



Friendly Societies Act 1992

1992 CHAPTER 40

PART V

REGULATION OF FRIENDLY SOCIETIES' BUSINESS

Actuarial investigations

46 Annual investigation into condition of certain societies.

- (1) A friendly society which is authorised under section 32 above to carry on long term business and which—
- (a) is a society to which subsection 37(2) above applies; or
 - (b) is a society of a description prescribed by regulations,
- shall, once in every period of 12 months, cause an investigation to be made by the appropriate actuary into the financial condition of the society in respect of its long term business.
- (2) The first investigation into a society's financial condition under this section shall be—
- (a) in the case of a friendly society to which section 37(2) above applies which—
 - (i) is a registered friendly society that was authorised under the ^{M1}Friendly Societies (Long Term Insurance Business) Regulations 1987; or
 - (ii) is an incorporated friendly society which was formerly a registered friendly society so authorised,an investigation into its condition at a date not later than 12 months after the date to which the accounts of the society were made up for the purposes of the last investigation under regulation 11 of those regulations;
 - (b) in the case of any other friendly society to which section 37(2) above applies, an investigation into its condition at a date not later than 12 months after the date on which it became such a society or the commencement of this section, whichever is later; and

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- (c) in the case of a friendly society which is of a description prescribed in regulations under subsection (1)(b) above, an investigation into its condition at a date not later than 12 months after it became such a society or the coming into operation of the regulations, whichever is later.
- (3) When such an investigation has been made, the society shall—
- (a) cause an abstract of the actuary's report of the investigation to be made; and
 - (b) send three copies of that abstract to the Commission within the period of 6 months beginning with the date to which the accounts of the society were made up for the purposes of the investigation or such further period (not exceeding 3 months) as the Commission may by notice to the society direct; and one of those copies shall be signed by such persons as may be prescribed by regulations.
- (4) The Commission shall consider the abstract, and if it appears to the Commission to be inaccurate or incomplete in any respect, it shall communicate with the society with a view to the correction of any such inaccuracies and the supply of deficiencies.
- (5) An investigation under this section shall include—
- (a) a valuation of the liabilities of the society attributable to its long term business; and
 - (b) a determination of any excess over those liabilities of the assets representing the fund or funds maintained by the society in respect of that business and, where any rights of any long term policy holders to participate in profits relate to particular parts of such a fund, a determination of any excess of assets over liabilities in respect of each of those parts.
- ^{F1}(6)
- (7) The form and contents of any abstract ^{F1} . . . under this section shall be such as the Commission may direct; and a direction under this subsection may be given to societies of a specified description or to a specified society.
- (8) Regulations under this section shall be made by the Commission with the consent of the Treasury.

Textual Amendments

- F1** S. 46(6) repealed (1.8.1996) by S.I. 1996/1188 art. 4(a)
 Words in s. 46(7) repealed (1.8.1996) by S.I. 1996/1188 art. 4(b)

Commencement Information

- I1** S. 46 wholly in force; s. 46 not in force at Royal Assent see s. 126(2); s. 46 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 46(1)(3)(8) in force for all remaining purposes at 13.9.1993 by S.I. 1993/2213, art. 2(1), Sch. 2; s. 46 in force to the extent not already in force at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

Marginal Citations

- M1** S.I.1987/2132.

47 Triennial investigations into condition of certain societies.

- (1) Subject to the following provisions of this section, a friendly society which—

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- (a) is not a society to which section 46 above applies and carries on insurance business; or
 - (b) is a society to which that section applies and carries on general business;shall, at least once in every period of 3 years, cause an investigation to be made by the appropriate actuary into the financial condition of the society in respect of its insurance business.
- (2) Where an investigation under this section is carried out, the society shall cause an abstract of the actuary's report to be made and sent to the Commission within 6 months of the date to which the accounts of the society were made up for the purposes of that investigation or such further period (not exceeding 6 months) as the Commission may by notice to the society direct.
- (3) The first investigation into a society's financial condition under this section shall be—
 - (a) in the case of a registered friendly society, or an incorporated friendly society which was formerly a registered friendly society, an investigation into its condition at a date not later than 3 years after—
 - (i) the commencement of this section; or
 - (ii) the date as at which its assets and liabilities were last valued under section [F²34 of the 1970 Act],whichever is earlier; or
 - (b) in the case of any other incorporated friendly society, an investigation into its condition at a date not later than 3 years after the date on which it is registered.
- (4) Subject to subsection (5) below, a friendly society shall send to the Commission, not later than 6 months after each anniversary of the date to which the accounts of the society were made up for the purposes of the last investigation into its financial condition under this section—
 - (a) a certificate given by the appropriate actuary that there has been no material change in its financial condition in respect of its insurance business since it sent the last abstract under subsection (2) above; or
 - (b) a statement by the appropriate actuary that he is unable to give such a certificate.
- (5) A society is not under the duty imposed by subsection (4) above if, before a date by which a certificate or statement must be sent, a further investigation under this section has been carried out and the requisite abstract has been sent to the Commission.
- (6) If a society sends the Commission a statement under subsection (4)(b) above, it shall be the society's duty to cause an investigation to be carried out under this section; and in such a case—
 - (a) the date to which the society's accounts are made up for the purposes of the investigation shall be the latest anniversary of the date to which its accounts were made up for the purposes of the last investigation under this section; and
 - (b) the abstract required by subsection (2) above shall be sent to the Commission within 6 months of the date by which that statement was required to be sent under subsection (4) above.
- (7) An investigation under this section into the financial condition of a society which falls within subsection (1)(a) above shall include—
 - (a) a valuation of the liabilities of the society attributable to its insurance business; and

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- (c) a determination of any excess over the liabilities so attributable of the assets representing the fund or funds maintained by the society in respect of its insurance business and, where any rights of any long term policy holders to participate in profits relate to particular parts of such a fund, a determination of any excess of assets over liabilities in respect of each of those parts.
- (8) An investigation under this section into the financial condition of a society falling within subsection (1)(b) above shall include—
- (a) a valuation of the liabilities of the society attributable to its general business; and
 - (b) a determination of any excess over the liabilities so attributable of the assets representing the fund or funds maintained by the society in respect of that business.
- (9) The form and contents of any abstract under this section shall be such as the Commission may direct; and such a direction may be given to societies of a specified description or to a specified society.
- (10) The Commission may dispense with the requirements of subsections (1) to (6) above in respect of societies to whose purposes, or the nature or scale of whose insurance business, it may deem those provisions inapplicable.
- (11) The Commission may dispense with the requirements of subsections (1) to (6) above in respect of any particular insurance business of a society if, in the Commission's opinion, those provisions are inapplicable to that business because of its nature or scale or the manner in which it is carried on.
- (12) In relation to any society on which a partial exemption is conferred under subsection (11) above, subsections (1) to (8) above shall have effect as if—
- (a) references to the financial condition of the society excluded its condition in relation to the business to which the partial exemption relates; and
 - (b) subsections (7) and (8) referred only to the assets and liabilities other than those attributable to that business.
- (13) The Commission may direct that this section shall have effect, in relation to societies of a specified description or to a specified society, as if for any reference to 3 years there were substituted a reference to 5 years.
- (14) A direction under subsection (12) or (13) above may make such transitional provision as the Commission considers appropriate.

Textual Amendments

F2 Words in s. 47(3)(a)(ii) substituted (1.1.1994) by S.I. 1993/3226, art. 3, Sch.3

Commencement Information

I2 S. 47 wholly in force; s. 47 not in force at Royal Assent see s. 126(2); s. 47 in force for certain purposes at 13.1.1993 by S.I. 1993/16, art. 2, Sch. 1; s. 47 in force for all remaining purposes at 1.1.1994 by S.I. 1993/2213, art. 2(1), Sch. 5

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