

## STATUTORY INSTRUMENTS

1985 No. 1919

## FRIENDLY SOCIETIES

## The Friendly Societies (Valuation) Regulations 1985

Made - - - 9th December 1985

Coming into Operation 1st January 1986

The Chief Registrar of Friendly Societies, pursuant to the powers conferred upon him by sections 42 and 109(2) of the Friendly Societies Act 1974(a) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

1. These Regulations may be cited as the Friendly Societies (Valuation) Regulations 1985 and shall come into operation on 1st January 1986.

2.—(1) In these Regulations —

“the 1969 Regulations” means the Friendly Society (Valuation) Regulations 1969(b);

“the 1974 Act” means the Friendly Societies Act 1974;

“the 1982 Act” means the Insurance Companies Act 1982(c);

“operative date” means 1st January 1986;

“society” means a registered friendly society or branch to which section 41(1) of the 1974 Act applies;

“valuation” means the valuation and report thereon required by section 41 of the 1974 Act.

(2) For the purposes of these Regulations a society registered on or after 26th July 1968 shall be deemed to have been registered before that date if it is —

(a) formed by the amalgamation of two or more societies each of which was registered before that date; or

(b) a branch of a society registered or deemed to have been registered before that date.

(3) In the application of these Regulations to a society with branches, a fund under the control of the central body of the society shall be deemed to be a fund of the society and a fund under the control of a branch shall be deemed to be a fund of that branch.

(a) 1974 c.46.

(b) S.I. 1969/201.

(c) 1982 c.50.

3.—(1) This regulation applies to any society registered before 26th July 1968 if the society is a society —

- (a) in respect of which one or more of the following conditions is satisfied —
  - (i) the life or endowment funds of the society for any relevant year of account, as shown in its annual return for that relevant year of account, exceeded in aggregate £1,000,000;
  - (ii) the contribution income in respect of such funds for any relevant year of account, as shown in its annual return for that relevant year of account, exceeded in aggregate £150,000;
  - (iii) at the end of any relevant year of account there was in force a contract, or there were in force contracts, entered into by the society on the life of any person, for the assurance of a gross sum, or gross sums in aggregate, exceeding £5,000; or
- (b) to which regulation 2 of the 1969 Regulations applied immediately prior to the operative date.

(2) In determining a gross sum for the purposes of paragraph (1)(a)(iii) above there shall be disregarded —

- (a) any bonus or addition which either is declared upon assurance of the gross sum or accrues upon such an assurance by reference to an increase in the value of any investments; and
- (b) any sum which is re-insured with a body so authorised under section 3 of the 1982 Act as to enable it to accept such re-insurance, to the extent of the sum re-insured at the inception of the re-insurance, but so long only as the contract of re-insurance remains in force.

(3) In respect of a newly covered society, this regulation first applies at the key date, that is to say —

- (a) where one or more of the conditions specified in paragraph (1)(a) above is satisfied in relation to the year of account ending on 31st December 1985, on the operative date;
- (b) where one or more of the conditions specified in paragraph (1)(a) above is satisfied in relation to a later year of account, on 1st January immediately following that year of account.

(4) Subject to the following paragraphs of this regulation, section 41 of the 1974 Act shall have effect in relation to a society to which this regulation applies as if it required the society —

- (a) to cause its assets and liabilities in respect of life or endowment business to be valued under that section and to send to the registrar a report of those assets and liabilities at least once in every three years; and
- (b) to cause its assets and liabilities in respect of any other business (other than business to which a partial exemption from valuation under subsection (6) of section 41 relates) to be so valued and to send to the registrar a report on those assets and liabilities at least once in every five years.

(5) The provisions of regulation 2 of the 1969 Regulations shall apply to a previously covered society as if they were contained in these Regulations.

(6) In respect of a newly covered society, the first valuation to which paragraph (4)(a) above applies shall be made as at a date no later than the earliest applicable relevant date (after the key date) of any of the following —

- (a) the date three years after the withdrawal of any dispensation under section 41(5) of the 1974 Act in operation at the key date;
- (b) the date five years after the previous valuation;
- (c) the third 31st December following the key date.

(7) (a) In this regulation —

“key date” has the meaning assigned to it in paragraph (3) above;

“life or endowment business” has the meaning assigned to it by section 337(2) of the Income and Corporation Taxes Act 1970(a);

“life or endowment fund” means any fund of which the liabilities include liabilities in respect of life or endowment business;

“newly covered society” means a society to which paragraph (1)(a) above applies, but paragraph (1)(b) above does not apply;

“previously covered society” means a society to which paragraph (1)(b) above applies;

“relevant date” means a date which does not require a society to make a valuation to which paragraph 4(a) above applies less than three years after a previous valuation;

“relevant year of account” means a year of account beginning with the year of account ending on 31st December 1985;

(b) For the purposes of paragraph (6)(a) above, where —

- (i) there is a dispensation under section 41(5) of the 1974 Act in relation to a specific valuation (or in relation to consecutive valuations), and
- (ii) that specific valuation (or the first of those consecutive valuations) would have been, if made, the first valuation to which paragraph (4)(a) above would have applied —

there shall be deemed to have been a dispensation in operation at the key date withdrawn at the final date as at which that specific valuation (or the last of those consecutive valuations) would, but for the dispensation mentioned in paragraph (i) above, have been required to have been made.

4.—(1) This regulation applies to any society registered after 25th July 1968 if the society is a society —

- (a) which carries on long-term business; or

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(a) 1970 c.10; section 337(2) was amended by the Friendly Societies Act 1974 (c.46), section 116(9) and Schedule 9, paragraph 23(a), and section 41(7) of the Finance Act 1985 (c.54).

(b) to which regulation 3(1) of the 1969 Regulations applied immediately prior to the operative date.

(2) In respect of a newly covered society, this regulation first applies at the key date, that is to say —

(a) where the society first carries on long-term business during the year of account ending on 31st December 1985, on the operative date;

(b) where the society first carries on long-term business during a later year of account, on 1st January immediately following that year of account.

(3) Subject to the following paragraphs of this regulation and to regulation 5 below, section 41 of the 1974 Act shall have effect in relation to a society to which this regulation applies as if it required that society to cause its assets and liabilities to be valued under that section and to send to the registrar a report of those assets and liabilities at least once in every three years.

(4) The provisions of regulation 3(1) of the 1969 Regulations shall apply to a previously covered society as if they were contained in these Regulations.

(5) In respect of a newly covered society, the first valuation under section 41 of the 1974 Act following the key date shall be made as at a date no later than the earliest applicable relevant date of any of the following —

(a) the date five years after the registration of the society;

(b) the date three years after the withdrawal of any dispensation under section 41(5) of the 1974 Act in operation at the key date;

(c) the date five years after the previous valuation;

(d) the third 31st December following the key date.

(6) (a) In this regulation —

“key date” has the meaning assigned to it in paragraph (2) above;

“long term business” has the meaning assigned to it by section 1 of the 1982 Act;

“newly covered society” means a society to which paragraph (1)(a) above applies, but paragraph (1)(b) above does not apply;

“previously covered society” means a society to which paragraph (1)(b) above applies;

“relevant date” means a date which does not require a society to make a valuation less than three years after a previous valuation.

(b) For the purposes of paragraph (5)(b) above, where —

(i) there is a dispensation under section 41(5) of the 1974 Act in relation to a specific valuation (or in relation to consecutive valuations), and

(ii) that specific valuation (or the first of those consecutive valuations) would have been, if made, the first valuation to which paragraph (3) above would have applied —

there shall be deemed to have been a dispensation in operation at the key date withdrawn at the final date as at which that specific valuation (or the last of those consecutive valuations) would, but for the dispensation mentioned in paragraph (i) above, have been required to have been made.

5. A society registered after 25th July 1968 —

(a) which has not caused a valuation to be made prior to the operative date, and

(b) which is required to cause its first valuation to be made as at a date within a period which includes any 31st December following the operative date,

shall cause its first valuation to be made as at the last 31st December in that period.

6. The 1969 Regulations are hereby revoked, but not so as to affect their application under regulations 3(5) and 4(4) above.

*J. M. Bridgeman,*  
Chief Registrar of Friendly Societies.

Dated: 9th December 1985.

## EXPLANATORY NOTE

*(This Note is not part of the Regulations.)*

These Regulations replace the Friendly Society (Valuation) Regulations 1969.

Section 41 of the Friendly Societies Act 1974 requires registered friendly societies generally to have their assets and liabilities valued at least once every five years. Section 42 of that Act empowers the Chief Registrar to make regulations requiring specified categories of societies to have any specified business valued at least once every three years.

The 1969 Regulations, made under a similar provision in the Friendly and Industrial and Provident Societies Act 1968, required valuations to be made at least every three years by the following societies —

- (1) those registered after 25th July 1968 engaging in long-term business, in respect of all their business; and
- (2) those registered before 26th July 1968 whose life or endowment funds exceeded £1 million or whose contribution income in respect of those funds exceeded £150,000, in respect of their life or endowment business.

These Regulations extend the requirement for three-yearly valuations to societies which contract with any individual under life or endowment business for the assurance of a gross sum, or sums in total exceeding £5,000. Sums separately re-insured are to be ignored in deciding whether a society comes within this provision.

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