
STATUTORY INSTRUMENTS

1991 No. 2738

BUILDING SOCIETIES

**The Building Societies Act 1986
(Modifications) (No. 2) Order 1991**

Approved by resolution of both Houses of Parliament

Made - - - - 4th December 1991

Coming into force - - 1st January 1992

Modifications having been made to statutory provision in force in Great Britain and Northern Ireland relating to the avoidance of provisions exempting officers and auditors of companies from liability⁽¹⁾ it appears to the Treasury to be expedient to modify the relevant provision of the Building Societies Act 1986⁽²⁾ for the purposes of assimilating the law relating to companies and the law relating to building societies, and accordingly, in exercise of the powers conferred on them by section 104 of the Building Societies Act 1986, and of all other powers enabling them in that behalf, the Treasury hereby make the following Order, a draft of which has been laid before and approved by resolution of each House of Parliament:

Citation and commencement

1. This Order may be cited as the Building Societies Act 1986 (Modifications) (No. 2) Order 1991 and shall come into force on 1st January 1992.

Modification of section 110 of the Building Societies Act 1986

2. In section 110 of the Building Societies Act 1986 (officers and auditors not to be exempted from liability) for subsection (3) (permitted provisions) there shall be substituted—

“(3) Subsection (1) above shall not prevent a building society from

- (a) purchasing and maintaining for a person insurance against any such liability, or
- (b) indemnifying a person against any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or he is acquitted.”

(1) The relevant modifications are those made to the Companies Act 1985 (c. 6) by section 137 of the Companies Act 1989 (c. 40) and to the Companies (Northern Ireland) Order 1986 (S.I.1986/1032 (N.I.6)) by Article 72 of the Companies (No. 2) (Northern Ireland) Order 1990 (S.I. 1990/1504 (N.I.10)).

(2) 1986 c. 53. Section 104 was amended by section 211(1) of the Companies Act 1989 brought into force under s.215(2) by S.I. 1991/1996.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

4th December 1991

Irvine Patnick
Nicholas Baker
Two of the Lords Commissioners of the Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order is made under section 104 of the Building Societies Act 1986 for the purposes of assimilating in respect of directors and auditors the law relating to building societies to that relating to companies in Great Britain and Northern Ireland.

Section 310 of the Companies Act 1985 made void provisions for exempting officers and auditors of a company from liability in respect of their duties as such, subject to certain exceptions. That section is modified by section 137(1) of the Companies Act 1989 by enabling a company to purchase and maintain for such persons insurance against such liability. Section 211 of the Companies Act added section 110 of the Building Societies Act 1986 (which corresponds to section 310 of the Companies Act 1985) to the provisions mentioned in section 104 of the 1986 Act which may be modified so as to assimilate it to company law. This order modifies section 110 so as to bring it into line and permit societies to obtain insurance for their officers and auditors against their respective liabilities.

It is proposed that, consequentially, the Building Societies Commission, with the consent of the Treasury shall make regulations pursuant to section 75(1) of the 1986 Act requiring such insurance to be disclosed in the directors' annual report, replicating the effect of section 137(2) of the 1989 Act.