Scottish Life Assurance Company Act 1968

CHAPTER iv

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ELIZABETH II



1968 CHAPTER iv

An Act to incorporate The Scottish Life Assurance Company and to provide for the control and management of the Company as a mutual assurance company; to transfer to the Company the assets of The Scottish Life Assurance Company Limited; to provide for compensating the holders of share capital of the Limited Company and to dissolve the Limited Company; and for other purposes. [8th May 1968]

WHEREAS—

(1) The Scottish Life Assurance Company Limited (hereinafter called "the Limited Company") was incorporated on 6th May, 1881, under the Companies Acts 1862 to 1880 as a company limited by shares having its registered office in Scotland, for the purposes of effecting life assurances, annuities, endowments and other contracts dependent upon the contingencies of human life and insurances against injuries or other liabilities and the transacting, in the United Kingdom or elsewhere, of all kinds of business of a life assurance, accident assurance, employers' liability assurance or reversionary company:

(2) On 5th April, 1949, a special resolution of the Limited Company was passed by which the objects of the Limited Company were extended to include the carrying on of the business of life assurance in all its branches, the granting of insurances against personal injuries, sickness or incapacity, the granting of annuities of all kinds, the accumulation of funds, and the purchase of reversionary and other interests in property:

(3) By resolutions of the directors of the Limited Company dated 23rd December, 1966, certain assets of the Limited Company were allocated to its Life Assurance and Annuity Fund and a Scheme was adopted whereby a Committee consisting of certain holders of policies of assurance issued by the Limited Company was established with control over the investment of those assets:

(4) The share capital of the Limited Company is, and has since its incorporation been, £500,000 divided into 100.000 shares of £5 each, of which there have been issued 50,000 shares, and on each of such issued shares there has been paid up the sum of £1 10s.:

(5) It is expedient that the share capital of the Limited Company should be cancelled and the Limited Company dissolved and that a new company to be known as The Scottish Life Assurance Company (hereinafter called " the Company ") should be incorporated as a company not having a share capital, to continue the business of the Limited Company, and that loan stock of the Company should be created for issue to holders of shares in the share capital of the Limited Company, and that persons assured from time to time with the Company should be members of the Company (without personal liability) and have the control and management thereof subject to the Regulations of the Company from time to time in force:

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

(7) The objects of this Act cannot be attained 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

1. This Act may be cited as the Scottish Life Assurance Company Act 1968.

Interpretation.

2.—(1) In this Act, unless the subject or context otherwise requires—

"the appointed day" means the 27th September, 1968;

"the Company" means The Scottish Life Assurance Company as incorporated by this Act;

"the directors" means the directors for the time being of the Company but does not include local directors or members of local boards;

"enactment" includes any public general, local or private Act, and any order or other instrument having the force of an Act;

"existing" means existing immediately before the appointed day;

"the Limited Company" means The Scottish Life Assurance Company Limited as existing;

"officer" has the meaning assigned to that expression by section 455 of the Companies Act 1948; 1948 c. 38.

"person assured" means the person by whom a policy is effected;

"policy" means an instrument evidencing a contract of assurance or insurance or in respect of which in consideration of a premium or premiums liability has been undertaken for the payment of any money on the happening of any one or more contingencies or events or on the expiration of a fixed or ascertainable period whether dependent on, or connected with, life or not;

"the Regulations" means the Regulations of the Company set forth in Schedule 2 to this Act or as from time to time altered in pursuance of the Company's power to alter the same;

"Stock" means the loan stock by this Act created or, as the case may require, the amount thereof for the time being issued and outstanding or a specific portion thereof.

(2) Any reference in this Act to any enactment shall be construed as a reference to that enactment as applied, extended, amended or varied by, or by virtue of, any subsequent enactment, including this Act.

Dissolution of Limited Company and cancellation of share capital.

3. On the appointed day the incorporation of the Limited Company as a company limited by shares shall be annulled, the scheme established by the Limited Company dated 23rd December, 1966, and the existing allocation of the assets of the Limited Company shall be annulled, all the shares in the share capital

of the Limited Company shall be cancelled, together with all claims and rights attaching thereto, and the Limited Company shall, by virtue of this Act, be dissolved.

Incorporation of Company.

4. On and from the appointed day, all persons assured by virtue of existing policies with the Limited Company shall be the first members of the Company and such members and all other persons who shall thereafter become members of the Company in accordance with the Regulations, so long as they respectively fulfil and continue to fulfil the conditions of membership as prescribed by the Regulations, shall be and are hereby incorporated by the name and designation "The Scottish Life Assurance Company" and by that name shall be a body corporate with perpetual succession and a common seal and with power to take, hold and dispose of lands and other property in any manner and in any part of the world.

Members not to be personally liable.

5. No member of the Company shall be liable for any debts or sums of money due, or to become due, by the Company whether by virtue of any policy granted by the Company or otherwise; and all creditors and other persons having claims against the Company shall be entitled to make such claims effectual only against the proper funds of the Company and shall in no case or event whatever be entitled to make any demand or claim against any member of the Company for or on account of any debts or sums from time to time due by the Company.

Membership.

6. No person entitled to, or having rights in respect of, any policy in consequence of any assignment, assignation or other transmission or devolution, whether by deed or operation of law, shall thereby become or be a member of the Company.

Vesting in Company of existing property of Limited Company.

7.—(1) All property, heritable and moveable, real and personal, of whatever kind or nature, including all interests and rights in, to and out of any such property, which immediately before the appointed day were held by, or vested in, the Limited Company, or held by, or vested in, the manager or trustees or any other persons for behoof of, or in trust for, the Limited Company (whether the trust for the Limited Company be or be not expressed on the face of the deed or writing constituting the title thereto) shall, on the appointed day and without any other requisite, pass to, and vest in, the Company for all the estate and interest therein of the Limited Company, and all persons holding the title to, or legal estate in, any such property shall be bound to execute at the request and expense of the Company all such transfers, conveyances, deeds and writings as the Company may desire them to execute with reference thereto, and all liabilities to which immediately before the appointed day the Limited Company was subject shall on that day be transferred to, and become the liabilities of, the Company.

2) No further conveyance, transfer or act, writ or deed shall necessary to complete the title to, or effect the vesting in, the mpany of any property of any kind which was formerly held or for behoof of, or in trust for, or which belonged to, the mited Company and which passes to the Company by virtue the provisions of this Act; and the production of a print of this t shall be deemed to be sufficient to satisfy all parties interested the vesting in the Company of all property formerly held by, for behoof of, or in trust for, the Limited Company.

Consideration for cancellation of share capital.

.—(1) There shall be hereby created on the appointed day ock of the Company of the aggregate amount of £1,000,000 such greater amount as shall be required for the purposes of subsection (2) of this section and such Stock shall confer on the lders thereof the rights and privileges and be issued subject to e terms and conditions hereafter in this section mentioned.

(2) Every person who immediately before the appointed day s a holder of a share of five pounds in the share capital of the mited Company shall on that day be entitled in respect of each ch share either—

(i) to have issued to him, or to such person as he may direct, Stock of the Company issued as fully paid of the nominal amount of £102; or

(ii) if he shall have given, not less than seven days before the appointed day, notice in writing to the Limited Company at its registered office of his desire to receive cash in lieu of Stock, to have paid to him, or to such person as he may direct, the sum of £102.

(3) (*a*) The Stock shall be constituted by a Trust Deed to be ade between the Company and a trust corporation (as defined section 205 of the Law of Property Act 1925) as trustees for e holders of the Stock and shall be an unsecured obligation of e Company carrying interest, as from the appointed day, at e rate of 7⅛ per cent. per annum. 1925 c. 20.

(*b*) The Company shall be entitled upon giving not less than ee months' notice in writing expiring on or at any time after th September, 1997, to redeem the whole or any part of the ock at par together with accrued interest and all Stock out-nding on 27th September, 2002, shall be repaid by the Company par together with accrued interest.

(*c*) The Trust Deed constituting the Stock shall contain the ovisions set forth in Schedule 1 to this Act and such further ovisions relating to the Stock and matters incidental thereto as ay be agreed between the Company and the trust corporation.

(4) The Stock and all letters of allotment or other documents sued by the Company evidencing a right to receive the same

shall, in the hands of an existing holder of shares in the share capital of the Limited Company, be subject and liable to the same trusts, powers, provisions, declarations, agreements, charges, liens and encumbrances as, immediately before the appointed day, affected the shares in lieu of which the Stock is issued, and every deed or other instrument (including mandates for payment of dividends) and any will or other disposition of or affecting shares in the share capital of the Limited Company, and the dividends payable thereon, shall take effect with reference to and apply to, the Stock issued in lieu thereof and the interest payable thereon, or to the letters of allotment or other documents issued by the Company evidencing a right to receive such Stock, as the case may be.

(5) Trustees, executors and all other holders in a representative or fiduciary capacity of shares in the share capital of the Limited Company may accept the Stock and may hold, dispose of, or otherwise deal with, the same in all respects as they might have held, disposed of, or otherwise dealt with, the shares in the share capital of the Limited Company in lieu of which the same is issued.

(6) The directors shall, as and when they see fit, issue certificates for the Stock created and issued under this section, on such conditions as to evidence of title or otherwise in regard to the shares in the share capital of the Limited Company in lieu of which the Stock is issued as they may determine and the payment of cash under this section shall be subject to such conditions as to evidence of title or otherwise in regard to the shares in the share capital of the Limited Company in respect of which the cash is payable as the directors may determine.

(7) In the event of the nominal amount of the Stock required for the purposes of subsection (2) of this section being less than £1,000,000 the Company shall be at liberty, on or after the appointed day, to issue any unissued balance of the Stock to such persons at such price and upon such conditions as the directors may see fit.

(8) The directors shall cause to be made in the existing register of members of the Limited Company and in the register of stockholders and in the other record books and documents of the Company such entries and alterations as may be necessary to carry into effect the provisions of this Act, and thereupon the register of members of the Limited Company shall be finally closed.

(9) Notwithstanding the provisions of this section, all transfers and other dispositions of shares in the share capital of the Limited Company delivered to the Limited Company but not registered before the appointed day shall, subject to the provisions of this

...t, be valid and have due effect given to them as transfers or ...positions of any Stock which, under the provisions of this Act, ...issued in lieu of the shares in the share capital of the Limited ...mpany thereby transferred or disposed of or, as the case may ... of the right to receive any cash payable in respect thereof.

Regulations of Company.

...9. The Regulations set forth in Schedule 2 to this Act shall be ...e Regulations of the Company subject to the provisions of ...e Companies Act 1948 applicable to the Company in accordance ...ith section 435 of that Act and section 20 (Application of ...rovisions of Companies Acts 1948 to 1967) of this Act and ... any alteration of, or addition to, the Regulations which may ...e made by the Company under section 10 (Alteration of ...egulations) of this Act.

1948 c. 38.

Alteration of Regulations.

10. The Company may from time to time by special resolution ...defined by this Act alter or add to the Regulations, and any ...teration or addition so made shall, except for the purposes of ...ction 20 (Application of provisions of Companies Acts 1948 to ...967) of this Act, be as valid as if contained in the Regulations ... enacted in this Act and shall be subject in like manner to ...teration by special resolution.

Special resolution.

11. For the purposes of this Act and of the Regulations a ...pecial resolution is a resolution of the Company passed by a ...ajority of not less than three-fourths in number of the members ... the Company who, being entitled to do so, vote at a general ...eeting of the Company of which not less than twenty-one days' ...otice specifying the intention to propose the resolution as a ...pecial resolution shall have been given in writing or by ...dvertisement in accordance with the Regulations.

Existing directors to continue in office.

12.—(1) The first directors of the Company shall be the ...irectors of the Limited Company who were in office as such ...mmediately before the appointed day.

(2) Each of the directors shall continue in office until he retires ...y rotation as provided by the Regulations unless he shall sooner ...ie, resign, become disqualified or be removed from office.

(3) For ascertaining the rotation of retirement of the first ...irectors each of them shall be deemed to have been in office ...nce the date of his last election as a director of the Limited ...ompany.

Existing auditor to continue in office.

13. The auditor of the Limited Company who was in office ...s such immediately before the appointed day shall be the auditor ...f the Company and shall continue in that office until the first ...nnual general meeting of the Company held thereafter unless ...e shall sooner die, resign, become disqualified or be removed ...om office.

Existing officers to continue in office.

14. All officers and employees of the Limited Company who were in office or employment as such immediately before the appointed day shall continue to hold and enjoy their respective offices or employments as officers or employees of the Company and shall be subject and liable to the like conditions, obligations and penalties and to the like powers of removal and to the like rules, restrictions and provisions in all respects as they were as officers or employees of the Limited Company immediately before that day.

Saving for existing rights and liabilities.

15. Except as otherwise provided by this Act everything done or suffered before the appointed day by, or with reference to, the Limited Company or the shareholders of the Limited Company or the holders of policies issued by the Limited Company including all resolutions, regulations and bye-laws made by the Limited Company in general meeting or by its directors shall be as valid as if this Act had not been passed.

Saving for existing policies, etc.

16. All policies, bonds and other obligations and all debts and liabilities of whatever kind made, granted, issued, incurred or undertaken by the Limited Company or by the directors or officers thereof, or by any other person in name and on behalf of the Limited Company, and valid and subsisting against the Limited Company immediately before the appointed day shall be, and are hereby declared to be, valid and subsisting against the Company as if the same had been made, granted, issued, incurred or undertaken by the Company under the authority of this Act and all existing policies shall entitle the holders thereof to the same benefits and remedies secured by the terms of such policies as they would have had if this Act had not been passed.

Saving for pending actions.

17. Nothing in this Act shall cause the abatement, discontinuance or determination of, or in anywise prejudicially affect, any action, suit, reference, arbitration or other proceeding commenced by or against the Limited Company, either solely or jointly with any other person, before and pending at the appointed day, but the same may be prosecuted, enforced and carried out by or against the Company, either solely or, as the case may be, jointly with such other person, to the same extent as the same might have been prosecuted, enforced and carried out by or against the Limited Company if this Act had not been passed.

Saving for existing rights of action.

18. All causes and rights of action, suit, reference, arbitration or other proceeding which have accrued before and are in any manner enforceable by, for or against the Limited Company at the appointed day shall be and remain as good, valid and

ectual by, for or against the Company as they would or might e been by, for or against the Limited Company if this Act i not been passed.

9. The Companies Clauses Consolidation (Scotland) Act 45 and the enactments amending the same shall not apply to Company or its funds or assets. Companies Clauses Acts not to apply. 1845 c. 17.

0. In addition to any provisions of the Companies Acts 1948 1967 applicable to the Company in accordance with section 435 the Companies Act 1948 or otherwise, all provisions of those ts referred to in the Regulations as enacted in this Act and tions 32 to 34 and 36 (relating to contracts and the authenti- tion of documents) and section 186 (relating to the disclosure age by directors) of the said Act of 1948 shall apply to the mpany as if it were a company formed and registered under at Act and the Regulations were the Company's articles of sociation. Application of provisions of Companies Acts 1948 to 1967. 1948 c. 38.

21. Nothing in this Act shall be deemed to exempt the Company m the provisions of the Insurance Companies Acts 1958 to 1967, from the provisions of any general Act passed during the resent or any future session of Parliament affecting insurance mpanies formed before the passing thereof. Company not exempt from provisions of general Acts.

22. All costs, charges and expenses preliminary to, and of and idental to, the preparation of, obtaining and passing of this t. or otherwise in relation thereto, shall be paid by the Company. Costs of Act.

SCHEDULES

SCHEDULE 1

Section 8 (3)

PROVISIONS APPLICABLE TO THE STOCK

Definitions.

1. In this Schedule and in the Trust Deed constituting the Stock unless the subject or context otherwise requires—

(A) "the Trustees" means the trustees from time to time for the holders of the Stock:

(B) "subsidiary", "debenture" and "equity share capital" have the meanings respectively assigned by the Companies Act 1948:

1948 c. 38.

(C) "moneys borrowed" shall be deemed to include all of the following (together with any fixed or minimum premium payable on final repayment), namely:—

(*a*) the principal amount for the time being outstanding in respect of any debenture of the Company or of any subsidiary of the Company;

(*b*) the principal amount raised by the Company or any subsidiary of the Company under any acceptance credit opened on its behalf by any bank or accepting house;

(*c*) the maximum contingent liability of the Company or any subsidiary of the Company by way of recourse arising from the sale or discounting of bills of exchange, debts or other obligations of any person or body, whether corporate or unincorporate (other than the Company or a subsidiary of the Company);

(*d*) the nominal amount of any share capital or money borrowed the repayment of which is guaranteed by the Company or by a subsidiary of the Company save to the extent that the principal obligation consists of money borrowed; and

(*e*) the nominal amount of any share capital (other than equity share capital) of a subsidiary of the Company which is beneficially owned by any person other than the Company or another subsidiary of the Company:

Provided that none of the following obligations which would otherwise be within the foregoing definition of "moneys borrowed" shall be deemed to be included as such, namely:—

(i) (pending application for such purpose) any money borrowed for the purpose of, and intended to be applied within four months of being so borrowed in, repayment of other moneys borrowed; or

(ii) the proportion of moneys borrowed by a partly-owned subsidiary of the Company equal to the proportion of its equity share capital not attributable to the Company or another subsidiary of the Company; or

SCH. 1 —*cont.*

(iii) any moneys borrowed by the Company from a subsidiary of the Company or by a subsidiary of the Company from the Company or from another subsidiary of the Company; or

(iv) any liability of the Company or any subsidiary of the Company in respect of any policy issued by the Company or any subsidiary of the Company in the normal course of their respective businesses ; or

(v) any moneys due under any guarantee by the Company or a subsidiary of the Company to the extent to which the principal obligation is hereby deemed not to be included as " moneys borrowed ":

(D) " extraordinary resolution " means a resolution passed at a meeting of the Stockholders duly convened and held and carried by a majority of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-fourths in value of the votes given on such poll.

Interest.

2. The Stock shall carry interest at the rate of 7⅛ per cent. per annum payable by half-yearly instalments on the 27th March and 27th September in each year; the first such payment of interest shall be made on the 27th March 1969 and shall be calculated at the rate aforesaid in respect of the period to that date from the appointed day.

Redemption and purchase of Stock.

3. (A) The Company shall be entitled upon giving not less than three months' notice in writing expiring on or at any time after 27th September 1997 to redeem the whole or any part, to be selected by drawings, of the Stock at par, together with accrued interest.

(B) The Company shall be at liberty from time to time to purchase stock in the market or by tender (available to all stockholders alike) at any price or by private treaty at a price (inclusive of accrued interest) not exceeding £105 per cent. but not otherwise.

(C) All Stock so redeemed or purchased shall be cancelled and shall not be re-issued.

(D) All Stock outstanding on 27th September 2002 shall be repaid by the Company at par together with accrued interest.

Restrictions.

4. (A) The Company shall procure that so long as any of the Stock remains outstanding, except with the sanction of an extraordinary resolution—

(i) the aggregate principal amount for the time being outstanding of moneys borrowed by the Company and its subsidiaries shall not exceed an amount equal to 15 per cent. of the aggregate of the amounts standing to the credit of the Life Assurance and Annuity Funds of the Company and its subsidiaries as shown in a consolidation of the then latest audited balance sheets of the Company and its subsidiaries; and

(ii) the aggregate principal amount for the time being of (*a*) any moneys borrowed by the Company the repayment of which

SCH. 1 —*cont.*

is secured by any mortgage or charge on the property of th Company, and (*b*) any moneys borrowed by its subsidiari shall not exceed one-third of the amount referred to in sub-paragraph (A) (*i*) of this paragraph.

(B) Without the prior written consent of the Trustees, the Compan shall not and shall procure that no subsidiary of the Company sha so long as any of the Stock remains outstanding sell, transfer o otherwise dispose of (whether by means of one transaction or a serie of transactions related or not and whether at one time or over a perio of time) except to a subsidiary of the Company or to the Compan the whole or any part (being in either case substantial in relation t the Company and its subsidiaries taken as a whole) of its undertakin or (except in the normal course of business) of its assets. For the purposes of this sub-paragraph none of the following shall be deeme to be a sale, transfer or disposal to which this sub-paragraph applies:-

(i) the exchange of property for other property of a similar natur and of approximately equal value; or

(ii) the sale of property (including shares in subsidiaries of the Company) for cash and the application of a sum or sum approximately equal to the proceeds of sale in the acquisition of property or assets (including shares of a company whic thereupon becomes a subsidiary of the Company) where th nature of the businesses in which the property or assets ar to be employed (or which such subsidiary carries on) i similar to or allied to or associated with any business in which the Company or any of the subsidiaries of the Compan is substantially engaged on the appointed day; or

(iii) the reassurance of all or any risks of the Company or o any subsidiary of the Company in the normal course o business; or

(iv) the payment of cash howsoever acquired (other than th proceeds of sale falling within sub-paragraph (B) (*ii*) of this paragraph) by the Company and any of its subsidiaries as consideration or part consideration for the acquisition of an undertaking or part of an undertaking or any assets; or

(v) the application of the proceeds of an issue of share capital or loan capital for the purposes of such issue as stated in the prospectus or other offering document; or

(vi) any mortgage or charge within the limit laid down by sub-paragraph (A) (ii) of this paragraph; or

(vii) a members' voluntary winding-up of any subsidiary of the Company; or

(viii) any transposition of or alteration in the investment asset of the Life Assurance and Annuity Funds of the Compan and its subsidiaries.

The consent of the Trustees to any transaction referred to in thi sub-paragraph may be given only if in the opinion of the Trustee such transaction would not materially prejudice the interests of the

SCH. 1 —*cont.*

...ckholders and such consent may be given subject to such conditions the Trustees see fit to impose; the Trustees may at the request of ... Company waive or vary such conditions if in their opinion such ...iver or variation would not materially prejudice the interests of the ...ckholders.

(c) Except with the sanction of an extraordinary resolution the ...mpany shall not and shall procure that none of its subsidiaries shall, ...ether by the acquisition of subsidiaries or otherwise, make any ...teration in the nature of their respective businesses as carried on—

(i) at the appointed day in the case of the Company and any of its subsidiaries which are subsidiaries of the Company on that day; and

(ii) at the date of becoming subsidiaries of the Company in the case of any subsidiaries of the Company which become subsidiaries after the appointed day;

...ing an alteration which constitutes a substantial alteration taking ... business of the Company and its subsidiaries as one business.

Modification of rights.

5. (i) The rights of the stockholders and the provisions contained ...this Schedule or in the Trust Deed shall be subject to modification ...y the Company and the Trustees with the sanction of an extraordinary ...solution; and

(ii) The Trustees may without such sanction concur with the ...ompany in making any modification to the provisions contained in ...is Schedule or in the Trust Deed, if the Trustees are of the opinion ...at such alteration will not be materially prejudicial to the interests ... the stockholders.

Transfers.

6. The Stock shall be registered and transferable in multiples of £1.

Votes.

7. At a meeting of stockholders every stockholder who is present ... person shall on a show of hands have one vote and on a poll every ...ockholder who is present in person or by proxy shall have one vote ...r every £1 of Stock of which he is the holder.

Section 2.

SCHEDULE 2

REGULATIONS

OF

THE SCOTTISH LIFE ASSURANCE COMPANY

INTERPRETATION

Interpretation.

1. (1) In these Regulations, unless the subject or context otherwise requires—

1948 c. 38.

"the Act" means the Companies Act 1948 and "the Acts" means the Companies Acts 1948 to 1967;

"the original Regulations" means the Regulations of the Company as originally enacted;

"these Regulations" means the original Regulations or as from time to time altered by special resolution;

"the Auditors" means the auditor or auditors for the time being of the Company;

"the Company" means The Scottish Life Assurance Company;

"the Directors" means the directors for the time being of the Company but does not include local directors or members of local boards;

"existing" means existing at the time when the original Regulations come into force;

"member" means member of the Company as defined by these Regulations;

"Office" means the principal office of the Company;

"participating policy" means a policy for the time being carrying a present right to participate in the profits of the Company and "holder of a participating policy" means the person for the time being entitled at law to a participating policy;

"person assured" means the person by whom a policy is effected with the Company;

"policy" means an instrument evidencing a contract of assurance or insurance by the Company or in respect of which the Company has in consideration of a premium or premiums undertaken liability for the payment of any money on the happening of any one or more contingencies or events or on the expiration of a fixed or ascertainable period whether dependent on or connected with life or not;

"policyholder" means the person for the time being entitled at law to a policy;

"the Seal" means the common seal of the Company;

"Secretary" means any person appointed to perform the duties of the Secretary of the Company and shall include a temporary or assistant secretary;

"the United Kingdom" means Great Britain and Northern Ireland;

"year" means calendar year;

"month" means calendar month;

SCH. 2 —*cont.*

Words importing the singular number only include the plural number and vice versa;

Words importing the masculine gender only include the feminine gender;

Words importing persons include corporations;

"in writing" means written or produced by any substitute for writing, or partly one and partly another.

eference to any provision of the Act shall be construed as a erence to such provision as modified by any statute for the time g in force.

2) Subject to paragraph (1) of this Regulation, any words or pressions defined in the Act shall, unless the subject or context herwise requires, bear the same meaning in these Regulations.

PRINCIPAL OFFICE

. The Office of the Company will be situated in Scotland.

OBJECTS

3. The objects of the Company are:—

(1) To carry on the business of life assurance in all its branches and in particular to grant or effect assurances of all kinds for payment of money by way of a single payment or by several payments or by way of immediate or deferred annuities or otherwise upon the happening of all or any of the following events, namely, the death or marriage or the attainment of a given age by any person or persons or the expiration of any fixed or ascertainable period or the occurrence of any contingency or event which would or might be taken to affect the interest whether in possession, vested, contingent, expectant, prospective or otherwise of any person or persons in any property.

(2) To grant insurances payable upon or after the happening of personal injuries caused by accident of any description or upon the happening of sickness or bodily or mental incapacity.

(3) To grant annuities of all kinds whether dependent on human life or otherwise and whether immediate or deferred, contingent or otherwise.

(4) 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.

(5) To purchase and deal in and lend 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.

SCH. 2 —*cont.*

(6) To re-assure all or any risks and to undertake all kinds of re-assurance connected with any of the businesses aforesaid.

(7) To give to any class or section of those who assure or have other dealings with the Company any rights over or in relation to any fund or funds or a right to participate in the profits of the Company or in any branch or part of its business or any other special privileges, advantages or benefits.

(8) To lend and advance money upon policies issued by the Company or in respect of which it is liable and to apply any of the funds of the Company in buying up, cancelling, extinguishing or obtaining a release or discharge from any policy, contract or liability.

(9) To establish and support or aid in the establishment and support of associations, institutions, funds and trusts calculated to benefit officers or employees of the Company or the dependants of such persons and to grant pensions, gifts and allowances and to make payments towards insurance for such persons.

(10) To purchase, feu, take on lease or on exchange, hire, or otherwise acquire, or sell, let or otherwise dispose of any property heritable and moveable, real and personal, and any rights or privileges which the Company may think necessary or convenient for the purposes of its business.

(11) To invest and deal with the moneys of the Company in such manner as may from time to time be determined.

(12) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange and other negotiable or transferable instruments.

(13) To borrow from bankers or others in such manner as the Company shall think fit, and to give security for the sums so borrowed.

(14) To accept money on deposit, at interest or otherwise.

(15) To acquire and undertake the whole or any part of the business, property and liabilities of any company carrying on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of the Company.

(16) 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 persons, firms or companies carrying on any business which the Company is authorised to carry on, or otherwise calculated to benefit the Company directly or indirectly, and to undertake liabilities or give guarantees or indemnities as subscribers to or members of any such association, company or body.

SCH. 2 —*cont.*

(17) To undertake and execute trusts of all kinds and the conduct of any business connected with trusts of all kinds, to undertake and execute all kinds of agency business and to undertake and execute the office of trustee, executor, administrator, curator, guardian, committee, agent, factor, liquidator, receiver, treasurer, registrar or any other office of trust or confidence or responsibility and that with or without remuneration.

(18) To act as the agent for the issue of any stocks, shares, debentures, debenture stocks, mortgages, bonds, bills or other securities or obligations, whether or not offered to the public for subscription, and to guarantee or underwrite the subscription of any such securities or obligations as aforesaid and to subscribe for any of the same conditionally or otherwise.

(19) To remunerate any person, firm or company for placing or subscribing for or agreeing to place or subscribe for, whether absolutely or conditionally, any of the debentures or debenture stock or other obligations of the Company or any of the shares or debentures or debenture stock or other obligations of or for any other services in or about the promotion of or the issue of capital or obligations of any other company, and to pay any costs of winding up any company, the whole or any portion of the property of which is acquired by the Company.

(20) To petition Her Majesty or her royal successors for and to obtain any Royal Charter which the Directors may deem directly or indirectly conducive to the benefit or interests of the Company and to promote, support or otherwise obtain any Bills in Parliament or Provisional Orders or Orders of the Board of Trade which the Directors may deem directly or indirectly conducive to the benefit or interests of the Company and to oppose any Bills in Parliament, Provisional Orders or Orders of the Board of Trade which the Directors may deem directly or indirectly prejudicial or potentially prejudicial to the interest of the Company and to defray out of the funds of the Company all expenses thereby incurred.

(21) To carry on any other business which in the opinion of the Directors can advantageously be carried on in conjunction with or in addition to any of the foregoing business.

(22) To do all such other things and matters as are incidental or conducive to the attainment of the objects aforesaid or any of them or capable of convenient operation in association with them or any of them.

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

SCH. 2 —*cont.*

And it is hereby declared that the objects of the Company as specified in each of the foregoing paragraphs of this clause (except only if and so far as otherwise expressly provided in any such paragraph) shall be separate and distinct objects of the Company and shall not be in any way limited by reference to any other such paragraph or the order in which such paragraphs occur or the name of the Company.

MEMBERS

Number of members.

4. The number of members of the Company is unlimited.

Members.

5. The members of the Company shall consist of all persons who are persons assured either on or after the date on which the original Regulations come into force, and who have not ceased to be members by virtue of Regulations 7 and 8.

Commencement of membership.

6. Membership of every person assured in respect of a policy effected after the date on which the original Regulations come into force shall commence from the date of formal acceptance of his proposal by the Directors or of payment or satisfaction of the first premium or other consideration for the policy, whichever shall be the later date.

Duration of membership.

7. Membership by virtue of any policy shall subsist only so long as the conditions of the policy and of these Regulations are fulfilled.

Termination of membership.

8. Membership by virtue of any policy shall cease upon (1) the occurrence of the event or contingency upon which the benefit or last of the benefits payable under the policy falls due, or (2) the occurrence of any event or contingency upon which the policy ceases to be in force, but so nevertheless that in the event of the policy being revived in accordance with the conditions thereof and of these Regulations membership shall likewise revive, or (3) the surrender of the policy, or (4) the assignment or assignation of the policy, or (5) the transmission or devolution of the policy by operation of law (other than transmission or devolution to the survivor or survivors of two or more persons assured):

Provided that conditions (4) and (5) of this Regulation shall not apply to:—(*a*) an assignment or assignation to the Company for the purpose of securing a loan by the Company until the person assured shall have ceased to have any right of reassignment or reassignation, or other interest in the policy or (*b*) any other assignment, assignation or transmission until satisfactory evidence thereof has been produced to the Company.

GENERAL MEETINGS

Annual general meetings.

9. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not

more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next:

Provided that the Company need not hold an annual general meeting the year of its incorporation. The annual general meeting shall be held at such time and place as the Directors shall appoint.

Extraordinary general meetings.

10. All general meetings other than annual general meetings shall be called extraordinary general meetings.

Convening of extraordinary general meetings.

11. The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section 132 of the Act. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

Notice of general meetings

12. (1) An annual or extraordinary general meeting shall be called by twenty-one days' notice at the least. The notice shall be exclusive of the day on which it is given or deemed to be given and of the day of the meeting, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business. The notice may be given either in writing or by advertisement in one or more of the newspapers circulating in Edinburgh, one or more of the newspapers circulating in Glasgow and one or more of the London morning newspapers.

(2) In every notice calling a general meeting there shall appear with reasonable prominence a statement that a member is entitled to appoint a proxy to attend and vote instead of him, and that a proxy need not also be a member.

(3) Where the meeting is to be called to consider a special resolution there shall be included in the notice of the meeting either the actual resolution proposed to be passed, or sufficient specification to show the effect of the proposed resolution and a statement that the actual resolution proposed can be inspected during normal business hours at the Office.

(4) Where an extraordinary general meeting is called by requisitionists notice of the holding of such meeting shall also be served on the Company at its Office and on the Auditors not less than twenty-one days before the meeting.

SCH. 2 —*cont.*

PROCEEDINGS AT GENERAL MEETINGS

Special business.

13. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, the election of Directors in the place of those retiring, the remuneration of the Directors and the appointment of, and the fixing of the remuneration of, the Auditors.

Quorum.

14. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, seven members present in person shall be a quorum.

Adjournment if quorum not present.

15. If, within half an hour from the time appointed for the meeting, a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, any two members present in person shall be a quorum.

Chairman.

16. (1) The chairman, if any, of the Board of Directors whom failing the deputy-chairman, if any, shall preside as chairman at every general meeting of the Company, or if there is no such chairman or deputy-chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.

(2) If at any meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be chairman of the meeting.

Adjournments.

17. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Method of voting

18. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded—

(*a*) by the chairman; or

SCH. 2 —*cont.*

) by at least five members present in person or by proxy; or

) by any members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.

nless a poll be so demanded, a declaration by the chairman that a esolution has on a show of hands been carried or carried unanimously, y a particular majority, or lost and an entry to that effect in the containing the minutes of the proceedings of the Company hall be conclusive evidence of the fact without proof of the number r proportion of the votes recorded in favour of or against such solution. The demand for a poll may be withdrawn.

How poll to be taken.

Subject to Regulation 21 if a poll is duly demanded, it shall be in such manner as the chairman directs, and the result of the oll shall be deemed to be the resolution of the meeting at which the was demanded.

Chairman's casting vote.

In the case of an equality of votes, whether on a show of hands a poll, the chairman of the meeting at which the show of hands place or at which the poll is demanded, shall be entitled to a econd or casting vote.

Time for taking a poll.

21. A poll demanded on the election of a chairman or on a question adjournment shall be taken forthwith. A poll demanded on any er question shall be taken at such time and place as the chairman of meeting directs, and any business other than that upon which a poll been demanded may be proceeded with, pending the taking of the

VOTES OF MEMBERS

Voting rights.

22. On a show of hands every member present in person shall have one vote, and on a poll every member present in person or by proxy have one vote.

Voting rights of member of unsound mind.

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

Objections.

24. 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 l be valid for all purposes. Any objection made in due time shall referred to the chairman of the meeting, whose decision shall be il and conclusive.

SCH. 2 —*cont.*

Votes on a poll.

25. On a poll, votes may be given either personally or by proxy.

Proxy need not be a member.

26. A proxy need not be a member of the Company.

Form of proxies.

27. 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—

(*a*) in the case of an individual shall be signed by the appointor or by his attorney; and

(*b*) in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation.

The Directors may, but shall not be bound to, require evidence of the authority of any such attorney or officer. The signature on such instrument need not be witnessed.

Deposit of proxies.

28. 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 Office or at such other place within the United Kingdom as is specified for that purpose in the notice convening the meeting, not less than 48 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 24 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.

29. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

Validity of proxies.

30. A vote given in accordance with the 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 proxy was executed, provided that no intimation in writing of such death, insanity or revocation as aforesaid shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

Repre-sentatives of corporations.

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

SCH. 2
—*cont.*

DIRECTORS

Number of Directors.

32. The number of the Directors shall be not less than seven, nor more than twelve.

Remuneration of Directors.

33. The remuneration of the Directors shall be such sum as is determined by the Company in general meeting, and may be altered from time to time by the Company in general meeting. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

Interest of Directors in other companies.

34. A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise direct.

Qualification of Directors.

35. Except as hereinafter provided, no person shall take or continue in office as a Director unless he shall be a member:

Provided that until the expiration of three months from the date when the original Regulations come into force in the case of an existing Director, or until the expiration of three months from the date of election or appointment in the case of a new Director, such Director shall not be disqualified by virtue only of his not being a member.

BORROWING POWERS

Powers to borrow money and give security.

36. The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking and property, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

POWERS AND DUTIES OF DIRECTORS

General powers of Directors to manage Company's business.

37. The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not, by the Acts or by these Regulations, required to be exercised by the Company in general meeting, subject nevertheless to these Regulations, to the provisions of the Acts and to such regulations, being not inconsistent with these Regulations or provisions, as may be prescribed by the Company in general meeting; but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

Specific powers of Directors.

38. Without prejudice to the generality of the powers hereby conferred, the Directors may do the following things:—

(1) They may appoint, during their pleasure, bankers and solicitors, also a general manager, an actuary, a secretary, and such other officers, clerks, and servants of the Company as they

SCH. 2 —*cont.*

may in their discretion deem necessary for carrying on the business of the Company; and they may delegate to them such powers, and may impose on them such duties, and may agree to give them such remuneration as they may think proper.

(2) They may, for the extension and transaction of the business of the Company, open branch offices in any part of the United Kingdom, or elsewhere, and for that purpose may appoint, if they see fit, local boards of Directors, and may delegate to them such of their powers as they may consider necessary for duly conducting business in such branch offices, and may appoint any persons to be managers or secretaries thereof, and may pay such local boards and managers or secretaries such remuneration as they may consider reasonable.

(3) They may adopt such forms of policies, tables of premiums and conditions of assurance and insurance as they think proper, and may vary the same as they deem best for the advantage of the Company.

(4) They may make all necessary and convenient arrangements for dividing the assets of the Company into separate and distinct funds, according to the nature of the business of the Company from which the same may have been derived, or for otherwise separately estimating the profits accruing under any section or sections of the Company's policies; and they may issue such prospectuses for business as they deem fit and may, by such prospectuses, or in any other way, agree to give to any class of policyholders, or other persons with whom the Company may have dealings, any definite share of the profits of any section or sections of the business of the Company.

(5) They may, if they see fit, appoint from time to time such Presidents, Vice-Presidents, and Extraordinary Directors of the Company as they may deem expedient. These appointments may be held by persons who are not members and shall not infer any liability for the obligations of the Company

(6) They may grant such pensions, allowances or other benefits to officers, employees or their widows or dependants in respect of services rendered to the Company by the said officers and employees as they may from time to time see fit and the right to receive a pension, allowance or other benefit shall not be affected by an officer or employee being appointed a Director and receiving remuneration as such. They may also out of the Company's moneys provide and vest in trustees upon trusts appropriate for the purpose, funds for providing such pensions, allowances or benefits as aforesaid and establish and contribute to schemes under which officers and employees of the Company, their widows or dependants will be or may become entitled to receive pensions, allowances, life assurances and other benefits on retirement or on reaching a given age or on death.

SCH. 2 —*cont.*

(7) They may invest, whether in the United Kingdom or elsewhere, the capital and other funds of the Company in the purchase of or in loans on the security of—

(*a*) Government or public stocks, funds, bonds, annuities, bills, documents of debt, securities, or obligations.

(*b*) Bonds, mortgages, notes, debentures, debenture stocks or other obligations, securities or funds, annuities, rent charge or lien stocks or shares, preference or preferred stocks or shares, preferred ordinary or deferred ordinary stocks or shares and ordinary, common or other stocks or shares of or deposits with any state, county, municipality, local authority, corporation or company and generally moveable and personal estate property and funds of every description provided that no investment shall be made in or loan granted on the security of any stocks or shares which would involve the Company in unlimited liability for calls or contributions.

(*c*) Heritable and real property and estate (including feuduties and leasehold) or any interest therein.

(*d*) Policies of Assurance issued by the Company and as regards loans made on the security thereof they may grant such loans with or without additional security being given.

Power to appoint attorneys.

39. 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 Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Regulations) 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 any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

Power to have a seal for use abroad.

40. The Company may exercise the powers conferred by section 35 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.

Directors' other interests.

41. (1) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with section 199 of the Act.

(2) A Director shall not vote in respect of any contract or arrangement in which he is interested, and if he shall do so, his vote shall not be counted, nor shall he be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to—

(*a*) any arrangement for giving any Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

SCH. 2 —*cont.*

(*b*) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or

(*c*) any contract by a Director to subscribe for or underwrite debentures of the Company; or

(*d*) any contract or arrangement with any other company in which he is interested only as an officer of such other company or as holder of shares or other securities thereof;

and these prohibitions may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract, arrangement or transaction, by the Company in general meeting.

(3) A Director may hold any other office or place of profit under the Company (except the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

(4) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

(5) Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as Auditor to the Company.

Signature of cheques and bills.

42. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

Minutes of appointments of officers and of meetings.

43. The Directors shall cause minutes to be made in books provided for the purpose—

(*a*) of all appointments of officers made by the Directors;

SCH. 2 —*cont.*

(*b*) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;

(*c*) of all resolutions and proceedings at all meetings of the Company, and of the Directors, and of committees of Directors.

Pensions for Directors.

44. The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

DISQUALIFICATION OF DIRECTORS

Vacation of office of Director.

45. The office of Director shall be vacated if the Director—

(*a*) ceases to be a Director by virtue of section 184 of the Act and Regulation 51, or section 185 of the Act; or

(*b*) ceases to be a member; or

(*c*) becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(*d*) becomes prohibited from being a Director by reason of any order made under section 188 of the Act; or

(*e*) becomes of unsound mind; or

(*f*) resigns his office by notice in writing to the Company; or

(*g*) shall for more than six months have been absent without permission of the Directors from meetings of the Directors held during that period.

ROTATION OF DIRECTORS

Retirement of Directors by rotation.

46. At each annual general meeting of the Company the Director who has been longest in office since his last election shall retire from office, but shall be eligible for re-election provided that, if the Director who has been longest in office has from any cause already vacated office since the date of the last annual general meeting, no other Director shall be called upon to retire.

Filling vacated office.

47. The Company, at the meeting at which a Director retires in manner aforesaid, may fill the vacated office by electing a person thereto, and in default, the retiring Director shall, if offering himself for re-election, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.

Notice of intention to appoint Director.

48. No person other than a Director retiring at the meeting shall unless recommended by the Directors be eligible for election to the office of Director at any general meeting, unless not less than fourteen nor more than twenty-one days before the date appointed for the meeting, there shall have been left at the Office notice in writing,

SCH. 2 —*cont.*

signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

Alteration in number of Directors.

49. The Company may, from time to time, by ordinary resolution increase or reduce the number of Directors.

Appointment of Directors by the Directors.

50. The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with these Regulations. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Removal of Directors.

51. The Company may by ordinary resolution, of which special notice has been given in accordance with section 142 of the Act, remove any Director before the expiration of his period of office notwithstanding anything in these Regulations or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.

Appointment of Directors by the Company.

52. The Company may by ordinary resolution appoint another person in place of a Director removed from office under the immediately preceding Regulation, and without prejudice to the powers of the Directors under Regulation 50, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. A person appointed in place of a Director so removed or to fill such a vacancy shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

PROCEEDINGS OF DIRECTORS

Meetings of Directors.

Votes.

Notice.

53. The Directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A Director may, and the Secretary of the Company on the requisition of a Director shall, at any time summon a meeting of the Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from the United Kingdom.

Quorum.

54. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be three.

SCH. 2
—cont.

Proceedings in case of vacancies.

55. The continuing Directors may act notwithstanding any vacancy their body, but, if and so long as their number is reduced below the mber fixed pursuant to these Regulations as the necessary quorum of rectors, the continuing Directors may act for the purpose of increasing number of Directors to that number, or of summoning a general eting of the Company, but for no other purpose.

Chairman.

56. The Directors may elect a chairman of their meetings and a puty-chairman to act in the absence of the chairman, and determine period for which each is to hold office; but if no such chairman or puty-chairman is elected, or if at any meeting the chairman is not sent within five minutes after the time appointed for holding the ne, the Directors present may choose one of their number to be airman of the meeting.

Power to appoint committees.

57. The Directors may delegate any of their powers to committees sisting of such member or members of their body as they think fit ; committee so formed shall in the exercise of the powers so delegated nform to any regulations that may be imposed on it by the Directors.

Chairman of committee meetings.

58. A committee may elect a chairman of its meetings; if no such irman is elected, or if at any meeting the chairman is not present hin five minutes after the time appointed for holding the same, the mbers present may choose one of their number to be chairman of the eting.

Proceedings at committee meetings.

59. A committee may meet and adjourn as it thinks proper. estions arising at any meeting shall be determined by a majority of es of the members present, and in the case of an equality of votes, e chairman shall have a second or casting vote.

Validity of proceedings.

60. All acts done by any meeting of the Directors or of a committee Directors or by any person acting as a Director shall, notwithnding that it be afterwards discovered that there was some defect the appointment of any such Director or person acting as aforesaid, that they or any of them were disqualified, be as valid as if every such son had been duly appointed and was qualified to be a Director.

Resolutions in writing.

61. A resolution in writing, signed by all the Directors for the time ng entitled to receive notice of a meeting of the Directors, shall be as id and effectual as if it had been passed at a meeting of the Directors y convened and held.

SECRETARY

Appointment

62. The Secretary shall be appointed by the Directors for such m, at such remuneration and upon such conditions as they may nk fit; and any Secretary so appointed may be removed by them.

Restriction on Secretary acting.

63. A provision of the Acts or these Regulations requiring or thorising a thing to be done by or to a Director and the Secretary ll not be satisfied by its being done by or to the same person acting th as Director and as, or in place of, the Secretary.

SCH. 2
—cont.

THE SEAL

Formalities for affixing Seal.

64. The Directors shall provide for the safe custody of the Seal which shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf, and every instrument to which the Seal shall be affixed subject as hereinafter provided, shall be autographically signed by a Director and shall be autographically countersigned by the General Manager, Secretary or Actuary of the Company or by a second Director or by some other person appointed by the Directors for the purpose:

Provided that the Directors may by resolution determine either generally or in any particular case or cases that certificates for debentures issued by the Company need not be signed by any person or that such signatures as aforesaid may be affixed by some mechanical means to be specified in such resolution provided that in the former case the certificates shall first have been approved for sealing by and in the latter case the use of such means shall be under the control of the Auditor, Registrars, Transfer Auditors or Bankers for the time being of the Company and any such resolution shall have effect as if its terms had been embodied in these Regulations.

ACTUARIAL INVESTIGATION

Periodical actuarial valuation and report.

Allocation of divisible surplus.

65. An actuarial valuation and report regarding the financial condition of the Company shall be made once in each period of five years, or at such shorter intervals as the Directors may prescribe. Of any surplus thus ascertained, the Directors may declare the whole or such, if any, part as they think fit, to be divisible. The divisible surplus so declared shall be allocated amongst holders of participating policies in accordance with principles determined by the Directors from time to time. The Company may from time to time pay such sums by way of interim bonus on participating policies as the Directors may consider to be justified.

ACCOUNTS

Proper books of account to be kept.

66. The Directors shall cause proper books of account to be kept with respect to—

(*a*) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;

(*b*) all sales and purchases by the Company; and

(*c*) the assets and liabilities of the Company.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

Where books of account to be kept.

67. The books of account shall be kept at the Office, or, subject to section 147 (3) of the Act, at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors

SCH. 2
—*cont.*

Inspection of accounts and books.

68. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting.

Laying of accounts and reports before Company in general meeting. 1967 c. 81.

69. The Directors shall from time to time, in accordance with sections 148, 150 and 157 of the Act and sections 15 to 24 of the Companies Act 1967, cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in those sections, provided that nothing herein contained shall render it obligatory upon the Company to cause a valuation of its risks to be made oftener than once in five years.

Copies of accounts to be sent to members on request.

70. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the Auditors' report and Directors' report, shall on the application of any member or holder of debentures be sent to him.

AUDIT

Appointment and duties of Auditors.

71. Auditors shall be appointed and their duties regulated in accordance with sections 159 to 161 of the Act and section 14 of the Companies Act 1967.

NOTICES

Service of notices.

72. A notice given by the Company to any member otherwise than by advertisement may be given either personally or by sending it by post to him or to his registered address, or (if he has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the Company for the giving of notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of 24 hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

WINDING UP

Distribution of surplus assets.

73. If the Company shall be wound up the surplus assets shall be distributed amongst holders of participating policies in the same manner and proportions as if the same had been a surplus ascertained under Regulation 65 and declared by the Directors to be divisible immediately before the commencement of the winding up.

SCH. 2
—cont.

INDEMNITY

Indemnity of Directors and officers.

74. Every Director, Managing Director, Manager, Auditor Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 448 of the Act in which relief is granted to him by the Court.

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