. the annual general meeting next after the date of the commencement of the said Act.

(2) If an appointment of an auditor is not made at an annual general meeting the Board of Trade may on the application of any member appoint an auditor of the Institution for the current year and fix the remuneration to be paid to him by the Institution for his services.

(3) A director or officer of the Institution shall not be capable of being appointed auditor of the Institution.

(4) The directors may fill any casual vacancy in the office of auditor but while any such vacancy continues the surviving or continuing auditor or auditors (if any) may act.

(5) A person other than a retiring auditor shall not be capable of being appointed auditor at an annual general meeting unless notice of an intention to nominate that person to the office of auditor has been given by a member to the Institution not less than fourteen days before the annual general meeting and the Institution shall send a copy of any such notice to the retiring auditor and shall give notice thereof to the members either by advertisement in such newspapers published in Edinburgh Glasgow and London as the directors may appoint or in any other mode allowed by the regulations of the Institution not less than seven days before the annual general meeting.

(6) The remuneration of the auditor or auditors of the Institution other than any auditor appointed by the Board of Trade shall be fixed by the Institution in general meeting except that the remuneration of any auditor or auditors appointed to fill any casual vacancy may be fixed by the directors.

(7) Every auditor of the Institution shall have a right of access at all times to the books and accounts and vouchers of the Institution and shall be entitled to require from the directors and officers of the Institution such information and explanations as may be necessary for the performance of the duties of the auditor.

(8) The auditor shall make a report to the members on the accounts examined by him and on every balance sheet laid before the Institution in general meeting during his tenure of office and the report shall state :—

(a) Whether or not he has obtained all the information and explanations he has required; and

(b) Whether in his opinion the balance sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of the Institution's affairs according to the best of his information and the explanations given to him and as shown by the books of the Institution.

MISCELLANEOUS.

A.D. 1927.

76.—(1) The directors shall cause minutes of proceedings of meetings of the Institution and meetings of the directors and of committees of the directors and of local boards to be duly entered in books to be provided for the purpose and every entry therein shall be signed by the chairman of the meeting at which such proceedings take place or by the chairman of the next succeeding meeting.

Minutes of  
proceedings.

(2) Every such entry so signed shall be received as *prima facie* evidence in all courts and before all judges justices and others without proof of such respective meetings having been duly convened or held or of the persons making or entering such proceedings being members or directors or members of committees of the directors or of local boards respectively or of the signature of the chairman or of the fact of his having been chairman.

NOTICES.

77.—(1) In all cases in which it may be necessary for any person to serve a summons writ notice or other proceeding at law or otherwise upon the Institution by citation notification or intimation in an action suit or process which may be raised or instituted against the Institution service thereof upon the manager or secretary personally or by leaving the same at or by transmitting the same by post in a registered letter to the head office of the Institution or the principal office of the Institution in London shall be deemed to be good service on the Institution.

Service of  
notices on  
Institution.

(2) Notices of assignments of policies effected with the Institution and other notices not included in the immediately preceding provision of this regulation shall only be deemed to be effectually served upon the Institution when deposited at the head office or at such other offices of the Institution as the directors may from time to time appoint.

78.—(1) A notice requiring to be given by the Institution to the members or any other persons and not expressly provided for by the laws of the Institution shall be sufficiently given if given by advertisement to be inserted at least once in one or more of the Edinburgh Glasgow and London newspapers.

Service of  
notices on  
members.

(2) A notice requiring to be served by the Institution otherwise than by advertisement upon any member or the holder of any policy whose place of address appears in the books of the Institution to be in Great Britain or Northern Ireland may be served either personally or by sending it prepaid through the post addressed to such member or holder at that address.

(3) Each member or holder whose place of address as appearing in the books of the Institution is not in Great Britain

A.D. 1927. or Northern Ireland may from time to time intimate in writing to the Institution some place of address in Great Britain or Northern Ireland to be his address for service and any notice requiring to be served otherwise than by advertisement may be served by the Institution upon such member or holder by sending it prepaid through the post addressed to such member or holder at that address.

(4) Any such member or holder who has not intimated any such address for service shall be deemed to have waived service of notices other than service by advertisement of notices prescribed by the laws of the Institution so to be served.

(5) When two or more persons are joint holders of any policy a notice requiring to be served otherwise than by advertisement may be served by the Institution upon any one of such persons and such service shall be deemed to be sufficient service of such notice upon all the holders of such policy.

(6) An intimation in writing of every change of name or address of any member or holder shall be forthwith deposited by such member at the head office and in default thereof a notice requiring to be served by the Institution otherwise than by advertisement may be served upon such member or holder by sending it prepaid through the post addressed to such member or holder at the registered address of such member or holder and such member or holder shall be deemed to have received such notice.

(7) A notice sent through the post shall be deemed to have been served at the time at which the notice would be delivered in the ordinary course of post and in proving such service it shall be sufficient to prove that the notice was properly addressed and posted.

(8) The signature to any notice to be given by or on behalf of the Institution may be written printed lithographed or reproduced by any other method of representing words in visible form.

(9) Where a notice for a specified number of days is required to be given the day of service unless it is otherwise provided shall be counted in such number of days.

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Printed by EYRE and SPOTTISWOODE, LTD.,

FOR

WILLIAM RICHARD CODLING, Esq., C.B., C.V.O., C.B.E.; the King's Printer of Acts of Parliament.

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