



Friendly Societies Act 1992

1992 CHAPTER 40

PART II

INCORPORATED FRIENDLY SOCIETIES

Powers of incorporated friendly societies

14 Investment of funds.

- (1) An incorporated friendly society may invest its funds—
 - (a) in the purchase of land, or in the erection of offices or other buildings thereon;
 - (b) upon any other security expressly directed by the rules of the society, other than personal security (but without prejudice to any provision of this Act relating to loans); or
 - (c) in any other investment of a kind which trustees are for the time being by law authorised to make.
- (2) An incorporated friendly society which falls within subsection (3) [^{F1} or (4)] below may also invest the funds of the society in any other manner authorised by its constitution.
- (3) An incorporated friendly society falls within this subsection if—
 - (a) it is a society to which [^{F2}rules in respect of margins of solvency, made by the Authority under section 138 of the Financial Services and Markets Act 2000, apply] and
 - (b) it maintains the margin of solvency which it is required to maintain by virtue of [^{F3}such rules].
- [^{F4}(4) An incorporated friendly society falls within this subsection if—
 - (a) it carries on insurance business in the United Kingdom;
 - (b) section 48 below does not apply to it; and
 - (c) it maintains a margin of solvency of such amount as may be prescribed by or determined in accordance with regulations made for the purposes of this section.]

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Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, Cross Heading: Powers of incorporated friendly societies. (See end of Document for details)

- (5) Once a society falls within subsection (3) [F¹ or (4)] above, it shall be treated as continuing to do so for the purposes of subsection (2) above unless the [F⁵Authority] serves a notice under subsection (6) below on it.
- (6) Where it appears to the [F⁵Authority] that an incorporated friendly society has ceased to fall within subsection (3) [F¹ or (4)] above, it shall serve on the society a notice stating that fact.
- (7) The powers of investment of a society on which a notice is served under subsection (6) above shall accordingly, until the notice is revoked under subsection (10) below, be limited to investment falling within subsection (1) above.
- (8) A notice under subsection (6) above may direct a society to dispose of an investment which it could not have acquired except under subsection (2) above.
- (9) Subject to subsection (8) above, a society may retain any investment which it could only have acquired under subsection (2) above.
- (10) The [F⁵Authority] may, by a subsequent notice to the society, revoke a notice under this section at any time when it appears to it that the society again falls within subsection (3) [F¹ or (4)] above.
- [F⁶(11) On serving a notice under subsection (6) or (10) above on a society the Commission shall send a copy of it to the central office.]
- (12) The [F⁷Authority] shall keep a copy of [F⁷any notice served on a society under subsection (6) or (10) above] in the public file of the society.

Textual Amendments

- F1** Words in s. 14 omitted (17.8.2001 for specified purposes and otherwise *prosp.*) by virtue of S.I. 2001/2617, arts. 2(a), 8(1), 13(1), Sch. 3 Pt. 1 para. 58(a) (with art. 13(3), Sch. 5) and are repealed (*prosp.*) by S.I. 2001/2617, arts. 2(b), 13(2), Sch. 4 (with art. 13(3), Sch. 5)
- F2** Words in s. 14(3)(a) substituted (17.8.2001 for specified purposes and otherwise *prosp.*) by S.I. 2001/2617, arts. 2(a), 13(1) Sch. 3 Pt. 1 para. 58(b) (with art. 13(3), Sch. 5)
- F3** Words in s. 14(3)(b) substituted (17.8.2001 for specified purposes and otherwise *prosp.*) by S.I. 2001/2617, arts. 2(a), 8(1), 13(1), Sch. 3 para. 58(c) (with art. 13(3), Sch. 5)
- F4** S. 14(4) omitted (17.8.2001 for specified purposes and otherwise *prosp.*) by virtue of S. I. 2001/2617, arts. 2(a), 8(1), 13(1), Sch. 3 Pt. 1 para. 58(d) (with art. 13(3), Sch. 5) and is repealed (*prosp.*) by S.I. 2001/2617, arts. 2(b), 13(2), Sch. 4 (with art. 13(3), Sch. 5)
- F5** Words in s. 14(5)(6)(10) substituted (17.8.2001 for specified purposes and otherwise *prosp.*) by S.I. 2001/2617, arts. 2(a), 8(1), 13(1), Sch. 3 Pt. 1 para. 58(e) (with art. 13(3), Sch. 5)
- F6** S. 14(11) omitted (17.8.2001 for specified purposes and otherwise *prosp.*) by virtue of S.I. 2001/2617, arts. 2(a), 8(1), 13(1), Sch. 3 para. 58(d) (with art. 13(3), Sch. 5) and is repealed (*prosp.*) by S.I. 2001/2617, arts. 2(b), 13(2), Sch. 4 (with art. 13(3), Sch. 5)
- F7** Words in s. 14(12) substituted (17.8.2001 for specified purposes and otherwise *prosp.*) by S.I. 2001/2617, arts. 2(a), 8(1), 13(1), Sch. 3 Pt. 1 para 58(g)(i)(ii) (with art. 13(3), Sch. 5)

15 Holding of land for purposes other than investment.

An incorporated friendly society may acquire and hold land—

- (a) for the purpose of carrying on any of its activities; or

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(b) for the purpose of enabling a subsidiary of the society, or a body jointly controlled by it, to conduct its business;
and may dispose of, or otherwise deal with, any land so held by it.

16 Assistance to subsidiaries and jointly controlled bodies.

- (1) An incorporated friendly society may provide its subsidiaries or bodies which it jointly controls with any of the following services—
 - (a) loans of money, with or without security and whether or not at interest;
 - (b) the use of services or property, whether or not for payment;
 - (c) grants of money, whether or not repayable; and
 - (d) guarantees of the discharge of their liabilities.
- (2) An incorporated friendly society may make payments towards the discharge of the liabilities of any of its subsidiaries.

17 Loans to assured members.

- (1) An incorporated friendly society may advance to a member of at least one full year's standing any sum not exceeding one half of the amount of an assurance of his life, on the written security of himself and two satisfactory sureties or, in Scotland, cautioners for repayment.
- (2) The amount so advanced, with all interest on it, may be deducted from the sum assured, without prejudice in the meantime to the operation of the security.
- (3) A person's membership of a registered friendly society before the society's incorporation is to be taken into account in calculating his standing for the purposes of this section.

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