ELIZABETH II



1979 CHAPTER xiv

An Act to repeal the Scottish Equitable Life Assurance Society's Act 1902 and to make new provision for the regulation and management of the Society; and for other purposes. [6th December 1979]

WHEREAS—

(1) By a deed of constitution registered in the Books of Council and Session at Edinburgh on the 24th day of June 1831 the Scottish Equitable Life Assurance Society (hereinafter called "the Society") was by the name of the Scottish Equitable Assurance Society formed upon the principle of mutual assurance for securing provisions or benefits payable or commencing upon the termination of lives or upon survivorships and for other purposes:

(2) By a Charter under the Seal appointed by the Treaty of Union to be used in Scotland in place of the Great Seal dated the 27th January and sealed the 9th February, both 1838, the Society was incorporated under the name and style of the Scottish Equitable Life Assurance Society for the purpose of carrying on all the business of and connected with a life assurance society:

(3) By a Charter under the Great Seal of Ireland dated the 30th January and enrolled in the office of the Rolls of the High Court of Chancery in Ireland the 5th May, both 1846, it was granted, constituted, declared and appointed that the Society, for such purposes as aforesaid, should be and be called one body politic and corporate in Ireland by the name and style of the Scottish Equitable Life Assurance Society:

1847 c. xxxv. (4) By the Scottish Equitable Life Assurance Act 1847 the Society was incorporated for the purpose of carrying on all the business of and connected with a life assurance society in any part of Great Britain and Ireland and the colonies or elsewhere under the conditions and declarations and with the powers and privileges therein set forth:

1876 c. lxii. 1889 c. c. (5) By the Scottish Equitable Life Assurance Act 1876 and the Scottish Equitable Life Assurance Act 1889 further powers were conferred on the Society:

1902 c. xxxviii. (6) By the Scottish Equitable Life Assurance Society's Act 1902 (hereinafter referred to as "the Act of 1902") the recited deed of constitution, Charters and Acts were repealed and the powers of the Society thereunder were consolidated and enlarged:

(7) It is expedient in order to enable the Society to carry on its business to the best advantage and in accordance with present-day requirements that the Act of 1902 should be repealed and that further provision should be made for the regulation and management of the Society:

(8) It is expedient that the other provisions contained in this Act should be enacted:

(9) The purposes of this Act cannot be effected without the authority of Parliament:

May it therefore please Your Majesty that it may be enacted, and be it enacted, by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Short title and citation.

1. This Act may be cited as the Scottish Equitable Life Assurance Society Act 1979.

Interpretation.

2. In this Act, unless the context otherwise requires—

"assurance" means a contract by the Society for payment of any money or the conferring of any benefit on the happening of any contingency or event whether dependent on or connected with human life or not or for the payment of any annuity whether for a fixed term of years or dependent upon human life and shall include all such contracts entered into by the Society prior to or subsequent to the passing of this Act whether or not evidenced by a policy;

"existing" means existing immediately before the commencement of this Act;

"laws of the Society" means the provisions of this Act and the regulations;

"member" means a member of the Society as defined from time to time by the regulations;

"policy" means the instrument evidencing an assurance;

" regulations " means the regulations of the Society for the time being in force;

" Society " means Scottish Equitable Life Assurance Society;

" special resolution " has the meaning assigned to that expression by section 16 (Special resolution) of this Act.

Repeal of Act of 1902.

3. Subject to the provisions of this Act the Act of 1902 is hereby repealed.

General saving for incorporation and continuance of Society.

4. Notwithstanding such repeal as aforesaid the Society shall continue to be incorporated by its present name of the Scottish Equitable Life Assurance Society with perpetual succession and a common seal and with power to sue and be sued by such name as aforesaid and to hold and dispose of lands and further with such constitution, objects and powers and subject to such articles and regulations for its government and the management of its business and other matters as are contained in this Act and the schedule hereto or as the same may be from time to time lawfully altered, and the existing members of the Society shall (subject to the provisions of this Act) be members of the Society and the Society and any trustee or trustees on its behalf shall continue to hold and be entitled to enjoy and recover all property of every description (including things in action) which immediately before the date of such repeal as aforesaid belonged to or was vested in the Society or to or in such trustee or trustees on its behalf or to which the Society or such trustee or trustees on its behalf was or were entitled.

Saving for owners of existing policies.

5. Notwithstanding such repeal as aforesaid and any other provisions of this Act all existing policies of the Society shall entitle the owners thereof to the same security, rights, benefits and remedies secured by the terms of such policies as they would have had if this Act had not been passed.

Saving for assurances and actions.

6. Notwithstanding such repeal as aforesaid or any other provisions of this Act—

(1) all assurances, deeds, mortgages, bonds, contracts, agreements, securities, awards and other acts and things made and entered into, executed or done by or with the Society or any person or persons on its behalf and in force at the date of such repeal as aforesaid shall be as valid and effectual to all intents in favour of, against and with reference to the Society as if this Act had not been passed;

(2) any action, arbitration or other proceeding or cause of proceeding pending or existing at the date of such repeal as aforesaid by, with, against or in favour of the Society or any person or persons on its behalf shall not abate or be prejudicially affected by the passing of this Act but on the contrary may be continued or commenced and carried on by, with, against or in favour of the Society as if this Act had not been passed;

(3) all books and documents of or concerning the Society which if this Act had not been passed would have been admitted in evidence shall be admitted in evidence as if this Act had not been passed.

Existing directors to continue in office.

7. The existing directors shall become the directors of the Society and shall be subject to retiral by rotation as if they had been elected directors on the date when they were last elected or re-elected directors.

Name of Society.

8. The Society may from time to time by special resolution and with the consent of the Secretary of State change its name and such change of name shall be effective when it is advertised in the Edinburgh Gazette but no such change of name shall affect any rights or obligations or render defective any legal proceedings instituted or to be instituted by or against the Society and any legal proceedings may continue or commence against the Society by its new name that might have been continued or commenced against the Society by its former name.

Principal office, etc.

9. The principal office of the Society shall continue to be in Edinburgh unless and until it shall be otherwise determined by the directors. The directors may designate a local head office in respect of any place outside Scotland.

Assurances to be liable for claims of Society against members.

10. All moneys due or payable under any assurance to any member of the Society or other person together with the assurance itself shall be subject to and charged with and the same are hereby declared to belong to the Society in security of any indebtedness that may be owing by such member or other person to the Society and in security of the performance and discharge of all obligations incurred by such member or other person to the Society, and the directors may sell, surrender or otherwise dispose of the same as and when they shall think fit; but whenever an assignation in favour of a third party has been intimated to the Society no obligation subsequently contracted or incurred to the Society by the member or other person granting such assignation shall compete with the same.

Execution of documents relating to assurances, etc.

11. All assignations, discharges and other documents relating to any assurance and all deeds and other documents executed by the Society shall be deemed to be validly and sufficiently executed if executed according to the law of the place in which they are executed or the law of any part of the United Kingdom whether or not they are executed in the United Kingdom.

Liability of members for debts of Society.

12. No member of the Society, whether admitted a member before or after the passing of this Act, shall be liable for any debts or sums of money due or to become due by the Society whether by virtue of any assurance or otherwise and all creditors and other persons having claims against the Society shall be

entitled to make such claims effectual only against the proper funds of the Society and shall in no case or event whatsoever be entitled to make any demand or claim against any individual member of the Society for or on account of any debts or sums of money due by the Society; and it shall not be competent nor in the power of the Society or the directors or other persons on any account or occasion whatsoever to make any call upon any member of the Society for any sum of money in addition to the contributions payable by such member under the assurance or assurances forming the basis of his membership of the Society without the consent of such member first had and obtained.

Power to minors to effect assurances with Society.

13. A minor may effect assurances with the Society and may by his parent or guardian execute all proposals, declarations, receipts and discharges, and enjoy all privileges and be liable to all the responsibilities of a member of full age, notwithstanding any incapacity or disability in law to act for himself.

Jurisdiction of courts of law.

14. Every assurance effected with the Society by any person described in the policy evidencing the same as of any place in the United Kingdom shall be deemed to have been effected in that part of the United Kingdom with an insurance company having its domicile and head office there notwithstanding that it may appear on the face of the policy that the assurance was not in fact effected in that part of the United Kingdom, and in regard to every such assurance and all matters connected therewith the Society shall be subject to the jurisdiction of the courts of law in the part of the United Kingdom in which it is deemed to have been effected.

Regulations.

15.—(1) On the passing of this Act the regulations of the Society shall be as set forth in the Schedule to this Act.

(2) The Society may at any time by special resolution repeal or alter or add to the regulations.

(3) For the avoidance of doubt it is hereby declared that the regulations may define the objects and powers of the Society and the manner in which they and any of them may be repealed, altered, extended or modified.

(4) Notwithstanding subsections (1) and (2) of this section the provisions of the Companies Acts 1948 to 1976 and section 9 of the European Communities Act 1972 applicable to the Society in accordance with section 435 of the Companies Act 1948 shall apply to the Society.

1972 c. 68.
1948 c. 38.

Special resolution.

16. For the purposes of this Act and of the regulations a special resolution is a resolution of the Society supported by not less than three-fourths of the votes cast at a general meeting of which not less than twenty-one days' notice has been duly given in the manner prescribed in the regulations. Such notice shall contain a short specification of the purpose of the special resolution to be submitted to the meeting.

Dissolution of Society.

17. It shall be in the power of the members of the Society to dissolve the same but not until after such dissolution shall have been agreed to by the votes of four-fifths of the members present in person or by proxy and qualified to vote and voting at each of two successive special general meetings of the Society held at an interval of not less than six months from each other and each specially called by advertisement specifying the purpose of the meeting inserted once a month for three months in—

(*a*) each of two newspapers of which one shall be a newspaper published or generally circulating in Edinburgh and the other a newspaper published or generally circulating in London; and

(*b*) one or more of the newspapers published or generally circulating in each place in which the directors have designated a local head office.

Division of surplus assets on dissolution.

18. In the event of the dissolution of the Society the funds after paying the debts due by the Society and the amount of all matured claims shall be divided among the members of the Society having interests in such funds in proportion to the values of their assurances as determined by the actuary of the Society according to the laws of the Society:

Provided that in any such distribution of the funds of the Society the claim of any creditor of the Society shall rank before the claim of any member.

Companies Clauses Act not to apply. 1845 c. 17.

19. The Companies Clauses Consolidation (Scotland) Act 1845 shall not apply to the Society or its undertaking.

General Acts to apply. 1973 c. 58. 1974 c. 49. 1968 c. 6 (N.I.). S.I. 1976/59 (N.I. 3).

20. Nothing in this Act shall be deemed to exempt the Society from the provisions of the Insurance Companies Amendment Act 1973 (so far as the same is in operation at the passing of this Act), the Insurance Companies Act 1974, the Insurance Companies Act (Northern Ireland) 1968 as amended by the said Act of 1973, the Insurance Companies (Northern Ireland) Order 1976 or of any general Act passed during the present or any future session of Parliament affecting insurance companies formed previous to the passing thereof.

Saving for powers of Treasury. 1946 c. 58.

21.—(1) In the exercise of the powers of borrowing referred to in the regulations the Society shall comply with any order for the time being in force under section 1 of the Borrowing (Control and Guarantees) Act 1946.

1947 c. 14.

(2) Nothing in this Act shall be deemed to exempt the Society from the provisions of the Exchange Control Act 1947.

Costs of Act.

22. All costs, charges and expenses of and incidental to the preparing for, obtaining and passing of this Act and otherwise in relation thereto shall be paid by the Society and may be defrayed in whole or in part out of revenue.

SCHEDULE

REGULATIONS OF SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY

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Interpretation

Definitions.

1. In these regulations unless the subject or context otherwise requires—

"actuary" means any person appointed by the directors to perform the duties of the actuary of the Society as defined in the Insurance Companies Act 1974 and in relation to a separate fund in respect of business in a territory or territories outside the United Kingdom shall include any person appointed by the directors as actuary or as a temporary or assistant actuary of that fund;

1974 c. 49.

"assurance" means a contract by the Society for payment of any money or the conferring of any benefit on the happening of any contingency or event whether dependent on or connected with human life or not or for the payment of any annuity whether for a fixed term of years or dependent upon human life and shall include all such contracts entered into by the Society prior to or subsequent to the passing of the Scottish Equitable Life Assurance Society Act 1979 whether or not evidenced by a policy;

"chief executive" shall have the meaning assigned to those words by the Insurance Companies Act 1974 whether he be known as general manager or otherwise;

"existing" means existing immediately before the passing of Scottish Equitable Life Assurance Society Act 1979;

"in writing" means written, or produced by any substitution for writing, or recorded in any form which is capable of being reproduced in writing, or partly one and partly another;

"land" in addition to the meanings assigned to it by the Interpretation Act 1978 shall extend to and include all land of any tenure, any structural attachments thereto and any rights of servitude or of easement and any right, privilege, pertinent or benefit in, over or derived from land other than personal or movable property;

1978 c. 30.

"laws of the Society" means the provisions of the Scottish Equitable Life Assurance Society Act 1979 and the regulations;

"member" means a member of the Society as defined from time to time by the regulations;

"policy" means the instrument evidencing an assurance;

"prescribed" means prescribed by the directors;

"the regulations" means the regulations set out in this Schedule and all alterations, amendments or additions thereto;

"secretary" means any person or persons appointed by the directors to perform the duties of the secretary of the Society;

" Society " means Scottish Equitable Life Assurance Society;

" special resolution " has the meaning assigned to that expression by section 16 (Special resolution) of the Scottish Equitable Life Assurance Society Act 1979.

Objects

Objects of Society.

2. The objects of the Society are—

(1) to grant assurances annuities and benefits of all kinds with or without the right to participate in the surplus or profits of the Society for the payment of money in the form of a single payment or several payments or in the form of immediate or deferred or contingent annuities or otherwise upon the happening of any contingency involving human life or health or the occurrence of any accidental injury to any person or upon the expiry of any fixed or ascertainable period or periods or upon the marriage or birth or failure of issue of any person or the occurrence of any contingency or event which would or might be taken to affect the interest whether in possession, vested or contingent, expectant, prospective or otherwise in any property or the loss or recovery of contractual or testamentary capacity in any person or persons; and to grant assurances to the partners of firms or co-partneries to the extent of the sums likely to be required by those partners to acquire or extinguish the interests of their said co-partners in the said firms or co-partneries, and to shareholders in companies upon the lives of other shareholders to the extent of the sums likely to be required by those shareholders to acquire the shares of those other shareholders;

(2) to enter into contracts for the establishment, accumulation, provision and payment of sinking funds, redemption funds, depreciation funds and any other special funds and that either in consideration of a single payment or of an annual premium or otherwise and generally on such terms and conditions as may be arranged;

(3) to purchase and deal in and lend money on the security of life, reversionary and other interests in property of all kinds whether absolute or contingent or expectant and whether determinable or not and to acquire, lend money on, redeem, cancel or extinguish by purchase, surrender or otherwise any policy, annuity, security or contract issued or made or taken over or entered into by the Society.

Powers

Powers of Society.

3. The Society shall have power in aid of its objects and for the purposes thereof—

(1) to grant all such assurances and annuities and transact all other business as aforesaid and to reassure all or any of the

risks of the Society and undertake all kinds of reassurance connected with any of the business aforesaid and payable in the currency of any country;

(2) to hold and retain or to dispose of for the purposes of the Society all property, investments, securities or other estate or assets, heritable or movable, real or personal, held by the Society or by others on its behalf immediately prior to the commencement of the Scottish Equitable Life Assurance Society Act 1979;

(3) to purchase, take on lease or in exchange, hire or otherwise acquire any real or personal or heritable or movable property and any rights or privileges which the Society may think necessary or convenient or capable of being profitably dealt with in connection with any of the property, business or rights for the time being of the Society;

(4) to sell, exchange, mortgage, charge, lease, manage, maintain, build upon, develop or otherwise improve, deal with or dispose of the land of the Society or any part thereof or any estate or interest therein or relating thereto as the directors think fit;

(5) to sell, exchange, improve, manage, develop, enfranchise, lease, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property, investments, securities, assets or rights of the Society;

(6) to invest, lend out and deal with the moneys of the Society not immediately required in such manner as may from time to time be determined;

(7) to act as managers or trustees or secretaries of or as nominees for the managers or trustees or secretaries of any superannuation fund or any pension scheme or any life assurance scheme or of any person or company and generally to undertake the office and duties of and to exercise powers conferred by law or by deed on trustees, executors, administrators, attorneys and the like;

(8) to provide advice and supervisory services on all financial matters and to act as investment consultants and agents for any superannuation fund or any pension scheme or any life assurance scheme or any other fund or any person or company and generally for financial institutions of all kinds;

(9) to enter into arrangements with any government or authority, supreme, municipal, local or otherwise, and to obtain from any such government or authority all rights, concessions and privileges that may seem conducive to the attainment of the objects of the Society or any of them;

(10) to enter into and carry into effect any contract or agreement for purchasing, acquiring or taking over all or any of the business, property, rights and liabilities of or amalgamating

with or acquiring an interest in any other society, association, corporation or company carrying on any business or undertaking within the objects of the Society or for undertaking, paying and performing all or any of the assurances, annuities and engagements of any such other society, association or company or for selling or otherwise disposing of all or any of the business, property, rights and liabilities of the Society to any other society, association or company;

(11) to give to any persons or any class or section of persons who are insured or insure or have other dealings with the Society and that whether such persons or class or section of persons may or may not be members of the Society a right to participate in the profits of the Society or in the profits of any particular branch or department of its business either equally with other persons or classes or sections of persons or otherwise or any preference in ranking or other right, privilege, advantage or benefit;

(12) to establish and support or to aid in the establishment and support of associations, institutions, trusts, funds or facilities calculated to benefit directors or former directors, employees or ex-employees of the Society or the dependants or connections of such persons, and to grant pensions and allowances and to make payments towards insurance for the benefit of any such person;

(13) to subscribe or guarantee money to or for charitable or benevolent or other useful objects whether connected with the business of the Society or otherwise;

(14) to draw, accept, endorse, discount, execute and issue bills of exchange and promissory notes and other negotiable or transferable instruments;

(15) to borrow or raise money of such amounts and in such currencies and to secure the repayment of all money due by the Society and also to secure other debts and obligations of the Society all in such manner and on such terms as shall seem expedient and without prejudice to the generality of the foregoing to obtain advances by overdraft or to borrow money from any one or more banks institutions companies bodies persons or others and to grant charge or deposit from the moneys, funds and property of the Society or any part thereof such securities as may be arranged for any such advances or borrowings or for any such other debts or obligations and to redeem purchase or pay off such securities;

(16) to enter into any arrangement for sharing profits, union of interest, joint adventure, reciprocal concession or co-operation or otherwise with any person or company carrying on or engaged in, or about to carry on or engage in, any business or transaction which the Society is authorised to carry on or engage in, and to take or otherwise acquire and hold shares or stock in or securities of and to subsidise or otherwise assist

any such person or company, and to make and carry out arrangements for giving the Society the entire or partial control or management or benefit of the business of any such person or company and to guarantee dividends on shares, stock, debenture stock, mortgages, bonds or securities of any such company;

(17) to procure the Society to be registered or recognised in any place outside Scotland, and to make any investments or deposits in such names and manner as may be required, and to comply with any conditions necessary or expedient in order to enable the Society to carry on business in any territory outside Scotland, and to establish or guarantee local societies or companies or branch offices constituted or regulated under or by local laws for the purpose of carrying on any business which the Society is authorised to carry on;

(18) to form or assist in forming any society or company for the purpose of carrying on business which the Society is authorised to carry on, or for the purpose of acquiring the undertaking of the Society, or any part thereof, or for any other purpose whatsoever that may seem conducive to any of the interests of the Society and to hold shares, stock, debentures, debenture stock or any other interest in any such society or company, and to dispose of such shares, stock, debentures, debenture stock or interest and shall be deemed always to have had such power;

(19) to sell the undertaking of the Society or any part thereof for such consideration as the Society may think fit and in particular for shares, stock, policies, debentures, debenture stock or other securities of any other company having objects altogether or in part similar to those of the Society;

(20) to lend money to such persons and on such terms as may seem expedient and in particular to persons insuring or having other dealings with the Society;

(21) to accept money on deposit, at interest or otherwise;

(22) to petition Her Majesty for and to obtain any Royal Charter which the Society may consider directly or indirectly conducive to the benefit or interests of the Society;

(23) to take, make, support or oppose any proceedings or application for obtaining Provisional Orders, Acts of Parliament or other legislative acts in the United Kingdom of Great Britain and Northern Ireland or elsewhere which, in the opinion of the Society, may beneficially or adversely affect the Society or its members or some of them;

(24) to remunerate any persons for services rendered or to be rendered in placing or assisting to place securities of the Society, or in or about the conduct of the business of the Society;

(25) to promote, subscribe to, or become a member of, or co-operate with any association, company or other body, whether incorporated or not, having for its objects, or one of its objects, the benefit, assistance or protection of bodies carrying on any business which the Society is authorised to carry on, or otherwise calculated to benefit the Society directly or indirectly and to undertake liabilities or give guarantees or indemnities as subscribers to or members of any such association, company or body;

(26) to do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise;

(27) to do all such other things as may be considered incidental or conducive to the attainment of the objects of the Society or any of them.

Alteration, etc., of objects and powers.

4. The objects and powers of the Society as set out in regulations 2 and 3 respectively may be repealed, altered, extended or modified in the manner provided in section 15 (2) of the Scottish Equitable Life Assurance Society Act 1979.

Proposals

Assurances, discretion to accept proposals.

5. The directors shall have the sole discretion—

(*a*) to accept for such amounts on such conditions and subject to such special provisions as they think fit or to postpone the acceptance of or to refuse any proposal for any assurance or assurances authorised by these regulations without assigning any reason for so doing;

(*b*) to determine on the advice of the actuary the rates to be charged in respect of new proposals; and

(*c*) to vary the sum assured by or premiums payable under or any condition or special provisions of any subsisting assurance with the assent of the person or persons having right thereto.

Claims in bankruptcy

Representatives in bankruptcy.

6. In the event of any person against whom the Society shall have any claim or demand becoming bankrupt or of his estate being sequestrated or in course of liquidation or in the event of such person being desirous of effecting an arrangement with his creditors by means of a trust or by way of composition or otherwise it shall be lawful for the chief executive or the secretary or any agent or other person appointed in writing by either of them to represent the Society in all matters and proceedings relating thereto and to prove any debt owing to the Society by any such person and to make any claim demand affidavit or declaration which may be necessary for that purpose and to vote and otherwise act for and on behalf of the Society at all meetings of creditors of such person and otherwise in all respects as if such claim or demand were the claim or demand of the agent or person so appointed to represent the Society and a copy of the writing appointing such agent or person certified to be a true copy by the chief executive or secretary shall be conclusive evidence of the authority of such agent or person to represent the Society.

Trusts

Society not bound by trusts.

7.—(1) The Society shall not be bound to see to the execution of any trust whether express, implied or constructive, to which any assurance granted by the Society may be subject and a discharge of such assurance by the person in whom the same may be legally vested shall in all cases be a sufficient discharge and exoneration of the Society of and from all liability thereunder notwithstanding any trust to which the assurance may then be subject whether or not the Society has had notice of such trust.

(2) Where any assurance is legally vested in a person or persons as a trustee or trustees, or as a former trustee or former trustees, or as legal personal representative of a deceased trustee, of any trust the Society may in connection with that assurance transact with the person or persons who are for the time being duly appointed and acting as trustees of that trust, whether or not the assurance is legally vested in them or any of them, and all such transactions shall be as valid and effectual to the Society as if the assurance had been legally vested in the persons with whom the Society has transacted, notwithstanding that any person who is a trustee, but of whose appointment as such the Society has no notice, was not a party thereto or that a person who has demitted office as trustee, but of whose demission the Society has no notice, was a party thereto.

Members

Members.

8. All persons who were members of the Society on the date on which these regulations came into force and also all persons who shall become members in accordance with the regulations shall be members of the Society so long as they continue to comply with the conditions of membership prescribed by the regulations.

Admission of members.

9. A person wishing to become a member of the Society shall submit to the Society on the prescribed form a proposal for assurance and such further information as the Society may require. If the proposal is accepted by the Society the applicant shall become a member of the Society in respect of that assurance from the date on which the assurance comes into force.

Duration of membership.

10. Membership of the Society in respect of any assurance shall continue only so long as the assurance is kept in force by compliance with the conditions of the assurance taking into consideration any alteration of the original conditions of the assurance which may be agreed between the member and the Society. Upon failure to comply with the conditions of the assurance, original or as altered, or the regulations, membership in respect of that assurance shall cease and determine, but in the event of the assurance being revived in accordance with the conditions thereof and of the regulations, membership shall likewise be revived.

Cessation of membership.

11.—(1) Membership in respect of any assurance shall cease upon the occurrence of the event or contingency upon which the benefit or last of the benefits payable under the assurance falls due or the occurrence of any event or contingency (including the surrender of the assurance and the expiry of any period of assurance stated in the

policy) upon which the assurance ceases to be in force or at such earlier time as membership ceases in terms of regulation 13.

(2) On the occurrence of such event or contingency as aforesaid the person entitled to the benefit payable under the assurance shall upon proof satisfactory to the directors of such event or contingency having occurred become a creditor on the funds of the Society applicable to such policy for the sum of money payable under and by virtue thereof.

Payments in respect of assurances.

12.—(1) Every claim against the funds of the Society shall be payable at such time or times as shall be specified in the policy applicable thereto or at such other time or times as may be agreed upon between the Society and the claimant or fixed in accordance with the laws of the Society.

(2) Except as otherwise agreed between the Society and the person by or to whom such sums are payable, all sums payable to or by the Society in respect of an assurance shall be payable at the place of payment specified in the policy and if no such place is specified, at the principal office of the Society or, in the case of an assurance effected in a place in respect of which a local head office has been designated, at that local head office.

Assignees, etc.

13. Assignation or transference of any assurance shall not confer membership of the Society in respect thereof and no assignee or transferee (hereinafter referred to as " the assignee ") whether legal or contractual (including assignees in trust, assignees or trustees in bankruptcy, judicial factors and receivers) shall be entitled to attend or to vote at meetings of the Society or to have any voice in its affairs except that if according to the terms of the assurance or in consequence of assignation or other transference of any kind, the assignee has acquired or shall acquire the absolute right to such assurance such assignee may become a member in place of the former member of the Society in respect of the assurance if it is so agreed between himself and the Society, provided that he complies with such requirements as may from time to time be prescribed by the laws of the Society, and on such person becoming a member of the Society the former member of the Society shall cease to be a member thereof.

If any assurance is declared to be non-assignable the Society shall not be bound by any assignation or purported assignation thereof or any notice or intimation of any such assignation and the receipt of the person who would otherwise have been entitled to the assurance shall be the Society's full and sufficient discharge.

Owners of assurances bound by notices to previous owners.

14. Every person who by operation of law, assignation, purchase or other means whatsoever shall become the owner of any assurance, shall be bound by every notice in respect of such assurance which prior to his name and address being entered on the Society's register of policyholders shall have been duly given to any person from whom he derives his title to such assurance.

Meetings

Annual general meeting.

15. The annual general meeting of the Society shall be held at such place and on such date in each year as the directors shall from time to time appoint, provided that not more than fifteen months shall elapse between the date of one annual general meeting and that of the next.

Special general meetings.

16.—(1) The directors may call a special general meeting of the Society at any time and may submit to such general meeting any business they consider to be in the interests of the Society.

(2) The directors shall call a special general meeting of the Society upon a requisition in writing signed by five or more directors or by fifty or more members qualified to vote.

Such requisition shall be addressed to the secretary and shall be delivered at the principal office of the Society and shall state the business of the required meeting.

(3) Every special general meeting shall be held at a time and place fixed by the directors and the secretary shall call the same by advertisement (specifying shortly the purpose for which the meeting is called).

(4) Should the directors within twenty-one days from the date of receipt of a requisition not proceed to call the meeting, the requisitionists may themselves convene the meeting but any meeting so convened shall not be held after three calendar months from the receipt of the requisition.

(5) A special general meeting shall not proceed to any business other than the business for which such general meeting shall have been called.

Notice of general meetings.

17. An annual or special general meeting shall be called by notice specifying the place, day and hour of the meeting and given by advertisement appearing not less than three times in each of two newspapers of which one shall be published or generally circulating in Edinburgh, and the other shall be published or generally circulating in London. The first appearance shall be not more than twenty-eight days or less than twenty-one days before the proposed date of the meeting and there shall be at least six days between each of the three appearances taken into account for the purposes of this regulation:

Provided that if an annual general meeting has not been duly advertised but the advertisement has appeared on at least one occasion and the failure to advertise duly has been caused by the non-publication of the newspapers in question or either of them, the members present at the time and place advertised shall proceed to transact such business as could have been transacted at an annual general meeting which had been duly advertised but at which no quorum was present.

Powers of annual general meeting.

18. The ordinary business of each annual general meeting shall be to consider the accounts and balance sheet and the ordinary reports of the directors and auditors and any matters connected with the business or affairs of the Society referred to the meeting by the directors, to elect directors, to elect or re-elect one or more auditors, to determine the remuneration to be paid to the directors and to transact any other business which under the laws of the Society ought to be transacted at the annual general meeting of the Society.

No business other than ordinary business as above defined shall be transacted at any annual general meeting except with the approval of the directors and unless notice of the further business to be transacted thereat shall have been given in the notice convening the meeting.

Quorum.

19. At every general meeting of the Society twelve members present in person or by proxy shall be a quorum. If at the time fixed for an annual general meeting there shall not be a quorum the members then present shall nevertheless proceed to the election of directors and the appointment of an auditor or auditors as herein prescribed and such election and appointment shall be as valid as if the meeting had been duly constituted. At any general meeting at which a quorum is not present the members present shall have power to adjourn the meeting.

Chairmanship of general meetings.

20. At all general meetings of the Society the chairman of directors, whom failing the deputy chairman, shall take the chair but if neither the chairman nor the deputy chairman shall be present the meeting shall appoint as its chairman one of the directors present, or if no director shall be present, one of the members present.

Adjournment of meeting.

21. The chairman may with the consent of any general meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

It shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

Voting.

22. At any general meeting a resolution put to the vote of the meeting shall be decided by a simple majority of the votes cast by the members present in person or by proxy and entitled to vote except where under the laws of the Society a different majority is provided for. The vote shall be taken on a show of hands unless a poll is demanded (before, or on the declaration of the result of, the show of hands) by the chairman or by a majority of the directors present or by not less than fifty or one-quarter (whichever is the greater) of the members present in person or by proxy and entitled to vote.

Unless a poll is demanded, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Society's minute book shall be conclusive evidence of the fact without any further proof. The demand for a poll may be withdrawn.

Taking of poll.

23. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place and in such manner as the chairman of the meeting directs. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Chairman's casting vote.

24. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or the poll is taken shall have a casting in addition to any deliberative vote.

Validity of proceedings.

25. No resolution or proceedings at any general meeting shall be invalidated by reason of it being discovered subsequent thereto that one or more of the persons attending the same and voting thereat was or were not qualified to vote.

Voting of members

Qualification of member to vote.

26. Every member who at the commencement of the meeting—

(1) is a member in respect of any assurance which has been at least one year in force, any period during which the said policy if then revived had been lapsed being disregarded (including the assignee of any such policy of assurance, who has become a member in respect thereof in accordance with regulation 13); or

(2) is a director of the Society who is not a member in respect of any assurance which has been at least one year in force;

shall be entitled to attend and vote at meetings of the Society and subject to regulations 28 and 30 no persons other than members qualified as aforesaid shall be entitled to attend and vote at meetings of the Society. The chief executive, the actuary and the secretary shall be entitled to attend meetings of the Society but shall not be entitled to vote unless they are members qualified as aforesaid.

Joint members.

27. No assurance shall give right to more than one vote and if two or more persons (not being a corporation) are joint members in respect of any assurance any right to attend a general meeting of the Society and vote thereat arising in respect of that assurance may be exercised in person or by proxy by such one of the joint members as may be authorised in writing by the other joint members, or failing such authorisation may be exercised by the joint member first named in the policy relative to that assurance and by none other.

Representatives of corporations.

28. Any corporation or body which is a member of the Society entitled to attend and vote at a general meeting of the Society may by resolution of its directors or other governing body from time to time authorise such person as it thinks fit to act as its representative at general meetings of the Society and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation or body which he represents as that corporation or body could exercise if it were an individual member of the Society.

Members of unsound mind.

29. A member otherwise qualified to vote who is of unsound mind and in respect of whom an order has been made in any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

Proxies.

30. Any member of the Society entitled to attend and vote at any general meeting of the Society shall be entitled to appoint another person (who need not be a member of the Society) as his proxy to attend and vote instead of him. A proxy shall be entitled to vote but shall not be entitled to speak except to demand or join in demanding a poll.

Form of proxies.

31. An instrument appointing a proxy shall be in writing in the usual common form or in any other form which the directors may accept and if the appointor is an individual, shall be signed by the appointor or his attorney or if the appointor is a corporation shall be given under its common seal or signed on its behalf by an attorney.

Deposit of proxies.

32. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority shall be deposited at the principal office of the Society not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Authority conferred by proxies.

33. The instrument appointing a proxy shall, unless the contrary be stated therein, be valid as well for any adjournment of a meeting as for the meeting or meetings to which it relates.

Validity of proxies.

34. A vote given in terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the instrument was executed, provided that no intimation in writing of such death, insanity or revocation as aforesaid shall have been received by the Society at its principal office twenty-four hours before the commencement of the meeting or adjourned meeting at which the proxy is used.

Objections to voting.

35. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

Number of votes.

36. On a show of hands at a general meeting each person qualified to vote in accordance with the foregoing regulations present at the meeting in person shall be entitled to one vote.

On a poll, each such person present at the meeting in person or by proxy shall have one vote and in addition a person who would be entitled to vote in more than one capacity (that is to say as an individual member, as the person qualified to vote in respect of a joint membership or two or more joint memberships, as the representative of any corporation or body or two or more corporations or bodies, or as the person entitled to vote for any member who is of unsound mind or similarly incapacitated or any two or more such members) shall be entitled to an additional vote in respect of each such capacity beyond the first. A proxy if duly authorised shall be entitled to exercise all the votes to which the persons appointing him are entitled in addition to any vote or votes which he is entitled to exercise in accordance with the preceding part of this regulation.

Directors

Management of Society.

37.—(1) The government direction and superintendence of the affairs of the Society and the appointment of all the officers agents and others connected with the Society shall be vested in a board of directors.

(2) The ordinary business and administration of the affairs of the Society shall be conducted and carried on by the directors and by the chief executive, actuary, secretary, agents and other officers and servants of the Society appointed by the directors.

(3) The directors may exercise all such powers of the Society as are not by the laws of the Society required to be exercised by the Society in general meeting.

Number of directors and alteration of number.

38. The board of directors shall not be less than four or more than twelve in number. The Society may in general meeting increase or reduce the number of directors.

Proceedings in case of vacancies.

39.—(1) The continuing directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the minimum fixed by or pursuant to these regulations the continuing directors may act for the purpose of increasing the number of directors to that number or of summoning a general meeting of the Society but for no other purpose.

(2) If at any time the Society has no directors a special general meeting of the Society may elect directors.

Qualifications of directors.

40. A director shall require to be a member of the Society. No person shall be appointed or elected a director if he has attained the age of seventy.

Vacation of office and removal of directors.

41.—(1) The office of a director shall ipso facto be vacated—

(*a*) if he ceases to be a member of the Society;

(*b*) if he becomes bankrupt or compounds with his creditors;

(*c*) if he is found lunatic or becomes of unsound mind;

(*d*) if he becomes disqualified by law from holding a directorship;

(*e*) if he gives to the secretary at the principal office of the Society written notice of resignation (which resignation shall be effective from the date of receipt by the secretary of such notice or such later date as shall be specified in the notice);

(*f*) if he is absent from meetings of the directors for six calendar months without leave of absence from the directors and the directors resolve that by reason thereof his office be vacated;

(*g*) on the date of an annual general meeting if he has attained the age specified in regulation 40 since the last annual general meeting.

(2) A director may be removed from office by a resolution to that effect passed either—

(*a*) at a meeting of directors specially called for the purpose of considering such a resolution, of which at least twenty-one days' notice shall have been given to all the directors and carried by the votes of not less than three-quarters of all the directors; or

(*b*) by the Society in general meeting the notice of which shall include among the purposes of the meeting the consideration of such a resolution.

Certain acts not to disqualify.

42. A director shall not be disqualified by his office from contracting with the Society either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Society in which a director shall be in any way interested be avoided, nor shall a director so contracting or being

so interested be liable to account to the Society for any profit realised by any such contract or arrangement by reason only of such director holding that office or of the fiduciary relation thereby established:

Provided that the nature of his interest must be disclosed by him at the meeting of the directors at which the contract or arrangement is determined if his interest then exists or in any other case at the first meeting of the directors after the acquisition of his interest:

Provided further that no director shall as a director vote in respect of any contract or arrangement in which he is so interested as aforesaid (nor shall be counted in the quorum present during such vote) and that if he do so vote his vote shall not be counted, but this prohibition may at any time or times be suspended or relaxed to any extent by the Society in general meeting.

General notice as to director's interests.

43. A general notice that a director is a member of any specified firm or company and is to be regarded as interested in all transactions with that firm or company shall be a sufficient disclosure under the foregoing regulation as regards such director and the said transactions and after such general notice it shall not be necessary for such director to give special notice of his interest in any particular transaction with that firm or company.

Disclosure of interest to officer of Society.

44. Where a director is directly or indirectly interested in any assurance which shall in the ordinary course of business be effected by or through such director through the proper officer of the Society disclosure to such officer that such director is so interested shall be deemed to be sufficient disclosure for the purposes of the foregoing regulations and such officer may deal with any such contract as regards terms, premium, commission or otherwise as freely as he could deal therewith if such director were not so interested.

Directors may hold other office except auditor.

45. A director may hold any other office or place of profit under the Society in conjunction with the office of director except that of auditor and on such terms as to remuneration, tenure of office, duties and otherwise as the directors think fit.

Directors may be members or directors of company promoted by Society.

46. A director may become and continue a member or director of any company promoted by the Society or in which the Society may be interested as vendors, shareholders or otherwise, and such director shall not be accountable for any benefits received by him as member or director of such company.

Remuneration of directors.

47. The members present at an annual general meeting or at a special general meeting called for the purpose shall determine or provide for the determination of the remuneration of the directors. Such remuneration may consist in part of provision for benefits under schemes or arrangements such as are specified in regulation 74. Any director who at the request of the board performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director may be paid such extra remuneration as the directors may determine. In addition each director shall be entitled to repayment of any travelling and other expenses properly incurred by him in attending any meeting of directors or of a committee of directors or in performing at the request of the board extra services for any purposes of the Society.

Rotation of directors

Rotation of directors.

48. On the date of the annual general meeting in each year there shall go out of office, in addition to any director whose office is vacated in terms of regulation 41 (1) (*g*), the two other directors who have been longest in office since last election.

Two or more directors whose last election took place on the same date shall be regarded for the purpose of this regulation as having been elected in order of seniority of age.

Directors retiring by rotation shall be eligible for re-election.

Society may regulate rotation by resolution.

49. The Society may from time to time in general meeting by resolution—

(*a*) alter the number of directors who shall annually go out of office but providing always that those going out of office by rotation shall not exceed one-third of the number of directors fixed in terms of regulation 38; and

(*b*) prescribe such interval as may be considered expedient during which retiring directors shall not be eligible for re-election.

The Society may alter or rescind such resolutions from time to time.

Retiring directors retain office until close of meeting.

50. A director going out of office in terms of regulations 41 (1) (*g*), 48 or 53 at a meeting of the Society shall retain office until the close of the meeting or of any adjournment thereof.

Election of directors.

51. If at the meeting at which any director goes out of office by rotation as aforesaid no other director is elected in his place, the director going out of office shall if eligible for and offering himself for re-election be deemed to have been re-elected unless at such meeting it is expressly resolved that his office be vacated or unless a resolution for his re-election shall have been put to the meeting and lost. If the number of directors elected to fill vacancies is less than the number of vacancies the directors elected shall unless otherwise resolved at the meeting be deemed to fill first any vacancies existing before the meeting and then the places of the directors going out of office at the meeting in order of seniority in age.

Mode of election.

52. The directors shall be elected from time to time by the Society in general meeting. No person other than a retiring director shall be eligible for election at a general meeting of the Society unless his election is approved by the directors or written notice of the intention to propose his election signed by twenty members qualified to vote and signed also by the person proposed to be elected as signifying his willingness to serve if elected is deposited with the Society not less than twenty-eight days before the meeting.

Casual vacancy may be filled by Board.

53. If at any time the number of directors is less than the number fixed by the Society in terms of regulation 38 the directors may appoint an additional director or directors to fill the vacancy or vacancies. A director so appointed shall, along with the directors retiring in terms of regulation 48 retire from office at the annual general meeting next occurring after his appointment and shall be eligible for re-election.

Committees of directors

Committees.

54. The directors may delegate any of their powers with reference to particular matters to committees of their own number. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the directors.

Chairmen of committees.

55. A committee may elect a chairman of its meetings. If no such chairman be elected or if at any meeting the chairman be not present within five minutes after the time appointed for holding the same the members present may choose one of their number to be chairman of the meeting.

Proceedings of committees.

56. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of its members present and in case of an equality of votes the chairman of the meeting shall have a casting in addition to any deliberative vote.

Acts of directors and committees valid notwithstanding informalities.

57. All acts done by any meeting of directors or of a committee of directors or by any person acting as a director shall notwithstanding it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid or that they or any of them were disqualified or had vacated office be as valid as if every such person had been duly appointed and was qualified and had continued to be a director.

Meetings of directors

Meetings of directors.

58. The directors shall meet for the dispatch of business at such times as they shall think fit in the principal office of the Society or in such other place as may from time to time be appointed by them and may adjourn or regulate their meetings as they think fit.

Notice of meetings.

59. The directors may at their discretion decide to hold meetings at regular intervals in which event no notice of a meeting shall be requisite provided that the secretary shall have circulated to all directors at a meeting or through the post or otherwise a written statement of the intended dates of future meetings over such period as he may deem appropriate. The chairman or deputy chairman for the time being or any three directors may instruct the secretary to call a special meeting of the directors which he shall then do in writing (without being required to specify the business to be considered at that meeting) at least three clear days before the time appointed for that meeting. It shall not be necessary to give notice of a meeting of directors to any director who is at the time absent from the United Kingdom.

Chairman and deputy chairman.

60. The directors shall elect a chairman of their meetings and a deputy chairman to act in the absence of the chairman and determine the period for which each is to hold office; but if at any meeting the chairman or deputy chairman is not present within five minutes of the time appointed for holding the meeting the directors present may choose one of their own number to be chairman of the meeting.

Quorum.

61. On every occasion when the directors meet as a board three shall be a quorum and on every occasion when a committee of the directors meet two shall be a quorum unless the directors shall have ordained otherwise.

Voting.

62. Subject to the provisions herein contained all business that shall come before the directors shall be decided by the majority of votes of the directors present. But in case at any time one-third of the directors present shall be of a different opinion from the majority it shall be in the power of the dissentients to require the matter upon which such difference of opinion shall have arisen to lie over and be referred to a subsequent meeting of directors and such matter shall in that case lie over and be disposed of by such subsequent meeting. At any meeting of the directors the chairman of the meeting shall have a casting in addition to his deliberative vote as a director.

Resolution in writing.

63. A resolution in writing (not being a resolution for the removal of a director) signed by all of the directors in the United Kingdom at the time shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

Minutes.

64. The directors shall cause minutes of proceedings of their meetings to be duly entered in books (which may be loose-leaf books) to be provided for the purpose and every entry shall be signed by the chairman of the meeting at which such proceedings take place or by the chairman of the next succeeding meeting at which the minutes are approved. Such minute books shall be held by the secretary and be available for inspection by any director.

President and vice-presidents

President and vice-presidents.

65.—(1) The Society in general meeting may appoint any person (whether a member or not) whom they think fit to be president or vice-president of the Society; there shall not be more than one president, nor more than three vice-presidents. The president and vice-presidents shall be entitled to attend general meetings of the Society but not to vote thereat unless qualified to do so as members or proxies for members of the Society. The president and vice-presidents shall be entitled to such remuneration for the exercise of their office as the directors shall consider reasonable. They shall as such have no powers, privileges and responsibilities other than as specified in this regulation and shall hold office for such period as the directors may decide or until their earlier resignation. If a person appointed president or vice-president is or shall become a director of the Society he shall be entitled to exercise all the rights, powers and privileges of a director irrespective of his appointment as president or vice-president.

(2) The name of any person intended to be proposed at any general meeting as president or vice-president must be intimated in writing to the secretary at least twenty-eight days before the date of such meeting.

Local directors

Local directors.

66. The directors shall have power from time to time to appoint provincial or local directors or committees in the United Kingdom or elsewhere with such powers and duties in relation to the local management of the affairs of the Society and local head offices as the directors may think proper.

Remuneration of local directors.

67. The directors may pay such local directors such remuneration as they may consider reasonable. The directors may also make provision for local directors in the form of benefits under schemes or arrangements such as are specified in regulation 74 or by way of commission or bonus on the business arising in that place in respect of which they have been appointed or in such other form as may be lawful and agreed between the local directors and the directors.

Qualifications of local directors.

68. Local directors shall require to be members of the Society but shall not be regarded as directors for the purpose of the laws of the Society except in regard to the powers delegated to them by the directors.

Meetings of local directors.

69. The regulations applicable to meetings of committees shall apply to meetings of local directors. Local directors shall appoint a secretary (who may be one of their own number) and shall keep a record of their meetings in a minute book maintained for the purpose. As soon as conveniently practicable, and in any event within one month after each meeting, the secretary so appointed will forward a copy of the minute of that meeting duly certified by the chairman as a correct record to the secretary of the Society.

Officers, employees, etc.

Chief executive actuary and secretary.

70.—(1) The directors shall appoint a chief executive (who shall be designated "general manager" or otherwise as the directors shall decide), an actuary and a secretary, and any person so appointed may be removed or suspended from office by them. The directors may fix, assign and alter the duties of such chief executive, actuary or secretary and their remuneration and the conditions of their appointments as they think fit but subject always to the duties laid upon such officers by the laws of the Society or by statute.

(2) The chief executive, actuary and secretary and all other officers of the Society must if required by the directors be members thereof.

Dual appointments.

71. The offices of chief executive, actuary and secretary or any of them may be held concurrently by the same person and nothing in these regulations shall prevent the holder of such office, if eligible, being elected or appointed or holding office as a director. The provisions of the laws of the Society requiring or authorising a thing to be done by a director and the chief executive, actuary or secretary or by any two of them shall not be satisfied by its being done by the same person acting in more than one capacity.

Other officers, etc.

72. The directors may appoint and remunerate such bankers, professional advisers, employees, agents and others as they may consider necessary for efficiently carrying on the business or affairs of the Society (including therein the management of the property, rights and assets of the Society) and may suspend or cancel any such appointment.

Directors may delegate powers to officers, etc.

73. The directors may delegate to the chief executive, actuary, secretary or other duly appointed officer of the Society any of the powers exercisable by them as directors subject to such restrictions and upon such conditions as they think fit or are imposed by these regulations (including the power to appoint remove or suspend any such persons as are specified in the foregoing regulation) and unless otherwise ordained by the directors the persons to whom such powers are delegated may in turn delegate their exercise to employees of the Society or other fit persons.

Retirement and other benefits to employees, etc.

74. The directors may enter, through trustees or otherwise, into schemes or arrangements to provide life assurance, medical or other benefits for employees of the Society and to provide pensions or other benefits for employees, former employees, their wives, families, connections and dependants, such provision extending to directors and former directors in so far as authorised by the Society in general meeting. The directors may at their discretion grant pensions or honoraria to retired employees of the Society (including for the purpose of this regulation former directors irrespective of whether they had a contract of service with the Society or not) and their wives, families, connections and dependants either in augmentation of benefits provided by the aforesaid schemes or arrangements or otherwise.

Attorneys

Attorneys appointed by directors.

75. The directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the Society for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with such attorney as the directors may think fit and may also authorise such attorney to delegate all or any of the powers, authorities and discretions vested in him.

Trustees or nominees

Appointment of trustees or nominees.

76. The directors may from time to time appoint directors or officers of the Society or any other person or persons or corporation as trustees or nominees for the Society to accept and hold any property, mortgage, investment or security belonging to the Society or in which it is interested in trust for the Society for such purposes, on such terms and with such powers as the directors may specify and the directors may execute and do all such deeds and things as may be requisite in relation to any such trust and may provide for the remuneration of such trustees or nominees.

Borrowing powers

Power to borrow and give security.

77. The directors may raise or borrow or secure the payment of any sum or sums of money for the purposes of the Society in such manner and upon such terms and conditions in all respects as they think fit and grant such security therefor as may be arranged, charged upon all or any part of the property, assets and rights of the Society, both present and future.

Seal

Common seal.

78. The directors shall provide for the safe custody of the common seal of the Society and may make rules as to the precautions to be taken when the seal is affixed to any deed or other writing.

Seal for use abroad.

79. The Society may have, for use in any place outside Scotland in respect of which the directors have designated a local head office in accordance with the laws of the Society, an official seal which shall be a facsimile of the common seal of the Society, with the addition on its face of the name of every place where it is to be used. A deed or other writing to which an official seal is duly affixed shall bind the Society as if it had been sealed with the common seal of the Society. The directors may by writing under the common seal of the Society authorise any person or persons appointed for the purpose in that place as its agent to affix the official seal to any deed or other writing to which the Society is a party in that place, and the authority of any such agent shall continue during the period, if any, mentioned in the instrument confirming the authority or, if no period is mentioned therein, until revocation or determination of the agent's authority has been given to the person dealing with him. The agent in affixing such official seal shall, by writing under his hand, certify on the deed or other writing to which the seal is affixed the date on which and the place at which it is affixed.

Authentication of documents.

80. A document or other proceeding requiring authentication by the Society may be signed by a director or the secretary or any other authorised officer of the Society and need not be under the common seal of the Society.

Execution of deeds, etc.

81.—(1) All policies of assurance, bonds, conveyances, contracts, agreements, discharges, powers of attorney and other deeds and writings which require to be granted and executed by the Society may be in writing or printed or partly in writing and partly printed, and shall be valid and effective, binding and obligatory, on the Society with or without the common seal of the Society if the same are signed by an officer of the Society having authority from the directors to sign the same:

Provided that in the case of policies, the signature of any person authorised by the directors to sign the same may be reproduced thereon in facsimile by mechanical or electronic means:

Provided also that notwithstanding anything to the contrary in this regulation the directors may make such rules as they think fit for the signing of such documents, but no person receiving the same shall be bound or required to see that the same have been approved or sanctioned by the directors.

(2) In all matters and proceedings in which the Society is required to make any declaration or affidavit such declaration or affidavit may be made by any one director or by the chief executive or secretary of the Society or such other officer of the Society as the directors shall appoint and the same when so made shall be sufficient.

(3) The members, directors, chief executive, actuary, secretary, agents, clerks and other officers or employees of the Society shall not in consequence of their connexion with the Society be disqualified from

being witnesses to any deeds, writings or instruments wherein the Society may be concerned or have an interest.

Separation of funds

Formation of separate funds.

82. The directors may make all necessary and convenient arrangements for carrying the receipts of any particular class of business or the business arising in any place outside Scotland to, and meeting the payments in respect of such business from, a separate fund, and may if they think fit provide that such fund be security for the assurances attributable thereto in the same manner as if it formed the fund of a separate company carrying on no other business than such assurances.

Application of separate funds.

83. Subject always to statutory or other legally imposed restrictions, the directors may make provision in relation to a separate fund as to whether such fund be liable for any contracts of the Society not attributable to it, as to whether and to what extent and in what circumstances transfer to or from other funds of the Society be made from or to such fund, as to the extent to which the expenses of general management of the Society and the expenses of operating such fund be met from such fund, and otherwise.

Prospectuses for separate funds.

84. The directors shall, in issuing such prospectuses for business as they think fit, specify in respect of business for which a separate fund has been formed any special conditions as to the basis of security for such business and participation in the profits of the Society.

Reserve funds.

85. The directors may, in relation to any separate fund or otherwise, establish reserves which may or may not be allocated for a specific purpose and the directors may at any time, subject always to any statutory or other legally imposed restrictions, transfer to or from such reserves such sums as they think fit.

Actuarial report

Actuarial valuation and report.

86. A valuation and report shall be made by the actuary to the directors as at the end of each financial year regarding the financial position of the Society and of each separate fund established in accordance with these regulations.

Distribution of profits

Allocation of surplus.

87. At intervals of three years or such shorter period as the directors shall determine the actuary in the report submitted to the directors in accordance with the preceding regulation shall certify the amount of the surplus, if any, which in his opinion is then available for allocation to assurances entitled to participate in the profits of the Society, and the directors may declare to be distributable the whole, or such part, if any, as they think fit of such surplus.

If a separate fund has been established by the directors in respect of certain assurances in accordance with these regulations the distributable surplus for that fund shall be declared separately.

Nothing in this regulation shall require that the directors declare the whole surplus arising to be distributable and they may in their discretion determine that the whole such surplus in the fund of the Society, or of any separate fund. be carried forward in that fund.

88. The directors shall declare the basis upon which the distributable surplus or a sum as near as convenient to the distributable surplus is allocated among the assurances which are entitled to participate in the profits of the Society, having regard to the terms and conditions thereof and to the separate fund relative thereto. The distributable surplus may be applied in the provision of reversionary bonuses on such assurances or by reduction of premiums or otherwise as the directors may determine. Nothing in this regulation shall require that the directors allocate any of the distributable surplus to assurances which are no longer in force at the date on which the directors actually make their declaration. Bonus distribution.

89. The reversionary bonuses so provided shall at each declaration become immediately vested to the same effect as if such additions had formed part of the sums originally assured or the annuities originally secured as the case may be. Vesting of reversionary bonuses.

90. At their discretion and if the policy conditions permit the directors may also arrange with any member holding (or other person in right of) an assurance which qualifies for the addition of a reversionary bonus or for the reduction of premium by application of a bonus or for a bonus in any other form for such bonus to be cancelled for a cash payment on such basis as they may determine and for the policy conditions and benefits to be restored to those which would have been applicable if no bonus had been declared. Encashment of bonuses.

91. In respect of the period since the previous distribution of surplus, or in any other respect as the directors may determine, the directors may provide at the date of claim under assurances entitled to participate in the profits of the Society an interim bonus addition or special bonus addition or other bonus addition on such basis or bases and at such rate or rates as they may from time to time determine, and the directors shall have power to amend such basis or bases and rate or rates, or to suspend payment of such interim or special or other bonus additions, at any time. Bonus on claims between distributions.

92. The directors shall have power by arrangement with any applicant for membership or the holder of any policy and either at the time when a proposal for assurance or annuity is made or at any time thereafter to limit postpone or otherwise restrict his right of participation in the surplus or profits or to commute his share of the profits or any part thereof past or future for a payment in cash or a reduction of the premium to be paid upon such assurance or annuity or payable in respect of such policy or for any other consideration. Directors may by arrangement limit, postpone, restrict or commute right of participation.

Accounts

93. The directors may open banking accounts in name of the Society with such bank or banks as they may select and these accounts shall be operated on by such of the directors officers or agents of the Society as the directors may authorise to that effect and under such regulations and conditions as may be made from time to time by the directors, declaring, however, that such bank or banks shall have no duty to ensure that such regulations and conditions have been observed. Bank accounts.

Accounting records to be kept.

94. The directors shall cause full and true accounting records to be kept in such form as shall seem to them most suitable for preserving an accurate and distinct view of the affairs of the Society. The accounting records shall show—

(1) the sums of money received and expended by the Society and the matters in respect of which such receipt and expenditure take place;

(2) the assets and liabilities of the Society; and

(3) the separate transactions relative to separate funds of the Society.

In the keeping of such accounts the directors shall have regard to any provisions of the statutes with regard to the accounts to be kept by assurance companies.

Accounting records, where to be kept.

95. The accounting records shall be kept at the principal office of the Society, or at such other place or places as the directors think fit, and shall always be open to the inspection of the directors. The accounting records of a separate fund in respect of business arising in any place outside Scotland in respect of which the directors have designated a local head office may be kept at that local head office but such other information as the directors may require to enable them to ascertain with reasonable accuracy the financial position of that fund, shall be submitted to the principal office of the Society at intervals of not more than six months and held there or at such other place as aforesaid for such period as the directors may prescribe and such information shall always be open to the inspection of the directors.

Members' right to inspect books.

96. No member shall have any right of inspecting any account or record or book or document of the Society except as authorised by the directors or by a resolution of the Society in general meeting.

Annual accounts and balance sheet.

97. At each annual general meeting the directors shall lay before the Society a revenue account and a balance sheet made up to the preceding thirty-first day of December or to such other day as the directors may from time to time determine which revenue account and balance sheet shall have been duly audited and shall be in the forms required by the statutes to be prepared by assurance companies.

Annual report of directors.

98. Every such account and balance sheet shall be accompanied by a report of the directors as to the state and condition of the Society and the account, report and balance sheet shall give such further information as the directors may from time to time determine.

Copies of accounts for members.

99. A printed copy of every such account, balance sheet and report shall on the application of any member be forwarded to him by post or otherwise. If a separate account, balance sheet and report is published for a separate fund in respect of business in any place in respect of which a local head office has been designated by the directors in accordance with the laws of the Society, a copy of such account, balance sheet and report shall on the application of any member in relation to a policy in that fund be likewise forwarded to him.

Auditor

Qualifications and duties of auditor. 1976 c. 69. 1974 c. 49.

100. An auditor of the Society shall be appointed and his duties regulated in accordance with the provisions of the Companies Act 1976 relating to audit as applied to the Society and of section 17 of the Insurance Companies Act 1974.

Remuneration of auditor.

101. The remuneration of the auditor may be fixed by the Society at the annual general meeting at which such auditor is appointed and if not then so fixed shall be fixed by the directors.

Indemnity

Indemnity for officers of Society.

102. So far as allowed by law, every director, local director, chief executive, actuary, secretary or other officer or auditor for the time being of the Society shall—

(1) be indemnified out of the funds of the Society against all costs, charges, losses, damages and expenses which he shall respectively incur or be put to on account of any contract, act, deed, matter or thing which shall be made, done, entered into or executed by him respectively on behalf of the Society; and

(2) be reimbursed by the Society all reasonable expenses incurred by him in or about any legal proceedings or arbitration on account of the Society or otherwise in the execution of his respective office except such costs, losses and expenses as shall happen through his respective negligence, default, breach of duty or breach of trust; and

(3) be indemnified out of the funds of the Society against any liability incurred by him in any such capacity in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in any proceedings for negligence, default, breach of duty or breach of trust in which he is relieved by the court from his liability.

Any such director, local director, chief executive, actuary, secretary or other officer or auditor shall be chargeable only for so much money as he shall actually receive and they respectively shall not be answerable for the acts, receipts, neglects or defaults of each other but each of them for his own acts, receipts, neglects or defaults only; nor shall they respectively be answerable for any banker, broker, collector or other person with whom or into whose hands any property or moneys of the Society may be deposited or come nor for the insufficiency of the title to any security or investment which may from time to time be acquired on behalf of the Society nor for the insufficiency of any investment or security, in which any of the moneys of the Society shall be placed by order of or under authority from the directors nor for any loss or damage which may happen in the execution of their respective offices unless the same shall happen through their own respective negligence, default, breach of duty or breach of trust.

Surrender of assurances

Surrender, alteration, etc., of assurances.

103.—(1) The person in whom any assurance is legally vested whether such person is beneficially entitled thereto or holds the same as mortgagee of or as a trustee for any other person may surrender such assurance in whole or in part to the Society either for a cash payment or in consideration of the assurance being converted into a paid-up assurance for a reduced amount, or in exchange for any paid-up or other assurance to be substituted for the original assurance or for any other consideration, or may borrow from the Society on the security of such assurance the amount of the premiums or other sums required to keep the assurance in force or may otherwise deal with such assurance as may be agreed between such person and the Society and if any assurance is legally vested in the Society as mortgagee or is charged to the Society by way of lien, deposit or otherwise, the Society may surrender such assurance to itself, giving credit or otherwise accounting for its surrender value or may so long as the Society shall see fit keep the assurance in force charging it with the amount of the premiums or other sums required for that purpose.

(2) Any surrender, charge or agreement made or entered into under this section shall be valid and effectual in all respects and shall be on such terms as the directors shall decide.

(3) The directors shall have power to declare that any assurance has been forfeited or has become void and of no effect in accordance with the conditions of the policy or otherwise and to determine the conditions governing such forfeiture or voidance, and the conditions under which an assurance which shall have become forfeit from non-payment of premiums or from any other cause may be revived or maintained in force.

(4) The directors may make ex gratia payments of such amount as they think fit in the case of any assurance which has been forfeited or which has become void.

(5) At any time during the currency of an assurance on the application of or by arrangement with the person in whom the assurance is legally vested, the directors may alter or vary the then subsisting method of making the contributions in respect of such assurance to any other method of equivalent value approved of by the directors or substitute an assurance payable on the occurrence of any other event or convert an assurance of one class into an assurance of any other class on such terms and conditions as the directors may deem equitable and proper.

(6) The directors shall have power to call for such evidence as they may deem necessary of all claims against the funds of the Society and upon their being satisfied of the justice of such claims to direct the payment thereof.

Notices

Service of writs, etc., on Society.

104. Any summons or notice, or any writ or other proceedings requiring to be served on the Society, may be served by being given personally to the Secretary of the Society or by being left at or transmitted by post in a registered letter or by the recorded delivery service

to the principal office of the Society or a local head office of the Society outside Scotland if the service relates to assurances or other engagements entered into with parties described as of any place in the place in respect of which that local head office has been designated by the directors.

Service of notice on members.

105. A notice requiring to be served by the Society upon any member otherwise than by advertisement may be served either personally or by sending it through the post addressed to such member at his registered address. Notice may be given to joint members by giving the notice to the member first named in the policy.

The registered address of a member shall be the latest address in the United Kingdom or in a place outside the United Kingdom in respect of which a local head office has been designated by the directors which has been notified to the Society and is registered in its record of addresses as the address of the member.

The Society shall not be obliged to serve any such notice upon any member who has failed to give notice of an address in terms of the preceding paragraph.

Notice by advertisement.

106. Any notice required to be given by the Society to the members, policyholders, policy owners or any of them and not expressly provided for by the regulations shall be sufficiently given if given by advertisement.

Any notice required to be or which may be given by advertisement shall, if not otherwise expressly provided for by the regulations, be advertised at least once in a newspaper published or generally circulating in Edinburgh and a newspaper published or generally circulating in London, and also at least once in a newspaper published or generally circulating in each place outside the United Kingdom in respect of which a local head office has been designated by the directors; but a notice which does not relate to assurances effected in the United Kingdom need not be advertised there, and a notice which does not relate to a place in respect of which a local head office has been designated need not be advertised in that place.

Notice by post.

107. Any notice sent by post shall be deemed to have been served forty-eight hours after it has been posted and in proving such service it shall be sufficient to prove that the notice was properly addressed, prepaid and put into the post office.

Authentication of notices.

108. The signature to any notice to be given by the Society may be written or printed.

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SCHEDULE—Regulations of Scottish Equitable Life Assurance Society.