



Friendly Societies Act 1992

1992 CHAPTER 40

PART VIII

AMALGAMATIONS, TRANSFERS OF ENGAGEMENTS AND CONVERSION OF FRIENDLY SOCIETIES INTO COMPANIES

Transfers of engagements

87 Actuary's report as to margin of solvency.

(1) This section applies where a friendly society (“the transferor”) proposes to transfer any of its engagements under section 86 above to another friendly society (“the transferee”).

(2) Where—

- [^{F1}(a) the fulfilment of any of the engagements to be transferred will constitute—
- (i) in the case of a transferor to which subsection (2) or (3) of section 37 above applies, the carrying on of insurance business in one or more [^{F2}EEA State], or
 - (ii) in the case of a transferor to which neither of those subsections applies, the carrying on of insurance business in the United Kingdom, and]

(b) the transferee will, after taking the proposed transfer into account, be [^{F3}required by rules made by the [^{F4}appropriate authority under Part 9A] of the Financial Services and Markets Act 2000 to maintain the margin of solvency required by such rules],

the transferee shall furnish the [^{F5}appropriate authority] with a report by the appropriate actuary as to whether it will immediately after the proposed transfer, possess that margin of solvency.

(3) Where—

- (a) the fulfilment of any of the engagements will constitute the carrying on of long-term business, and

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Changes to legislation: There are currently no known outstanding effects for the Friendly Societies Act 1992, Section 87. (See end of Document for details)

- (b) a report is not required to be furnished under subsection (2) above, the [^{F6}appropriate authority] may direct the transferee to furnish the [^{F6}appropriate authority] with a report by the appropriate actuary as to whether it will, immediately after the proposed transfer, possess an excess of assets over liabilities.
- (4) The appropriate actuary has a right of access at all times to the books, accounts and vouchers of the transferor and of the transferee, and is entitled to require from the officers of either society such information and explanations as he thinks necessary to enable him to prepare a report under this section.
- (5) If the appropriate actuary fails to obtain all the information and explanations and the access to documents which, to the best of his knowledge and belief, are necessary for the purposes of a report under this section, he shall state that fact in his report.
- (6) An officer of a transferor or of the transferee shall be guilty of an offence if he knowingly or recklessly makes to the appropriate actuary a statement (whether written or oral) which—
- (a) conveys or purports to convey any information or explanations which he requires, or is entitled to require, for the purposes of a report under this section; and
 - (b) is misleading, false or deceptive in a material particular.
- (7) A person guilty of an offence under subsection (6) above is liable—
- (a) on conviction on indictment, to imprisonment for a term not exceeding 2 years, or to a fine, or to both; and
 - (b) on summary conviction, to imprisonment for a term not exceeding 6 months or to a fine not exceeding the statutory maximum, or to both.

Textual Amendments

- F1** S. 87(2)(a) substituted (1.9.1994) by S.I. 1994/1984 reg. 26(1)
- F2** Words in s. 87(2)(a)(i) substituted (1.1.1998) by S.I. 1997/2849 reg. 3
- F3** Words in s. 87(2)(b) substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) by S.I. 2001/2617, arts. 2, 8(1), 13(1), **Sch. 3**, Pt. 1 para. 97(a) (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**
- F4** Words in s. 87(2)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 36(2)(a)** (with Sch. 12)
- F5** Words in s. 87(2)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 36(2)(b)** (with Sch. 12)
- F6** Words in s. 87(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 9 para. 36(3)** (with Sch. 12)

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Changes to legislation:

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