
STATUTORY INSTRUMENTS

1994 No. 1981

The Friendly Societies (Insurance Business) Regulations 1994

PART VII

STATISTICAL INFORMATION

Interpretation: Part VII

53. In this Part of these Regulations—

- (a) references to insurance business, general business and long term business do not include reinsurance business;
- (b) “gross premiums” means premiums after deduction of discounts, refunds, rebates of premium and any taxes or levies that are related to those premiums but before deduction of premiums for reinsurance ceded and before deduction of commission payable by the society;
- (c) “the commencement date” means the day on which these Regulations come into force; and
- (d) references, in relation to the provision of general insurance or the carrying on of general business, to the groups of classes are to the following two groups—
 - (i) accident and sickness, that is to say, general business of classes 1 and 2 specified in Head B of Schedule 2 to the 1992 Act: and
 - (ii) miscellaneous financial loss, that is to say, general business of class 3 so specified.

Application: Part VII

54. This Part of these Regulations applies to a society to which section 37(2) or (3) of the 1992 Act applies.

Insurance statistics: EFTA States

55.—(1) Every society to which this Part of these Regulations applies which provides, in any financial year ending after the commencement date, long term insurance in an EFTA State through an establishment in the United Kingdom shall prepare, in respect of long term insurance so provided by it, a statement of gross premiums receivable by each of classes 1 to VI specified in Head A of Schedule 2 to the 1992 Act.

(2) The statement prepared under paragraph (1) above shall show separately—

- (a) gross premiums receivable in respect of commitments for which the society requires authorisation in the EFTA State in which the commitments are situated in accordance with Article 12 of the second life Directive; and
- (b) gross premiums receivable in respect of commitments for which the society does not require authorisation in that EFTA State in accordance with Article 14 of that Directive.

(3) Every society to which this Part of these Regulations applies which, in any financial year ending after the commencement date, provides general insurance in an EFTA State through an

establishment in the United Kingdom shall prepare, in respect of general insurance so provided by it—

- (a) a statement of gross premiums receivable by each group of classes; and
 - (b) where the gross premiums earned in respect of general insurance so provided by its exceed 2,500,000 ECU, an underwriting account showing, in respect of each group of classes, the items specified in paragraph (6) below.
- (4) A separate statement and underwriting account shall be prepared under paragraph (1) and (3) above in respect of each EFTA State in which the society provides the insurance.
- (5) If—
- (a) in respect of general insurance provided by it in the EFTA State concerned through all its establishments (in the United Kingdom and elsewhere), the society earns in any financial year ending after the commencement date gross premiums in excess of 2,500,000 ECU; and
 - (b) the supervisory authorities of that EFTA State request the Commission to give a direction under this paragraph,

the Commission may by notice in writing direct the society in future to prepare, in respect of general insurance provided by it in that EFTA State through an establishment in the United Kingdom, an underwriting account showing, in respect of each group of classes, the items specified in paragraph (6) below.

(6) For the purposes of paragraphs (3) and (5) above the items which the underwriting account must show are as follows—

- (a) the total gross premiums earned in the financial year;
 - (b) the total cost of gross claims incurred in the financial year;
 - (c) the total cost of gross commission attributable to premiums referred to in subparagraph (a) above; and
 - (d) the gross underwriting result.
- (7) In paragraph (6) above—
- (a) the gross premiums mentioned in subparagraph (a) are the gross premiums written in the financial year in addition to gross premiums unearned brought forward less gross premiums unearned carried forward;
 - (b) the gross claims mentioned in subparagraph (b) are the gross claims paid in the financial year in addition to gross claims outstanding carried forward less gross claims outstanding brought forward, and including directly attributable expenses;
 - (c) the gross commission mentioned in subparagraph (c) is the gross commission paid in the financial year plus gross commission brought forward less gross commission carried forward; and
 - (d) the gross underwriting result mentioned in subparagraph (d) is reached by deducting from the amount in subparagraph (a) the amounts referred to in subparagraphs (b) and (c).

(8) In respect of any financial year part of which falls before the commencement date, any statement or underwriting account required by paragraph (1), (3) or (5) above may be prepared solely in respect of long term or general insurance provided on or after that date.

Insurance statistics: member States

56.—(1) Every society to which this Part of these Regulations applies which in a financial year ending after the commencement date—

- (a) carries on long term business in a member State other than the United Kingdom through an overseas branch in that State; or
- (b) provides long term insurance in a member State other than the United Kingdom through an establishment in another member State,

shall prepare in respect of long term business so carried on by it, or long term insurance so provided by it, a statement of gross premiums receivable by each of classes I to VII specified in head A of Schedule 2 to the 1992 Act.

(2) Every society to which this Part of these Regulations applies which in a financial year ending after the commencement date—

- (a) carries on general business in a member State other than the United Kingdom through an overseas branch in that State; or
- (b) provides general insurance in a member State other than the United Kingdom through an establishment in another member State,

shall prepare in respect of general business so carried on by it, or general insurance so provided by it, a statement of gross premiums receivable by each group of classes.

(3) The statements referred to in paragraphs (1) and (2) above shall be prepared separately in respect of each member State in which the society carries on the insurance business or provides the insurance.

(4) Subject to paragraph (5) below, in respect of any financial year part of which falls before the commencement date, the statement required by paragraph (1) and (2) above may be prepared solely in respect of long term or general insurance so provided or so carried on on or after that date.

(5) Paragraph (4) above does not apply in relation to any insurance provided in a member State before the commencement date where the society had notified the Commission of its intention to provide such insurance under section 57(1) or 57A(1) of the 1992 Act prior to 1st January 1994.

Regulations 55 and 56: supplementary provisions

57.—(1) Where a statement or underwriting account is prepared by a society under regulation 55(1), (3) or (5), or 56(1) or (2) above, the society shall—

- (a) cause the statement or account to be printed; and
- (b) deposit three copies of the statement or account with the Commission within nine months after the end of the financial year to which it relates,

but the Commission may extend that period of nine months by such period (not exceeding three months) as it thinks fit.

(2) One of the copies of any statement or account deposited under paragraph (1) above shall be signed by the chief executive or secretary of the society.

(3) The Commission shall—

- (a) consider any statement or account deposited under paragraph (1) above, and
- (b) if the statement or account appears to it to be inaccurate or incomplete in any respect, communicate with the society with a view to the correction of any inaccuracies and the supply of any deficiencies.

Notification of non-provision of insurance or non-carrying on of business

58.—(1) Subject to paragraph (2) below, where a society which has notified the Commission—

- (a) in accordance with paragraph 1 of Schedule 13B to the 1992 Act, of its intention to establish an overseas branch in a member State other than the United Kingdom; or

- (b) in accordance with paragraph 5 or 9 of that Schedule, of its intention to provide insurance in an EEA State other than the United Kingdom,

does not in any financial year carry on insurance business or, as the case may be, provide insurance in that State, it shall send to the Commission a notification of that fact within nine months after the end of the financial year to which the notification relates, signed by the chief executive or secretary of the society.

(2) Paragraph (1) above shall not apply if the society has, before the beginning of the financial year, informed the Commission that it no longer intends to carry on insurance business or, as the case may be, provide insurance in the member State or EEA State in question.

(3) The Commission shall—

- (a) consider any notification given under paragraph (1) above; and
- (b) if the notification appears to it to be inaccurate or incomplete in any respect, communicate with the society with a view to the correction of any inaccuracies and the supply of any deficiencies.

Default in complying with regulations 55 to 58

59.—(1) A society shall be guilty of an offence if it makes default in complying with any of regulations 55 to 58 above.

(2) A person shall be guilty of an offence if either—

- (a) he causes or permits to be included in a document deposited with the Commission under regulation 57(1) above a statement which he knows to be false in a material particular; or
- (b) he recklessly causes or permits to be so included a statement which is false in a material particular.

(3) A person guilty of an offence under this regulation shall be liable—

- (a) on summary conviction in Great Britain, to a fine not exceeding level 5 on the standard scale; and
- (b) on summary conviction in Northern Ireland, to a fine not exceeding £2,000.