



Friendly Societies Act 1992

1992 CHAPTER 40

PART IV

AUTHORISATION OF FRIENDLY SOCIETIES' BUSINESS

Supplementary

42 Contracts effected in contravention of section 31(1)

- (1) Where a contract of insurance or for non-insurance benefits is entered into between a friendly society and a member in contravention of section 31(1) above the member may, subject to subsection (2) below, elect—
- (a) to enforce the contract; or
 - (b) to recover any money paid by him under the contract, together with compensation for any loss sustained by him as a result of having parted with it;
- and the compensation so recoverable shall be such as the parties may agree or as any court of competent jurisdiction may, on the application of either party, determine.
- (2) Any such court may allow money paid by a member under a contract to which subsection (1) applies to be retained by the friendly society if it is satisfied—
- (a) that the society reasonably believed that its entering into the contract did not constitute a contravention of section 31(1) above; and
 - (b) that it is just and equitable for the money to be retained.
- (3) A member who recovers the money paid under a contract to which subsection (1) above applies—
- (a) shall not be entitled to any benefits under the contract; and
 - (b) shall repay any money and return any other property received by him under the contract;

and, where any property so received has passed to a third party, the reference in this subsection to that property shall be construed as a reference to its value at the time at which it was received by the member.

Status: This is the original version (as it was originally enacted).

- (4) A contravention of subsection (1) of section 31 above shall not make a contract of insurance or contract for non-insurance benefits illegal or invalid to any greater extent than is provided in this section; and a contravention of that subsection in respect of a contract of insurance shall not affect the validity of any reinsurance contract entered into in respect of that contract.

43 Interpretation of Part IV

In this Part of this Act—

“authorisation” and related expressions shall be construed in accordance with section 32(9) above;

“class”, in relation to insurance business, means a class specified in Schedule 2 to this Act;

“contract for non-insurance benefits” means a contract effected in the course of carrying on any non-insurance business;

“friendly society”, in relation to a registered friendly society with branches, means the central body and the branches of the society;

“industrial assurance business” has the meaning given in section 1(2) of the Industrial Assurance Act 1923 or Article 3(1) of the Industrial Assurance (Northern Ireland) Order 1979;

“the 1987 Regulations” means the Friendly Societies (Long Term Insurance Business) Regulations 1987.