

1988 No. 1959

FRIENDLY SOCIETIES

**The Friendly Societies (Valuation) (Amendment)
Regulations 1988**

Made - - - - - *9th November 1988*

Coming into force - - - - - *30th December 1988*

The Chief Registrar of Friendly Societies, in exercise of the powers conferred upon him by sections 42 and 109(2) of the Friendly Societies Act 1974^(a) and of all other powers enabling him in that behalf, hereby makes the following Regulations:-

Citation and commencement

1. These Regulations may be cited as the Friendly Societies (Valuation) (Amendment) Regulations 1988 and shall come into force on 30th December 1988.

Amendment of the 1985 Regulations

2. The Friendly Societies (Valuation) Regulations 1985^(b) shall be amended-

(a) by the insertion after the definition of "the 1982 Act" in regulation 2(1) thereof, of the following definitions:

"the 1987 Regulations" means The Friendly Societies (Long Term Insurance Business) Regulations 1987^(c);

"authorised society" has the meaning which it has in the 1987 Regulations, and "authorisation" shall be construed accordingly;";

(b) by the substitution, for the definition of "society" in regulation 2(1) thereof, of the following definition:

"society" means, in regulation 4A hereof, a registered friendly society to which subsection (1) of section 41 of the 1974 Act applies, and in the rest of these Regulations a registered friendly society or branch to which that subsection applies;";

(c) by the substitution, for the definition of "valuation" in regulation 2(1) thereof, of the following definition:

"valuation" except in regulation 4A(1)(d)(i) hereof means the valuation and report thereon required by section 41 of the 1974 Act.";

(d) by the insertion, after the words "This regulation applies" in regulation 3(1) and 4(1) respectively, of the words ", subject to regulation 4A below,"; and

(e) by the insertion, after regulation 4, of the following regulation:

"4A.—(1) Regulations 3 and 4 above shall cease to apply to a society and to any branch of that society once the following requirements are satisfied in relation to that society:

^(a) 1974 c.46.
^(b) S.I. 1985/1919.
^(c) S.I. 1987/2132.

- (a) the society is an authorised society;
 - (b) the society—
 - (i) has caused its relevant assets and liabilities to be valued as at an appropriate date under section 41 of the 1974 Act as it has effect in relation to it as provided by these Regulations, and
 - (ii) has sent the related report required by that section to the registrar;
 - (c) each branch of the society (if it has any)—
 - (i) has caused the relevant assets and liabilities of that branch to be valued as at that appropriate date (or a date later than that appropriate date) under section 41 of the 1974 Act as it has effect in relation to that branch as provided by these Regulations, and
 - (ii) has sent the related report required by that section to the registrar; and
 - (d) the society has either—
 - (i) included, within a valuation report sent to the Chief Registrar under regulation 11 (annual actuarial investigation) of the 1987 Regulations, a valuation and determination referred to in regulation 11(3) of the 1987 Regulations in relation to that appropriate date, or
 - (ii) included, among the information provided in the application for its authorisation, by way of an explanation of the statement of the amount of expected excess of assets over liabilities referred to in paragraph 1 (solvency) of Schedule 2 to the 1987 Regulations, a statement showing the amount of actual excess of assets over liabilities as at that appropriate date (after application of Parts VI and VII of the 1987 Regulations) and how that latter amount was calculated.
- (2) In this regulation—
- (a) “appropriate date” means 31st December in a particular year, and
 - (b) “relevant assets and liabilities” means, in relation to a society or branch, the assets and liabilities valuation of which it is required to make by section 41 of the 1974 Act as it has effect in relation to that society or branch as provided by these Regulations.”

9th November 1988

J. M. Bridgeman
Chief Registrar of Friendly Societies

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Friendly Societies (Valuation) Regulations 1985.

Section 41 of the Friendly Societies Act 1974 requires registered friendly societies and branches to send a valuation report relating to their assets and liabilities to the Chief Registrar once at least in every five years. Section 42 of the 1974 Act enables the Chief Registrar to make regulations providing that any society or branch of a class specified in the regulations must send the valuation report once at least in every three years. By virtue of the Friendly Societies (Valuation) Regulations 1985 valuation reports are required to be sent at least once in every three years by the following societies:

- (1) those registered after 25 July 1968 engaging in long term business, in respect of all their business;
- (2) those registered before 26 July 1968, whose life or endowment funds exceed £1 million or whose contribution income exceeds £150,000 in any year of account, in respect of their life or endowment business; and
- (3) those registered before 26 July 1968, which contract with any individual under life or endowment business for a gross sum, or gross sums in aggregate, exceeding £5,000, in respect of their life or endowment business.

The Friendly Societies (Long Term Insurance Business) Regulations 1987, made to give effect to Council Directive 79/267/EEC on life assurance, contain a separate requirement for friendly societies with an annual contribution income from life assurance business of at least 500,000 ECUs for three consecutive years to obtain authorisation under those Regulations and then, under regulation 11, to have an actuarial investigation and make a valuation report annually; that report will be examined by the Chief Registrar in order to establish that the level of solvency of each such society meets the requirements of the 1987 Regulations.

By virtue of these Regulations once a society, which is at present required to make valuation reports at least every three years under the 1985 Regulations and is also required to make an annual valuation report under the 1987 Regulations, has carried out valuations and made reports in respect of its position on 31st December in the same year-

- (1) on the basis required by section 41 of the 1974 Act, and
- (2) on the basis required by regulation 11 of the 1987 Regulations (or on a similar basis in its application for authorisation),

it can thereafter revert to the five year cycle in respect of valuation reports under section 41 and the 1985 Regulations will no longer apply to it.