
STATUTORY INSTRUMENTS

1979 No. 1574

Industrial Assurance (Northern Ireland) Order 1979

Rights of owners of policies

Proposals for policies

26.—(1) Every proposal for an industrial assurance policy shall, except where—

- (a) the policy is taken out on the life and on behalf of a child under the age of 16 years; or
- (b) the policy assures a payment of money on the death of a parent or grandparent and is effected in exercise of the power conferred by Article 16; or
- (c) the person whose life is to be assured under the policy is a person in whom the proposer has an insurable interest;

contain a declaration by the person whose life is to be assured that the policy is to be taken out by him, and that the premiums thereon are to be paid by him.

(2) Where the person whose life is to be assured under the policy is a person in whom the proposer has an insurable interest, the proposal shall contain a statement of the nature of that interest.

(3) A collecting society or industrial assurance company shall not, nor shall any collector or agent of such a society or company, issue a proposal form or accept a proposal which does not comply with the foregoing provisions of this Article.

Misstatements, and non-disclosure, in proposals

27.—^[F1](1) If an industrial assurance policy was issued pursuant to a proposal which contained a statement that the person whose life was proposed to be assured was not at the time of making that proposal a person on whose life another policy had been issued by the relevant insurer that accepted the proposal, that policy is valid, notwithstanding that the statement was not true, and that the truth of the statement was made a condition of the policy.]

(2) Subject to paragraphs (3) and (4), if a proposal form for an industrial assurance policy^[F1] was filled in] wholly or partly by a person employed by the collecting society or industrial assurance company,^[F1] a collecting society or industrial assurance company which receives, or is entitled to receive, premiums under that policy shall not], except where a fraudulent statement in some material particular^[F1] had been made] by the proposer, be entitled to question the validity of the policy founded on the proposal on the ground of any misstatement contained in the proposal form.

(3) If the proposal form mentioned in paragraph (2) contains a misstatement as to the age of the person whose life is proposed to be assured, the society or company may so adjust the terms of the policy, or of any policy which may be issued in substitution or in lieu thereof, as to make them correspond with the terms which would have been applicable if the correct age of the person had been originally inserted in the proposal.

(4) In relation to a policy issued after 22nd December 1948, paragraph (2) does not apply to a misstatement concerning the state of health of the person upon whose life the assurance is to be taken out.

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(5) Nothing in any term or condition of an industrial assurance policy issued after 22nd December 1948, or in the law relating to insurance shall operate to except the collecting society or industrial assurance company from liability under such a policy, or to reduce the liability of the society or company under such a policy, on the ground of any matter relating to the state of health of the person upon whose life the assurance is taken out, other than the ground of the proposer's having, when making the proposal or thereafter and before the making of the contract, either—

- (a) made an untrue statement of his knowledge and belief as regards that matter; or
- (b) failed to disclose to the society or company something known or believed by him as regards that matter.

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| F1 SI 2001/3647 |
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Return of policies and premium receipt books after inspection

28.—(1) Subject to paragraph (2), if at any time a collecting society or industrial assurance company, or any person employed by such a society or company, takes possession of a policy or premium receipt book or other document issued in connection with a policy, a receipt shall be given, and the policy, book or document shall be returned to the owner of the policy within 21 days, unless the policy has been terminated by reason of satisfaction of all claims capable of arising thereunder.

(2) Where possession is taken of a policy, book or document for the purpose of legal proceedings to be taken against a collector by the collecting society or industrial assurance company that issued the policy, the society or company may retain the policy, book or document so long as may be necessary for the purposes of those proceedings, but, in that case, if the policy, book or document is retained for more than 21 days, the society or company shall supply to the owner of the policy a copy thereof certified by the society or company to be a true copy.

[^{F2}**29.** A forfeiture shall not be incurred by any member or person assured in a collecting society or industrial assurance company by reason of any default in paying any premium under a contract the effecting of which constituted the carrying on of industrial assurance business until after—

- (a) notice stating the amount due from him, and informing him that in case of default of payment by him within 28 days and at a place to be specified in the notice his interest or benefit will be forfeited, has been served upon him by or on behalf of the society or company; and
- (b) default has been made by him in paying any premium in accordance with that notice.]

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| F2 1992 c. 40 |
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Provisions as to forfeited policies

30.—(1) Where notice of the forfeiture of a policy of industrial assurance by reason of default in the payment of any premium thereunder has been served on the owner of the policy, then, if the policy is one—

- (a) for the whole term of life or for a term of 50 years or more, and the person whose life is assured under it was over 15 years of age at the time of the default, and not less than five years' premiums have been paid on the policy; or
- (b) for a term of 25 years or more, but less than 50 years, and not less than five years' premiums have been paid on it; or
- (c) for a term of less than 25 years and not less than three years' premiums have been paid on it;

the owner of the policy shall, on making application for the purpose to the collecting society or industrial assurance company within one year from the date of the service of the notice, be entitled—

- (i) to a free paid-up policy for such amount as is mentioned in paragraphs (2) and (3) payable upon the happening of the contingency upon the happening of which the amount assured under the original policy would have been payable or of any other contingency not less favourable to the owner of the policy; or
- (ii) if the owner of the policy is permanently resident or submits satisfactory proof of his intention to make his permanent residence outside Northern Ireland, Great Britain, the Isle of Man and the Channel Islands, or if the person whose life is assured has disappeared and his existence is in doubt, to the surrender value of the forfeited policy ascertained in the manner provided by Article 34 and Schedule 6.

[^{F3}(1A) for the purposes of paragraph (1), “notice” means—

- (a) a notice required by Article 29 and served before 1st December 2001; or
- (b) a notice required by Article 29 as it continues to have effect by virtue of the Financial Services and Markets Act 2000 (Consequential Amendments and Savings) (Industrial Assurance) Order 2001, and served on or after 1st December 2001.]

(2) Subject to paragraph (3), the amount of a free paid-up policy so issued shall not be less than such as may be determined in accordance with the rules contained in Schedule 6, and shall be ascertained at the date when the premium following the last premium paid became due.

(3) The amount of the free paid-up policy shall not exceed the difference between the amount of the forfeited policy (inclusive of any bonus added thereto) and the amount which would be assured by a corresponding policy at the same premium effected on the life of the same person according to the age of that person at his birthday next following the date of forfeiture.

Para. (4) rep. by SI 2001/3647

(5) Where the rules of a collecting society or the conditions of a policy are such as would confer on the owner of the policy in case of forfeiture rights more favourable to the owner of the policy than those conferred by this Article, nothing in this Article shall prevent the owner of the policy from claiming under those rules or conditions instead of under this Article.

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| F3 SI 2001/3647 |
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Substitution of policies

31.—(1) Where the owner of an industrial assurance policy agrees to accept a new policy in substitution therefor, the collecting society or industrial assurance company shall pay to the owner of the policy the surrender value (to be ascertained in the manner provided by Article 34 and Schedule 6) of the old policy or shall issue to him a free paid-up policy of equivalent value, unless the value of the substituted policy, calculated in accordance with the rules set out in Schedule 6, at the date of the substitution is equal to or exceeds such surrender value.

(2) In any such case, the society or company shall furnish to the owner of the policy, with the new policy and new premium receipt book, a statement setting forth the rights of the owner under this Article, and containing an account certified by the secretary of the collecting society or industrial assurance company, or other officer appointed for the purpose, showing the surrender value of the old policy and the value of the new policy.

(3) Where a substituted policy is so issued and the value thereof is equal to or exceeds the surrender value of the old policy, then, for the purpose of determining whether the owner is entitled to a free paid-up policy or surrender value under Article 30, the substituted policy shall be deemed to have been issued at the date at which the old policy was issued, and premiums shall be deemed

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to have been paid on the substituted policy in respect of the period between that date and the date at which the substituted policy was actually issued.

Transfers from one society or company to another

32.—^[F4](1) A person assured with an industrial assurance company shall not, without his written consent or, in the case of a person under the age of 18, without the written consent of his parent or other guardian, be transferred from the company to another company or to a collecting society except under an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000.]

(2) A consent under paragraph (1) shall be in the prescribed form and shall have annexed to it a document in the prescribed form (to be furnished by the collecting society or industrial assurance company to which the transfer is to be made) setting out—

- (a) the terms of, and rights under, the existing policy;
- (b) the terms of, and rights under, the policy to which the assured will become entitled on transfer;
- (c) the consideration (if any) which has been or is to be paid for the transfer; and
- (d) the person to whom such consideration has been or will be paid.

^[F4](2A) For the purposes of paragraph (2) “prescribed” means prescribed by—

- (a) rules made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000; or
- (b) any provision having effect as such a rule as a result of the Financial Services and Markets Act 2000 (Transitional Provisions and Savings) (Rules) Order 2001.]

(3) The collecting society or industrial assurance company to which the assured is sought to be transferred shall furnish to the person by whom such consent as aforesaid is signed a copy of the consent and of the document annexed thereto, and shall, within seven days from the date when the consent is signed, give to the society or company from which the assured is sought to be transferred notice of the proposed transfer containing full particulars of the name and address of the assured and the number of his policy, together with the consent and the document annexed to it.

(4) As from the date of the notice mentioned in paragraph (3), the^{F4} . . . industrial assurance company from which the person is sought to be transferred shall cease to be under any liability with respect to the policy in question and shall not be required to serve any notice of forfeiture of the policy in accordance with Article 29^[F4] as it has effect by virtue of the Financial Services and Markets Act 2000 (Consequential Amendments and Savings) (Industrial Assurance) Order 2001].

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| F4 SI 2001/3647 |
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Payment of claims

33. Where a claim arising under a policy of industrial assurance is paid, no deductions shall be made on account of any arrears of premiums due under any other policy^[F5] (regardless of whether that policy was effected before or after 1st December 2001)].

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| F5 SI 2001/3647 |
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Value of policies

34.—(1) Where, for the purposes of this Order, the value of a policy^[F6] of industrial assurance] (including an illegal policy and a policy beyond the legal powers of a collecting society or industrial assurance company^[F6] or the person who effected it]) has to be ascertained, the value of the policy shall be calculated in accordance with the rules set out in Schedule 6.

(2) The surrender value of such a policy shall be an amount equal to 75 per cent. of the value of the policy so calculated.

F6 SI 2001/3647

Rights of owners of certain endowment policies

35.—(1) This Article applies to—

- (a) any policy issued, or deemed under paragraph 5 of Schedule 9 to have been issued,^[F7] before 1st December 2001] by a registered friendly society or an industrial assurance company in accordance with paragraph 1(1)(b) of that Schedule (endowment policy on life of parent, child, grandparent, grandchild, brother or sister); and
- (b) any other endowment policy issued^[F7] before 1st December 2001] by a registered friendly society or an industrial assurance company on the life of a child under the age of 10 years.

(2) Where, under any policy to which this Article applies, not less than one year's premiums have been paid, the owner of the policy shall be entitled at any time within one year from the date on which the last premium was paid to surrender the policy and to claim either—

- (a) a free paid-up policy in conformity with the rules contained in Schedule 7; or
- (b) payment of a surrender value equal to 90 per cent. of the value of the sum or sums payable under such a free paid-up policy calculated in accordance with the rules contained in Schedule 6, Part III;

and the society or company shall comply with a claim so made.

^[F7](3) Subject to paragraph (3A)—

- (a) if, on or after 1st December 2001, a collecting society or industrial assurance company reprints or amends a premium receipt book issued in respect of a policy to which this Article applies, the society or company must cause to be set out in any such book—
 - (i) the matters specified in this Article and in Schedule 7 to this Order (as that Schedule has effect on and after 1st December 2001), or
 - (ii) if the Financial Services Authority consents, a statement setting out the effect of those provisions;
- (b) if on or after 1st December 2001 a society or company does not amend or reprint a premium receipt book issued in respect of a policy to which this Article applies, the matters which must be set out in that book remain the matters specified by paragraph (3) of this Article as it had effect before that date.]

^[F7](3A) If a collecting society or industrial assurance company ceases to provide a premium receipt book in respect of a policy to which this Article applies, the society or company must give a written statement of the matters specified in Schedule 7 to this Order to the owner of that policy.]

F7 SI 2001/3647

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Changes and effects yet to be applied to the whole Order associated Parts and Chapters:

- Act revoked by [2000 c. 8 s.416\(2\)](#)