

SCHEDULE 3

Regulation 21

[SCHEDULE 13C TO 1992 ACT]
INFORMATION FOR MEMBERS OF FRIENDLY
SOCIETIES TO WHICH SECTION 37(2) OR (3) APPLIES

Information before contract of long term insurance

1.—(1) Subject to sub-paragraph (2) below, this paragraph applies to a contract entered into by a friendly society to which section 37(2) above applies the effecting of which constitutes—

- (a) the carrying on in the United Kingdom of long term business which is not reinsurance business; or
- (b) the provision there of long term insurance.

(2) This paragraph does not apply to a contract entered into by an authorised person the effecting of which constitutes the carrying on in the United Kingdom of investment business; and in this sub-paragraph expressions which are also used in the Financial Services Act 1986⁽¹⁾ have the same meanings as in that Act.

(3) Before entering into a contract to which this paragraph applies, the society shall furnish the other party to the contract in writing with the information required by sub-paragraph (4) below.

(4) The information required by this sub-paragraph is—

- (a) the name and legal form of the society;
- (b) a statement that the society's registered office is the United Kingdom and, where appropriate, the member State in which is situated the overseas branch through which the contract is to be entered into;
- (c) the address of the society's registered office and, where appropriate, the address of the overseas branch through which the contract is to be entered into;
- (d) a definition of each benefit and option;
- (e) the term of the contract and the means by which it may be terminated;
- (f) the method of paying premiums and the duration of the payments;
- (g) the method of calculating bonuses and the distribution of bonuses;
- (h) an indication of surrender and paid-up values and the extent to which such values are guaranteed;
- (i) an indication of the premiums for each benefit, whether a main or supplementary benefit;
- (j) in the case of a contract for a unit-linked policy, a definition of the units to which benefits are linked and an indication of the nature of the underlying assets;
- (k) information as to the following, namely—
 - (i) the arrangements with respect to the period within which the other party may cancel the contract;
 - (ii) the tax arrangements applicable to the contract or any policy to be effected by it;
 - (iii) the arrangements for handling any complaints concerning the contract, whether by the other party or any other person who is a life assured or beneficiary; and
 - (iv) any compensation or guarantee arrangements which will be available if the society is unable to meet its liabilities under the contract; and

(1) 1986 c. 60.

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(m) whether the parties to the contract are entitled to choose the law applicable to the contract and—

- (i) if so, the law which the society proposes to choose; and
- (ii) if not, the law which will be so applicable.

(5) Any information required by sub-paragraph (4) above shall be furnished in English except that, where the other party to the contract so requests, it may instead be furnished in an official language of a member State other than the United Kingdom.

Information during contract of long term insurance

2.—(1) This paragraph applies where a friendly society to which section 37(2) above applies has, on or after 1st September 1994, entered into a contract the effecting of which constitutes—

- (a) the carrying on in the United Kingdom of long term business which is not reinsurance business; or
- (b) the provision there of long term insurance.

(2) If during the term of the contract there is any change in the information required by paragraphs (a) to (j) of paragraph 1(4) above, the society shall inform the other party to the contract in writing of the effect of the change.

(3) If the contract provides for the payment of bonuses, the society shall, at least once in every calendar year except the first, inform the other party to the contract in writing of the amount of any bonus—

- (a) which has become payable under the contract, and
- (b) of which that party has not been previously informed under this sub-paragraph.

(4) There is a sufficient compliance with sub-paragraph (3) above if the society furnishes the other party to the contract with such information as will enable him to determine the amount of any such bonus as is mentioned in that sub-paragraph, or if the society informs that party of—

- (a) the rates of bonus which have been declared since that party was previously informed under this sub-paragraph; and
- (b) the total value of the benefits (including bonuses) which have accrued under the contract.

(5) In this paragraph “bonus” does not include a bonus the amount of which is specified in the contract.

Information before contract of general insurance

3.—(1) This paragraph applies to a contract entered into by a friendly society to which section 37(3) above applies if—

- (a) the effecting of the contract constitutes—
 - (i) the carrying on in the United Kingdom of general business which is not reinsurance business; or
 - (ii) the provision there of general insurance; and
- (b) the risk which is covered by the contract is situated in the United Kingdom.

(2) Before entering into a contract to which this paragraph applies, the society shall, if the other party to the contract is an individual, inform that party in writing—

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- (a) of any arrangements which exist for handling complaints concerning the contract including, where appropriate, the name and address of any body which deals with complaints from any party to the contract;
- (b) that the existence of a complaints body does not affect any right of action which any party to the contract may have against the society; and,
- (c) as to whether the parties to the contract are entitled to choose the law applicable to the contract and—
 - (i) if so, of the law which the society proposes to choose; and
 - (ii) if not, of the law which will be so applicable.

(3) If the information required by sub-paragraph (2) above is furnished otherwise than in writing before the time when the contract is entered into, there is a sufficient compliance with that sub-paragraph if it is also furnished in writing as soon as practicable after that time.

4.—(1) This paragraph applies to a contract entered into by a friendly society to which section 37(3) above applies if the effecting of the contract constitutes the provision in the United Kingdom of general insurance.

(2) Before entering into a contract to which this paragraph applies, the society shall inform the other party to the contract in writing of the member State in which is situated the establishment which will cover the risks; and any document issued to that party by the society shall also contain that information.

(3) If the information required by sub-paragraph (2) above is furnished otherwise than in writing before the time when the contract is entered into, there is a sufficient compliance with that sub-paragraph if it is also furnished in writing as soon as practicable after that time.

(4) Any relevant document issued by the society in relation to a contract to which this paragraph applies shall state the address of the establishment through which the risk is to be covered.

(5) In this paragraph “relevant document”, in relation to a contract to which this section applies, means any proposal, policy, rules or other document which, or statements contained in which, will or may bind the other party to the contract.

Supplemental

5. A friendly society which fails to comply with any provision of this Schedule shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.