
STATUTORY INSTRUMENTS

1993 No. 2520

**The Friendly Societies (Insurance
Business No. 2) Regulations 1993**

PART VI

LINKED LONG TERM CONTRACTS

Linked long term contracts

47.—(1) Benefits payable under any contract to which this regulation applies shall not be determined, either wholly or partly, by reference to the value of, or the income from, or fluctuations in the value of, property of any description other than—

- (a) property of any of the descriptions specified in Part I of Schedule 6, or
- (b) property which was property of any of the descriptions specified in paragraphs 1 to 10 of Part I of Schedule 6 when it first became a property by reference to which benefits under that contract, or under any contract of a similar description to that contract, were to be determined, and which ceased to conform with that description not more than fifteen months previously.

(2) Benefits payable under any contract to which this regulation applies shall not be determined, either wholly or partly, by reference to fluctuations in any index of the value of property other than an index described in Part II of Schedule 6.

(3) This regulation applies to long-term contracts entered into by societies which—

- (a) are contracts under which the benefits payable to the policyholder are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified); and
- (b) are not contracts specified in paragraph (4) below as being contracts to which this regulation does not apply.

(4) The contracts referred to in paragraph 3(b) above to which this regulation does not apply are—

- (a) contracts with any policyholder who is a person not ordinarily resident in the United Kingdom;
- (b) contracts under or relating to a retirement benefits scheme (whether evidenced by deed, agreement or series of agreements or other arrangement) not being a scheme whereby—
 - (i) the benefit is assured by means of one or more contracts;
 - (ii) each contract provides in respect of each member of the scheme separate assurance, the proceeds of which are to go to that member at least to the extent that they are not greater than the benefits to which he is entitled at the normal pension date;
 - (iii) the premium payable under each contract in respect of each member is payable at least annually; and

(iv) the amount of the premium (expressed as an annual rate) remains unchanged except in consequence of the declaration of a bonus or a change in the premium rate of the society.

(5) In this regulation—

“retirement benefits scheme” means a scheme for the provision to a member of the scheme or his wife or widow, children, dependants or personal representatives of any pension, annuity, lump sum, gratuity or other like benefit given or to be given on retirement or on death, or in anticipation of retirement, or, in connection with past service, after retirement or death, except that it does not include any benefit which is to be afforded solely by reason of the disablement by accident of a member occurring during his service or of his death by accident so occurring and for no other reason; and

“the normal pension date” means the date at which, in accordance with the rules of a retirement benefits scheme, a member of the scheme is normally expected to retire.

(6) Any reference in this regulation to contracts of a similar description to any specified contract is a reference to contracts which correspond with that contract in both the following respects—

- (a) the provisions defining the descriptions of property or indices by reference to which the benefits payable thereunder are to be determined are the same as in the contract; and
- (b) the society or other person undertaking to pay the benefits provided for thereunder is the same as in that contract.