

Straightforward financial solutions with a human touch



**Rules**

**of**

**THE ANCIENT ORDER OF FORESTERS FRIENDLY  
SOCIETY LIMITED**

Registered and incorporated under the Friendly Societies Act 1992

**Register Number 511F**  
**FCA Registration No 110029**

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**PART I**  
**INTERPRETATION**

**1 INTERPRETATION**

1.1 In these Rules unless the context otherwise requires the terms set out below shall have the meaning set out opposite them:

"Act"	the Friendly Societies Act 1992;
"Adult Members"	Members aged 16 years or over;
"Annual Accounts"	the classes of document (including the notes thereon) which the Society is required (unless otherwise exempted) by or under the Legislation to prepare by way of accounts for itself individually and, if it has Controlled Bodies, by way of group accounts for itself and such Controlled Bodies;
"Annual Court Meeting"	An annual general meeting of the Court convened by the committee of the Court for the purpose of inter alia electing Delegates in accordance with Rule 8;
"Appropriate Regulator"	the Financial Conduct Authority or the Prudential Regulation Authority as the case may require (or any such body as may fulfil the functions of the Financial Conduct Authority or the Prudential Regulation Authority from time to time in accordance with the Legislation);
"Arbitrator"	a Member elected to act as an arbitrator under Rule 32;
"Arbitration Tribunal"	the arbitration tribunal of the Society consisting of five Arbitrators;
"Auditor"	the person appointed to be the Society's auditor under Rule 30;
"Benefits"	the benefits payable to Members or to their dependants under the Tables of Benefits or contained in any Policy;
"Benevolent Activities"	non-regulated activities (including social events, making Discretionary Benefits and fund raising) undertaken by each Court or group of Courts intended to improve the lives of their members or to promote the Society;
"Board"	the Board of Directors of the Society;

“Business”	the business of the Society as carried on by the Society prior to the date of registration of these Rules and as carried on by the Society subsequently in accordance with the Rules;
“Chairman”	a Non-Executive Director for the time being approved under Rule 11;
“Chief Actuary”	the person appointed to perform a valuation of the Society in accordance with Rule 25;
“Chief Executive”	a person for the time being appointed to that office under Rule 18;
“Controlled Body”	a body corporate in respect of which the Society has control or joint control within the meaning of section 13 of the Act;
“Court”	a branch of the Society established under Rule 8 and “Court Meeting” shall be construed accordingly;
“Court Officers”	the Chief Ranger, Sub-Chief Ranger and Court Secretary appointed by each Court in accordance with Rule 8;
“Court Rules”	the rules which apply to all Courts along with any additional rules made by a Court that apply to that Court alone under Rule 8;
“Court Secretary”	the officer of the Court who is responsible for the administration of the Court appointed by and under the direction of the Court committee of management;
“Delegates”	the delegates elected at a Court Meeting in accordance with Rule 8;
“Deputy Chairman”	a Non-Executive Director for the time being approved under Rule 11;
“Director”	a Member of the Board;
“Directors’ Report”	the report of the Board on the business of the Society, which shall include the information required by the Legislation;
“Discretionary Benefits”	non-contractual benefits including grants made available to members at the discretion of the Court or the Board;

"Executive Director"	a Director who is also an employee of the Society (provided that a Court Officer shall be deemed not to be an Executive Director unless he also holds an executive position with the Society in addition to his post as Court Officer);
"Financial Year"	the 12 months ending on 31 December in any year;
"Former Society"	any friendly society which has transferred its engagements to the Society under Section 86 of the Act or any mutual insurance company which has transferred its business to the Society under Part VII of the Financial Services and Markets Act 2000;
"Funds"	the funds of the Society from time to time, which may be divided into such sub-funds as the Board may decide or as may be required by the Legislation;
"High Chief Ranger"	the Member for the time being appointed to that office under Rule 19;
"High Court Meeting"	the annual general meeting of the Society held under Rule 21;
"High Sub-Chief Ranger"	the Member for the time being appointed to that office under Rule 19;
"Internal Control"	a procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error;
"Junior Members"	Members who are less than 16 years of age;
"Legislation"	the Friendly Societies Act 1992, the Financial Services and Markets Act 2000, the handbooks of rules (and guidance) issued by the Appropriate Regulator and any other act or acts or statutory instruments or statutory provisions or rules of the Appropriate Regulator relating to friendly societies from time to time in force;
"Member Director"	a Non-Executive Director who is a Member and has been elected to the Board following nomination by a Court (or who has been co-opted by the Board to fill a casual vacancy for such a Director under Rule 15);
"Members"	a person who has been admitted to Membership of the Society in accordance with Rule 2;

"Memorandum"	the memorandum for the time being in force of the purpose and the extent of the powers and activities of the Society agreed upon by the Society pursuant to the Legislation;
"Miscellany"	the newsletter of that name published on behalf of the Society;
"Month"	calendar month;
"Non-Executive Director"	a Director other than an Executive Director;
"Officer"	in relation to the Society, any Director, the Chief Executive or Secretary;
"Person"	may include a body corporate except with regards to being a Member or a Director;
"Policy"	a policy document or contract issued by the Society, or by any other friendly society or insurance company which is subsequently transferred to the Society, to a Member and includes, where the context so admits, an entitlement of a Member to receive contractual Benefits;
"Professional Director"	a Non-Executive Director, who may or may not be a Member, who has been elected to the Board following nomination by the Board and who has professional knowledge and experience relevant to the Society's business (or who has been co-opted by the Board to fill a casual vacancy for such a Director under Rule 15);
"Proposition"	any motion for a resolution or any proposal in respect of the Society and its business brought before the Society at a general meeting by the Board or the Courts in accordance with Rule 22;
"Qualified Auditor"	an auditor who is eligible for appointment as Auditor and who is not ineligible to be appointed within the meaning of paragraph 5 of Schedule 14 to the Act;
"Registered Address"	in relation to any Member (or person appointed as his attorney), the address currently shown in the Register of Members;
"Register of Members"	the register of Members maintained by the Society pursuant to Schedule 3 to the Act;
"Registered Office"	the registered office of the Society from time to time;
"Rules"	the rules of the Society in force from time to time;

"Secretary"	the person for the time being appointed to be the Society's secretary under Rule 18;
"Senior Independent Director"	a Non-Executive Director for the time being approved under Rule 11;
"Society"	The Ancient Order of Foresters Friendly Society Limited;
"Special Resolution"	in the case of the Society, has the meaning given by paragraph 7 of Schedule 12 to the Act and in the case of a Court, means a resolution passed at a Court Meeting after the giving of such notice and by such majority as is required for a Special Resolution in the case of the Society;
"Special High Court Meeting"	a general meeting of the Society other than a High Court Meeting that is the annual general meeting of the Society;
"Tables of Benefits"	the conditions and tables of benefits applicable to Members contained in the booklet published by the Society entitled "Tables of Benefits" as at the date of registration of these Rules and as amended from time to time in accordance with Rule 36;
"Votes Obtainable"	the number of voting papers issued to registered Delegates;
"With Profits Actuary"	the person appointed in accordance with Rule 25 to advise the Board and report to policyholders, with regard to the operation of with profit contracts.

- 1.2 Other words or expressions to which a particular meaning is given in the Legislation shall bear the same meaning in the Rules.
- 1.3 Any words importing the singular shall include the plural, and any words importing the masculine gender shall include the feminine gender, and vice versa.
- 1.4 Reference to any statute shall include reference to any statutory modification or re-enactment thereof.
- 1.5 Reference in these Rules to any particular Rule or paragraph, without further designation shall be construed as a reference to the particular Rule or paragraph of the Rule so numbered.
- 1.6 The expressions 'in writing' and 'written' shall be deemed to include communications sent by electronic means.



## PART II

### MEMBERSHIP, CONTRIBUTIONS AND BENEFITS

#### 2. MEMBERSHIP

2.1 The Society is owned by its Members who are an unlimited number of living individuals and who are represented at all High Court and Special High Court Meetings by Delegates

2.2 In these Rules a Member is a person who:

- (a) is and remains insured by the Society under a contract constituting long-term business of a class specified in Head A of Schedule 2 to the Act, or under a contract constituting general business of either or both of classes 1 and 2 specified in Head B of Schedule 2 to the Act; or
- (b) has applied to the Society for Benefits in a form prescribed by the Board from time to time, whose application has been accepted and who has an interest (whether actual or contingent) in the Funds; or
- (c) has applied for membership under another classification of Member that has been established by the Board pursuant to Rule 2.3; or
- (d) was a Member of the Society immediately before its incorporation and who became a Member upon incorporation.

2.3 Persons may be admitted Members of the Society pursuant to the Rules as:

- (a) Adult Members, if of good character, adjudged to be in sound health and aged 16 years or over (except for assurances under Pure Endowment Tables and Standard Family Provident Tables, as set out in the Tables of Benefits) on payment of contributions for Benefits specified in the Tables of Benefits;
- (b) Junior Members being children aged less than 16 years in respect of whom contributions are paid in accordance with the Tables of Benefits for Junior Members;
- (c) Honorary Members being persons with outstanding qualifications appointed by the Board as Members as a mark of recognition or appreciation of services;
- (d) Lifetime Members being persons who shall after the incorporation of the Society receive a lump sum payment in accordance with the Appointed Actuary's proposals; and

- (e) Foresters Members being persons who are entitled to participate in any social and benevolent functions of the Society and to claim Benefits from the Funds to the extent that such Funds are discretionary;

and the Board may at its complete discretion create other groups of Members.

- 2.4 Each Member and all persons claiming through him or on his account shall be bound by the Rules from time to time in force during the period of that person's Membership of the Society.
- 2.5 Membership shall commence from the date of issue of the certificate or Policy evidencing the terms of the benefit or assurance or, in the case of a person who has applied for Benefits under Rule 2.2(b), when such application has been accepted.
- 2.6 Each Member shall supply the Society with a specimen of his signature and/or such other information as may be required by the Society from time to time.
- 2.7 A Member who is a minor may, if he is over 16 years, by himself, or if he is under that age, by his parent or guardian, execute all instruments and give all receipts necessary to be executed or given under the Rules, but shall not vote or hold any office in the Society, and may not nominate, or join in nominating, a person for election as a Director.
- 2.8 A Member shall automatically cease to be a Member if the Society receives notice that he has died or that:
  - (a) he has assigned his interest in all his Policies with the Society by virtue of which he was entitled to be a Member (otherwise than by way of mortgage or charge) or has ceased by operation of law to be a policyholder in respect of all such Policies and he holds no other type of membership; or
  - (b) an event has occurred upon which the Benefits or last of the Benefits payable under all his Policies with the Society by virtue of which he was entitled to be a Member have fallen due and he holds no other type of membership; or
  - (c) for some other reason (including the rescission or cancellation or surrender of a Policy or the expiry of any periods of assurance stated in a Policy) neither the Society nor the Member has any remaining rights under any of his Policies with the Society by virtue of which he was entitled to be a Member and he holds no other type of membership.

### **3. REGISTER OF NAMES AND ADDRESSES OF MEMBERS**

- 3.1 The Society shall maintain a Register of Members, being a register of the names and addresses of Members.
- 3.2 The Register of Members shall be kept at the Registered Office or at such other place or places as the Board thinks fit.
- 3.3 Where the Society has no Registered Address for a Member and his whereabouts are unknown, his name shall be maintained on the Register of Members without a Registered Address until he attains an age to be determined by the Board.
- 3.4 Each Member shall notify the Society within 30 days (quoting the details of all Policies held by him) of any change of name or address and shall produce such written evidence of the same as the Society may require.
- 3.5 Where it appears to the Society that any Registered Address is no longer current, the Society:
- (a) may remove that address from the Register of Members; and
  - (b) need not enter in the Register of Members an address for that Member while it has no address for him and his whereabouts are unknown.
- 3.6 Every communication to a Member shall be sent or delivered at his Registered Address and in the case of an omission on the part of a Member to notify the Society of any change or alteration of his Registered Address he shall be deemed to have received such communication.

### **4. DISQUALIFICATION AND FORFEITURE OF MEMBERSHIP**

- 4.1 If a Member shall make a claim on the Funds knowing the same to be false or fraudulent as regards the amount or otherwise, his entitlement to any Benefits or Discretionary Benefits shall become void and all such benefits shall be forfeited.
- 4.2 The Board may terminate a person's Membership of the Society by resolution of the Board if in its absolute discretion it considers that:
- (a) the Member is or has been in material breach of any of the Rules; or
  - (b) that person's continued Membership of the Society is or may be detrimental or prejudicial to the interest of the Members generally, subject always to the terms of the Rules.

4.3 Nothing contained in Rule 4.2 above shall prevent a person from referring the decision of the Board to terminate a person's membership of the Society to arbitration under the provisions of Rule 32.

## **5. ARREARS**

Every Member whose contributions are six months or more in arrears shall be considered to have cancelled his policy and terminated his Membership but if the Member's contributions are less than thirteen (13) months in arrears he may reinstate the policy and Membership provided the Member pays up all arrears. Any Member whose contributions are thirteen (13) months or more in arrears shall be considered to have irrevocably cancelled his policy and terminated his Membership in respect of that policy.

## **6. NOMINATIONS**

Subject to the provisions of Schedule 9 to the Act, an Adult Member may nominate a person or persons to whom any sum of money payable by the Society on his death or any specified amount of money so payable shall be paid following his death.

## **7. CONTRIBUTIONS AND BENEFITS**

7.1 Should the periodic valuation of any Fund disclose a surplus, the Board may appropriate such portion thereof for the benefit of the Members, after considering the advice of the With Profits Actuary. The appropriation shall take such form as the Board may determine.

7.2 Without prejudice to Rule 7.1, the terms on which any person (whether or not a Member) shall pay contributions to and receive Benefits from the Society shall:

- (a) be as set out in the Tables of Benefits from time to time; and
- (b) in the case of any Policy or contract issued by the Society after the date of registration of these Rules, be set out in such Policy or contract and shall be determined by reference thereto.

7.3 The terms set out in the Tables of Benefits or contained in any Policy shall be determined from time to time by the Board having regard to the advice of the With Profits Actuary and in accordance with (and subject to) the Legislation.

7.4 The Society shall:

- (a) make available free of charge to any Member at every office of the Society copies of the terms on which Benefits for which he is eligible to apply are provided; and
- (b) send, free of charge, copies of them to any Member who requests them.

## PART III

### CONSTITUTION AND MANAGEMENT

#### 8. COURTS

- 8.1 Each of the Courts of the Society immediately before its incorporation shall become a Court for the purposes of these Rules. The Board may allocate Members to such Court as the Board thinks appropriate. The purpose of the Courts shall be to carry out such social and benevolent activities as each Court thinks fit (including the making of Discretionary Benefits to Members) and generally to promote the Society and the interests of Members and to elect Delegates in accordance with Rule 8.10. The Board may pay such expenses as it deems appropriate in respect of Courts and their meetings.
- 8.2 Every Court shall have a number and a name approved by the Board.
- 8.3 Any eight Members and/or other persons may apply to the Board for the establishment of a Court providing such details as the Board may require.
- 8.4 All Courts established for Honorary Members only shall have a special number other than that by which ordinary Courts are known, and those Courts already in existence shall be numbered in the order of their establishment.
- 8.5 Each Court shall abide by the Court Rules. The Court Rules and all amendments thereof shall be approved by the Board and shall not deal with any of the matters set out in paragraph 5(3) of Schedule 3 to the Act in relation to the Society.
- 8.6 Every Court shall deposit with the Board a copy of its Court Rules along with any additional Court Rules adopted by that Court and applicable to it only and all amendments thereof.
- 8.7 The Court Rules shall apply to each Court (other than Honorary Courts), which will be subject to the Society's Internal Control System.
- 8.8 Every Court shall up to the end of the Financial Year make a return of particulars and information relating to the Court and details of Membership and funds upon a form supplied for the purpose and the return shall be delivered to the Registered Office on or before a date to be determined by the Board.
- 8.9 Every Court shall appoint Court Officers, being a Chief Ranger, a Sub-Chief Ranger and a Court Secretary and it shall hold at least quarterly meetings, one of which will be its Annual Court Meeting.
- 8.9A Every Court shall appoint at least two Trustees who shall be Court Officers. The Court Secretary shall not be a Trustee.

- 8.10 1. Notwithstanding rule 8.9 the Board acting through its duly authorised officer may suspend or remove from office any court officer (or court committee of management member) where the individual:
- (a) fails to comply with the requirements of the Court Rules; or
  - (b) persistently or wilfully neglects to efficiently perform the services required of a court officer; or
  - (c) fails to comply with policies set by the Board which he might reasonably and properly be expected to comply with; or
  - (d) fails to cooperate fully with the Board or the Appropriate Regulator in an investigation into regulatory issues; or
  - (e) fails to carry out or observe the Society's compliance procedures;
  - (f) acts in any way or manner which, as determined by the Board is likely to bring the Society into disrepute, which include but are not limited to:
    - a being convicted of any criminal offence (other than minor road traffic offences under the Road Traffic Acts);
    - b being imprisoned either in the UK or abroad;
    - c becoming bankrupt or making any composition or deed of arrangement with his creditors;
    - d becomes of unsound mind or becomes a patient for any purpose of any statute relating to mental health;
    - e being proved to the satisfaction of the Board to have been involved in, or aiding and abetting the misappropriation of assets of the Society or any of its Members; or
    - f being for any other reason reasonably regarded by the Board as not fit and proper to hold the position as court officer within the Society.
- 2 The above are considered the equivalent of gross misconduct and may be subject to an internal investigation by individual(s) appointed by the Board.
- 3 A Member dismissed or removed from office will have the right of appeal under Rule 32 Arbitration.

- 8.10A Any Court may, by a resolution passed as a Special Resolution, apply to the Board to be administered under the provisions of Rule 8.10A (i) and (ii).
- (i) The Board may, if the members of a Court are unable to elect a Committee of Management and/or Trustees for the Court, appoint such interim Officers and Trustees to administer the Court as it sees fit (who shall receive such remuneration from the funds of the Court to which they are appointed as the Board thinks reasonable) provided such Officers and Trustees (such Trustees not to be less than three in number) are members of the Society. Such appointments to last no longer than eighteen months from the date of appointment and if at the end of the eighteen months the Court can be continued, the members of the Court shall elect their own Officers and Trustees.
  - (ii) If at the end of the eighteen months referred to in Rule 8.10(A)(i) the Board is of the opinion that the Court cannot be continued, the Board shall cause to be sent to every member of the Court a letter setting out the options available for a transfer to a local Court and the members of the Court shall be transferred to such Court or Courts as they shall desire or if such members express no preference to such Court or Courts, the funds and property of the Court shall be transferred in ratio to the members transferring as the Board shall see fit.
- 8.11 The duties of a Court Secretary shall be to administer the Court promptly and efficiently and to organise Court Meetings, one of which will be the Annual Court Meeting for the purpose of electing a Delegate or Delegates to attend the High Court Meeting and to discuss and agree any Propositions from the Court for inclusion on the agenda for the High Court Meeting.
- 8.12 Each Court entitled to send a Delegate or Delegates to the High Court Meeting shall elect such Delegate or Delegates at least eight weeks before that High Court Meeting and notify the Board six weeks before that High Court Meeting of the names of the Delegate or Delegates so elected.
- 8.13 Subject to Rule 8.14 below each Court shall be entitled to send three Delegates to general meetings of the Society, Courts with over 500 members shall be entitled to send four Delegates and a further one Delegate for every additional 500 members up to a maximum of fifteen Delegates in total.
- 8.14 No person shall be a Delegate at a High Court or Special High Court Meeting who is a Member of a Court which has failed to submit any return due in respect of the previous year.
- 8.15 Delegates must be Members aged 16 years or over.

8.16 A Court may by Special Resolution, transfer up to 10% of their income for the preceding year to any other Court if it is in the interests of both Courts.

## **9. AMALGAMATION AND TRANSFERS OF COURTS**

9.1 With the consent of the Board, any two or more Courts may, by a resolution passed as a Special Resolution, become amalgamated as one Court.

9.2 With the consent of the Board, a Court may, by resolution passed as a Special Resolution, transfer any or all of its Members and funds to any other Court.

9.3 The funds and property of two or more amalgamated Courts shall be transferred to the amalgamated Court, and in the case of a transfer of a Court the funds and property involved shall be transferred to the accepting Court.

9.4 A Court transferring or amalgamating under this Rule, shall not, as of the date of receipt of notification of the Board's decision to effect the transfer or amalgamation, enter into any financial contract or make any payments beyond normal running expenses without the prior approval of the Board.

## **10. COMPULSORY TRANSFERS OF COURTS**

10.1 The Board may require a Court to transfer its Members to another Court where it is satisfied that any of the following circumstances is applicable:

- (a) the continued existence of the Court is not justified;
- (b) the Court is inefficiently managed;
- (c) the Court is not making reasonable efforts to maintain or increase its Membership;
- (d) the Court has repeatedly breached the Society and/or Court Rules.

10.2 The transfer shall be to a Court approved by the Board, and in the event of a Court refusing to take the necessary action to effect the transfer, the Board may close the Court and transfer the whole of its funds and property to the selected Court. The Board shall have power to require a Court to accept by transfer any Court or Courts where it is decided that the provisions relating to compulsory transfer shall apply.

10.3 A compulsory transfer under this Rule shall not be valid unless the transferring Court has received by registered post at least two months' notice thereof from the Board prior to the date of the meeting of the Board at which the matter is to be determined.

10.4 A Court transferring under this Rule, shall not, as of the date of receipt of notification of the decision to effect the transfer, enter into any financial contract or make any payments beyond normal running expenses without the prior approval of the Board.



## **11. BOARD OF DIRECTORS**

- 11.1 The business of the Society and any business which the Society proposes to carry on shall be under the direction and overall supervision of the Board.
- 11.2 The number of Directors on the Board shall be determined by the Board from time to time up to a maximum of ten, at least two of whom shall be Member Directors. The Board shall also determine the number of Professional Directors and Executive Directors.
- 11.3 The Board shall from time to time appoint one of its members as Chairman and may appoint another as Deputy Chairman (but may not appoint the Chief Executive or any other Executive Director to either office). The Board may remove either member from such office at any time in accordance with its terms of reference. If the Chairman or Deputy Chairman are not available to preside at a meeting of the Board the other Directors shall appoint one of their number to preside for that meeting.
- 11.4 The Board shall from time to time appoint one of its members as Senior Independent Director.
- 11.5 The Board may exercise all those powers of the Society as are not, by the Legislation or by the Rules, required to be exercised by the Society in a High Court or Special High Court Meeting.
- 11.6 No Rule or alteration to a Rule made by the Society in a High Court or Special High Court Meeting shall invalidate any act of the Board prior to the date on which the Rule or alteration takes effect and which would have been valid if that Rule or alteration had not been made.
- 11.7 The Board shall, in respect of the direction and management of the affairs and business of the Society, comply with all relevant provisions of the Legislation.
- 11.8 Subject to the Rules, the Board:
- (a) shall supervise the activities of any Controlled Body;
  - (b) may make, vary or revoke regulations for the conduct of business at its meetings, including but not limited to:
    - (i) frequency and notice of meetings;
    - (ii) voting rights, including casting votes;
    - (iii) special meetings; and
    - (iv) minutes of meetings.

- (c) may remunerate the Non-Executive Directors on such scale as is determined at the High Court Meeting from time to time and pay the reasonable expenses of all Directors wholly and necessarily incurred on the business of the Society;
- (d) may pay the reasonable expenses of the High Chief Ranger and High Sub-Chief Ranger wholly and necessarily incurred on the business of the Society;
- (e) may pay the expenses of the Society and such sums as it may deem necessary or expedient to be paid in the interests of the Society;
- (f) may make, vary or revoke regulations for the conduct of the business of the Society, provided that the same are not inconsistent with the Rules, the Memorandum or the Legislation;
- (g) may authorise the use of all forms, instruments and other documents that it may deem necessary for the proper conduct of the business of the Society;
- (h) may delegate any of its powers, duties, discretion and authorities relating to the business of the Society to:
  - (i) one or more Directors or senior managers of the Society; or
  - (ii) sub-committees consisting of such Directors, Court Officers and/or employees of the Society or any other persons as it thinks fit and may remunerate and pay the reasonable expenses of any member of a sub-committee who is not a Director, Court Officer or employee of the Society as it may determine from time to time.
- (i) may invest the Funds in the manner authorised by the Memorandum, the Rules or under the Legislation;
- (j) may from time to time appoint, and change the appointment of the Chief Actuary and the With Profits Actuary to perform the duties required by the Legislation and on such terms as the Board shall from time to time decide;
- (k) shall operate the Society's Discretionary Funds in accordance with the Society's internal rules, which may be amended by the Board after consultation with the Courts;

- (l) may, from time to time, determine whether any vacancies exist on the Board, and whether any such vacancies are in respect of Executive or Non-Executive Directors, provided always that vacancies for Non-Executive Directors will be deemed to exist to the extent that the filling of those vacancies would be necessary to ensure that there is a majority of Non-Executive Directors on the Board.
- 11.9 The Board may also appoint and, subject to the provisions of any contract or other instruments, terminate the appointment of (or delegate these appointment or termination powers to the Chief Executive) such employees, advisers, bankers and agents as the Board may at any time determine.
- 11.10 The Board shall delegate all decisions relating to the remuneration of Executive Directors to a sub-committee, to be referred to for the purposes of these Rules as the **“Remuneration Committee”**. The Remuneration Committee shall consist wholly of Non-Executive Directors. The powers and duties of persons immediately appointed under this Rule shall be those given them from time to time by the Board which may pay them such salaries, wages, commissions and bonuses, compensation for loss of office or of employment, fees and other remuneration as it may consider necessary or desirable.
- 11.11 All acts done by the Board, or any sub-committee, or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the constitution of the Board or sub-committee or in the election or re-election or appointment of a Director or sub-committee or person acting as aforesaid, or that person was disqualified from holding office or was not entitled to vote, be as valid as if the Board or sub-committee had been properly constituted and as if every such person had been duly elected or re-elected or appointed or entitled to vote and, where appropriate, was qualified and had been a Director.
- 11.12 Subject always to the right of a Member, Court or other person, to refer any dispute to arbitration under Rule 32, the decision of the Board on whether or not to make an ex-gratia payment or as to the amount of any forfeit shall be final and binding.
- 11.13 The Board may, subject to the Legislation and the Rules, regulate its proceedings as it thinks fit.
- 11.14 The quorum for the transaction of the business of the Board may be fixed by the Board at any number not less than five and unless so fixed shall be five. The quorum will consist of a majority of Non-Executive Directors.
- 11.15 The Board shall be responsible for the publication and distribution of the Miscellany.

## **12. PENSION AND OTHER SCHEMES AND FUNDS**

- 12.1 In this Rule only, the term "**Officers**" excludes any Officer who does not hold or has not held any executive position in the Society or in any of its registered branches before incorporation.
- 12.2 The Board may from the Society's resources and on such terms as it thinks fit provide, establish, maintain and administer pension, life assurance, sickness, annuity and other funds or schemes (whether contributory or not) for the benefit of:
- (a) past, present or future Officers and employees of the Society;
  - (b) past and present Officers and employees of any society with which the Society merges in the future; and
  - (c) the spouses, children and dependants of persons referred to in sub-paragraphs (a) or (b) of this Rule.
- 12.3 In addition to the powers aforesaid the Board may grant on such terms as it thinks fit other pensions, allowances, gratuities, donations and bonuses to or for the benefit of:
- (a) past or present Officers and employees of the Society;
  - (b) past Officers and employees of a society with which the Society has merged; and
  - (c) any spouses, children or dependants of such mentioned in sub-paragraphs (a) or (b) of this Rule.
- 12.4 The Board may make, vary and revoke the rules of any such fund or scheme as is mentioned in Rule 12.2 (to such extent as this power is not thereby prohibited, or is found permissible) and may constitute any trust and may from time to time at its discretion exercise any powers reserved to the Society by the terms of any trust constituted by the Society including the power of modifying or discontinuing the terms of any such trust or any rules or regulations that may be or may have been made pursuant thereto.

## **13. ELIGIBILITY, NOMINATION AND ELECTION OF DIRECTORS**

- 13.1 No person shall be elected or appointed as a Director unless:
- (a) In the case of a Member Director, he is of at least two years' standing as a Member (including time spent as a Member of a Former Society)

- (b) he will be less than 70 years of age at the date on which the election, would take effect, unless:
  - (i) he has been approved as eligible by resolution of the Board; and
  - (ii) his age and the reasons for the Board's approval of his eligibility have been notified to every Delegate entitled to vote on his election.
- (c) he is not a minor;
- (d) except in the case of an appointment pursuant to Rule 15 or the reappointment of a Director retiring pursuant to Rule 16, a form nominating him shall be delivered to the Registered Office no later than three months before the High Court Meeting at which the nomination shall be considered.
  - (i) The form shall be signed by three Members who comply with the requirements of Rule 13.2 below;
  - (ii) The nomination form shall contain the full name, address, date of birth, and occupation of the person nominated, his consent to be so nominated, and the full names and addresses of the Members proposing his nomination;
  - (iii) Evidence of his qualifications, financial and managerial experience, creditworthiness, competence and character and completed in draft form or questionnaire that, if elected, he would be required to submit to the Appropriate Regulator in accordance with the Legislation;
  - (iv) It shall be dated with the date of its delivery at the Registered Office and that date shall be deemed to be the date of nomination for the purpose of Rule 13.2 below.

13.2 In order to be eligible to nominate a person to the Board a Member must have been a Member for not less than two years before the date of nomination.

13.3 All nominations shall be considered by a sub-committee of the Board to consist wholly of Non-Executive Directors and to be known as the “**Nominations Committee**” which may make recommendations to Delegates regarding the election of nominees and, if it considers that the information supplied by a nominee pursuant to Rule 13.1(d) does not demonstrate that the nominee would be suitable for election to the Board, may over-rule that nominee’s nomination. The nominations (other than any over-ruled by the Nominations Committee) together with the recommendations of the Nominations Committee shall be distributed by the Board to the Courts no later than one month before the date of that High Court Meeting.

13.4 If a vacancy arises on the Board after the latest date for the delivery of nominations under Rule 13.1(e) above but before the conclusion of the relevant High Court Meeting by reason of the death or disqualification of any retiring Director who was seeking re-election, the Board may nominate at that High Court Meeting some other person who is at the date of that meeting:

- (a) less than 70 years of age; and
- (b) not a minor.

to take the place of such retiring Director as a candidate for election and such person shall be deemed to be a retiring Director.

13.5 The election of Directors shall take place by means of a vote at a High Court or Special High Court Meeting whether or not the number of candidates for election to the Board exceeds the number of vacancies and the vacancies shall be filled by those candidates obtaining the most votes providing they exceed 50% of the Votes Obtainable.

13.6 Each Director shall take up his duties as soon as practicable after all necessary consents have been obtained under the Legislation.

13.7 Where a person becomes or ceases to be a Director, the Society shall within one month give notice of that fact to the "Appropriate Regulator". The notice shall state the person's full name and address and the date on which he became, or ceased to be a Director and, in the case of a person becoming a Director, the date of his birth.

#### **14. VACATION OF OFFICE AND DISQUALIFICATION OF DIRECTORS**

14.1 A Director shall cease to hold office:

- (a) if he resigns his office by notice in writing to the Secretary;
- (b) if he takes up a permanent residence outside the United Kingdom;
- (c) if he is requested in writing by all the other Directors for the time being to resign and a resolution that he has vacated office is thereafter passed at a meeting of the Board by at least four-fifths of the Directors of the full Committee;
- (d) if he absents himself without permission of the Board from meetings of the Board for more than two consecutive meetings and the Board passes a resolution that he has vacated office;
- (e) if he becomes bankrupt or is subject to sequestration;
- (f) if he is, or might be, suffering from mental disorder and either:

- (i) he is admitted to hospital in pursuance of an application for admission for treatment under the provision of the Mental Health Act 1983, the Mental Health (Care and Treatment) (Scotland) Act 2003 or any other legislation relating to mental health in any other applicable jurisdiction; or
  - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonus or other person to exercise powers with respect to his property or affairs.
- (g) upon a resolution that he shall cease to be a Director passed by a majority of the votes cast on a poll at a general meeting of the Society;
- (h) if, whilst a Director and without the prior consent of the majority of the other Directors for the time being he accepts the office of a director or the equivalent in any other organisation, company or body deemed by the Board to be in direct competition with the business of the Society;
- (i) in the case of a Non-Executive Director, upon the conclusion of the High Court meeting that is closest in time to the ninth anniversary of his initial appointment as a Director, as defined in his letter of appointment;
- (j) if he contravenes Rule 17 by knowingly or recklessly failing to declare an interest and the Board passes a resolution that he has vacated office;
- (k) if any regulatory body directs that he is not a fit and proper person to be a Director;  
or:
- (l) in the case of an Executive Director, he ceases to be an employee of the Society.
- 14.2 The Secretary shall give not less than 14 clear days' notice in writing to all Directors of a meeting of the Board at which it is intended to move a resolution that a Director has vacated office. The notice shall set out the proposed resolution and, if all the requirements of this Rule are not complied with, the resolution, even if passed, shall be of no effect.
- 14.3 The Board may by a majority vote suspend any Director who is under investigation for any breach or suspected breach of the Legislation.

## **15. FILLING OF CASUAL VACANCIES ON THE BOARD**

- 15.1 In the case of any vacancy not occasioned by the retirement of any Director by rotation, the Board may, from time to time, appoint a person as a Director to fill such vacancy.
- 15.2 If the Board shall resolve to increase the number of persons constituting the Board within the limitation prescribed by Rule 11, the Board may appoint a person as an additional Director in order to fill any vacancy thereby created.
- 15.3 Under this Rule the Board shall appoint an individual who:
- (a) appears to it to be fit and proper to be a Director;
  - (b) is qualified to be a Director under the Rules; and
  - (c) is not a person who, having been nominated for election as a Director at any election held within the preceding 12 months, was not elected as a Director.
- 15.4 A Director appointed under this Rule shall hold office until the conclusion of the first High Court Meeting following such appointment or, if earlier, the expiration of the period of 16 months beginning with the date of his appointment.
- 15.5 A Director appointed and retiring under this Rule shall be eligible for election without nomination, provided that he is qualified and eligible under the Rules at the date of the High Court Meeting at which he retires.
- 15.6 Notwithstanding any vacancies on the Board, the remaining Directors may continue to act. If at any time the number of Directors falls below the quorum prescribed by Rule 11, the Board so constituted, although the Directors are insufficient to form a quorum, may act by a majority of the Directors for a maximum period of six months. In such circumstances, the Chairman shall not have a casting vote.

## **16. RETIREMENT OF DIRECTORS**

- 16.1 Every Director must retire at the High Court meeting three years after the meeting at which he was last elected or re-elected as a Director.
- 16.2 Subject to the requirements of any applicable Rule(s), a Director retiring under Rule 16.1 may seek re-election at the High Court at which he retires.
- 16.3 A Director may, subject to these Rules, seek re-election to the Board without the need for his nomination to be passed at a Court Meeting and be signed by three Members.
- 16.4 A Director retiring at the High Court meeting shall retain office until the conclusion of High Court.



## **17. INTEREST IN CONTRACTS**

17.1 Subject to a Director complying with the provisions for the time being of the Legislation that:

- (a) require him to declare to the Board any direct or indirect interests he might have, or be treated as having, in any contract to which the Society is a party;
- (b) prohibit particular contracts;
- (c) require a contract to be approved by a resolution of a general meeting; or
- (d) require him to furnish to the Society particulars of any related business,

he may enter into or be interested, whether directly or indirectly, in contracts with the Society and shall not be disqualified from office thereby, nor shall he be liable to account to the Society for any profit arising out of any such contract to which he is a party or in which he is interested by reason of his being at the same time a Director.

17.2 A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any office or place of profit with the Society or with any body corporate in which the Society is, or will be, interested or at which the terms of any such appointment are arranged. He may vote on any such appointment or arrangement of the terms of that appointment.

17.3 No Director may vote as a Director in regard to any contract, or proposal thereof, in which he is interested, whether directly or indirectly, or upon any matter arising out of it. If he shall so vote, his vote shall not be counted nor shall he be reckoned in estimating a quorum when any such contract, or proposal therefore (other than the setting of bonus rates) is under consideration.

17.4 In this Rule the term "contract" includes any transaction or arrangement. For the avoidance of doubt, in this Rule the word "interest" does not include any interest a Director may have as a director of a Controlled Body or other associated body of the Society.

## **18. APPOINTMENT OF CHIEF EXECUTIVE AND SECRETARY AND OTHER EMPLOYEES AND AGENTS**

18.1 The Society shall have a Chief Executive and a Secretary who shall be appointed and whose appointment may be terminated by the Board. The Chief Executive or Secretary may not hold the position of High Chief Ranger.

- 18.2 The Chief Executive shall be responsible under the immediate authority of the Board for the conduct of the business of the Society. He shall, in addition, carry out such duties as may be delegated to him by the Board from time to time.
- 18.3 The Board shall take all reasonable steps to ensure that the person appointed as Chief Executive has the requisite knowledge and experience to discharge the functions of his office.
- 18.4 The Secretary, or in his absence a person nominated by the Board, shall attend all meetings of the Society and of the Board, and shall record the names of those present and the minutes of the proceedings.
- 18.5 Where a person becomes or ceases to be Chief Executive or Secretary, the Society shall within one month give notice of that fact to the "Appropriate Regulator" stating the person's full name and address and the date on which he became, or ceased to be Chief Executive or Secretary.

**19. ELIGIBILITY, NOMINATION AND ELECTION OF HIGH CHIEF RANGER AND HIGH SUB-CHIEF RANGER**

- 19.1 The Delegates present at a High Court Meeting shall elect one Member as the High Chief Ranger and one Member as the High Sub-Chief Ranger to serve, subject to Rule 19.7, until the next High Court Meeting. The successful candidate for High Sub-Chief Ranger must obtain more than 50% of the Votes Obtainable. If no candidate receives more than 50% of the Votes Obtainable, a second vote will be held between the two candidates obtaining the highest vote counts. Should neither of these two candidates obtain more than 50% of the Votes Obtainable on the second ballot, the High Sub-Chief Ranger shall be elected under Rule 19.4.
- 19.2 In the event of the High Chief Ranger vacating his office, the High Sub-Chief Ranger shall act as the High Chief Ranger until a successor is appointed at the next High Court Meeting.
- 19.3 In the event no nominations for the role of High Chief Ranger have been received pursuant to Rule 23.1, Delegates present at a High Court Meeting may consider nominations from the Members present at the meeting and elect one Member as High Chief Ranger to serve, subject to Rule 19.6 until the next High Court Meeting.
- 19.4 In the event no nominations for the role of High Sub-Chief Ranger have been received or no nominee is elected under Rule 19.1, Delegates present at a High Court Meeting may consider nominations from the Members present at the meeting and conduct the vote for High Sub-Chief Ranger as set out in Rule 19.1.

- 19.5 Nominations for High Chief Ranger and High-Sub Chief Ranger shall be passed at the Annual Court Meeting of a Court, be signed by three Members, and delivered to the Registered Office no later than eight weeks before the High Court Meeting each year.
- 19.6 Nominations shall be referred to the Nominations Committee and shall be processed by the Nominations Committee in accordance with Rule 13 as if a nomination to the Board.
- 19.7 The Board may remove the office of High Chief Ranger or High Sub-Chief Ranger from any person whom it considers unsuitable to hold such office.

## **20. INDEMNITY TO DIRECTORS, OFFICERS AND EMPLOYEES**

- 20.1 Every Director, Officer and employee of the Society (other than Court Secretaries, to the extent that they are deemed to be employees of the Society) shall be indemnified by the Society against any liability in respect of losses, costs, charges, damages and expenses which might arise from, or in the course of, his duties, but not against any such liability which, by virtue of any rule of law or of the Legislation, would attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Society. He shall, however, be indemnified against any liability incurred by him in defending any proceedings whatsoever, whether civil or criminal, arising out of his duties in relation to the Society in which judgment is given in his favour or in which he is acquitted.
- 20.2 The Society will take out a policy of insurance to cover any such indemnity or liability as mentioned in Rule 20.1 above.

## **PART IV**

### **MEETINGS OF THE SOCIETY**

#### **21. HIGH COURT MEETINGS**

- 21.1 The Society shall hold a High Court Meeting in each Financial Year, at such hour, date and place, as the Board shall determine.
- 21.2 Each High Court Meeting shall be held not more than 15 months after the last High Court Meeting.
- 21.3 The Chairman or, in his absence, the Deputy Chairman, shall preside at every High Court Meeting, a Special High Court Meeting or meeting of the Board at which he is present. If the Chairman and Deputy Chairman are both absent from a High Court Meeting, a Special High Court Meeting or meeting of the Board or both declines to preside at a meeting, the Directors present at that meeting shall appoint a Director to be Chairman for the purposes of the meeting.
- 21.4 High Court Meetings shall consist of Delegates elected by the Courts in the manner provided in the Rules and each Delegate shall have one vote only.
- 21.5 Any Delegate being unable to attend a High Court Meeting shall notify the same to the Court by which he was elected which may elect another Delegate before the commencement of that High Court Meeting or shall notify the Board of the inability of the Delegate to attend.
- 21.6 The Chief Executive and the Secretary shall not be Delegates at any High Court or Special High Court Meeting nor entitled to vote thereat but shall on behalf of the Board have the same rights as Delegates with regard to moving and seconding Propositions and speaking upon the business brought before the Society at any High Court or Special High Court Meeting.
- 21.7 Directors shall not sit as Delegates at the High Court Meetings nor be entitled to vote thereat (the Chairman's casting vote when necessary excepted), but shall on behalf of the Board have the same rights as Delegates with regard to Propositions and speaking upon the business brought before the High Court Meeting.
- 21.8 No business shall be considered at any High Court Meeting unless a quorum is present and a quorum shall be constituted by 25 Delegates.
- 21.9 The High Court Meeting shall decide and determine upon matters connected with the Society and an agenda of all business to be brought before the High Court Meeting shall be prepared, printed and circulated by the Board.

- 21.10 The Board shall lay before the Delegates at the High Court Meeting the Annual Accounts for the last Financial Year before the date of that High Court Meeting, and shall also submit to them the Directors' Report on the business of the Society, which shall include the information required under the Legislation.
- 21.11 Where any part of the Directors' Report relates to a proposal to amend the Rules coming before the High Court Meeting or to a proposition on the agenda, the proposed vote on the Rule amendment or the proposition shall be taken immediately after the subject matter has been considered by the High Court Meeting.
- 21.12 The report of the Auditor in respect of each Financial Year on:
- (a) the Annual Accounts; and
  - (b) the Directors' Report,
- shall be laid before the Delegates at the High Court Meeting and shall also be available for inspection by any Member.
- 21.13 No business shall be transacted at the High Court Meeting and no Proposition shall be moved at any High Court Meeting, except as may arise upon:
- (a) the Annual Accounts;
  - (b) the Directors' Report;
  - (c) the report of the Auditor on the Annual Accounts and the Directors' Report;
  - (d) the Committee's report on the remuneration of Directors;
  - (e) the election and/or re-election of Directors;
  - (f) the appointment or re-appointment of Auditor; and
  - (g) business (including Propositions) brought before the High Court Meeting by the Board or a Court under the Rules.
- 21.14 The following provisions shall apply in respect of a notice of a general meeting of the Society:
- (a) in the case of a High Court Meeting, at least one months' notice in writing shall be given to Delegates notified to the Board in accordance with Rule 8.11 and, in the case of a Special High Court Meeting, at least a months' notice in writing shall be given to the persons specified in Rule 24.2.

- (b) the notice shall specify:
  - (i) the hour, date and place of the meeting;
  - (ii) the nature of any Proposition to be moved before the meeting and of the other business to be conducted thereat; and
  - (iii) the full name of each person nominated to the Board in accordance with Rule13; and
- (c) the High Court Meeting shall be described as such in the notice of meeting.

## **22. PROPOSITIONS**

- 22.1 All Propositions intended for consideration at a general meeting of the Society, other than Propositions emanating from the Board, must be passed at a Court Meeting and must be signed by the three Court Officers.
- 22.2 Propositions must be received at the Registered Office on or before such date as the Board may determine and publish from time to time and the Board shall publish a memorandum stating the effect of such Propositions and their bearing, if any, on other Rules as soon as practicable thereafter.
- 22.3 A Court submitting an amendment to a Proposition on the Agenda of a meeting shall fully comply with any applicable Rules, and do so in writing 14 days prior to the meeting of the Society at which the Proposition is to be considered.
- 22.4 Any Members whose portraits shall be published in the Miscellany and Arbitrators shall be confirmed at the High Court Meeting.
- 22.5 The Board shall have the right to veto any Proposition from a Court, if it is reasonable to do so, having regard to the Legislation and the principles of prudential management applicable to the Society. The Board shall publish the reasons for exercising its veto rights under this clause.

## **23. VOTING AT HIGH COURT**

- 23.1 The vote shall be taken on a poll, which shall be deemed to have been demanded by the chairman of the meeting. The following provisions shall apply to such a poll:
  - (a) the voting papers shall set out the full names of all the candidates and the number of vacancies on the Board;
  - (b) the voting shall be effected by the placing of an "X" after the names of the candidates for whom the votes are to be cast;

- (c) the voting paper shall be void if a Delegate votes for more candidates than there are vacancies to fill;
  - (d) each Delegate shall have one vote in respect of each vacancy to be filled, and
  - (e) the voting paper shall not be void if a Delegate votes for fewer candidates than the number of vacancies to fill.
- 23.2 Where any question has to be decided by votes, the voting shall be open except as provided below, or as decided at the High Court Meeting.
- 23.3 In determining the result of elections by voting papers the following procedures shall apply:
- (a) to the extent of the vacancies and in sequence according to the number of votes, the candidate or candidates with the greatest number of votes, provided that any additional requirement in respect of the percentage of votes received is satisfied, shall be declared elected. Should no candidate, or an insufficient number of candidates, satisfy the relevant requirements for election the candidate receiving the fewest votes shall be eliminated from the election and the remaining candidates will be submitted to a second vote after which the process set out in this paragraph will be applied and, if necessary, repeated until the vacancies have been filled or, in the opinion of the Chairman whose decision will be final, it is clear that no or no further candidate will satisfy the relevant voting requirements;
  - (b) should equality of votes prevent the declaration of election or elimination, in accordance with the relevant provisions of the Rules, the candidates with such equality shall be submitted to a further vote whereupon the candidate or candidates receiving the highest number of votes, provided that any additional requirement in respect of the percentage of votes received is satisfied, shall be declared elected, or the candidate with the fewest votes shall be declared eliminated, as the case may be.
- 23.4 In all cases of voting other than by voting papers and except as otherwise provided by the Rules, the result shall be determined by the highest number of votes. On any question not determined by ballot, a poll shall be taken on the demand of five or more Delegates.
- 23.5 Subject to the Rules, the Board make such regulations as it thinks fit for the taking of polls, for the conduct of elections, for the counting of votes and for the safe keeping or destruction of ballot papers, and may appoint scrutineers in relation to any meeting any vote to be taken thereat.

**24. SPECIAL HIGH COURT MEETINGS**

- 24.1 The Board may, whenever it thinks fit, convene a Special High Court Meeting.
- 24.2 The Board shall convene a Special High Court Meeting on the requisition of not less than one third of the total number of Courts at the date of the requisition. The requisition may consist of several documents in like form signed on behalf of each requisitioning Court.
- 24.3 If the Board does not within 28 days after the date of deposit of the last requisition despatch notices convening a Special High Court Meeting to be held within 2 months after that date, the requisitioners or a majority thereof may themselves convene a Special High Court Meeting, to be held not later than five months from the date of the deposit of the last requisition. The Special High Court Meeting so convened shall be convened in the same manner, as nearly as possible, as a Special High Court Meeting convened by the Board and notices shall be sent by post to those persons entitled to receive notice of Special High Court Meetings. Any reasonable expenses incurred by the requisitioners by reason of the failure of the Board duly to convene a Special High Court Meeting shall be paid to those requisitioners by the Society. Any sum so paid shall be recovered by the Society from the defaulting Directors (whether by way of retention of fees or other remuneration in respect of services, or otherwise). The Board or, as the case may be, the requisitioners, shall give Delegates notice of any resolution proposed by the requisitioners at the same time and in the same manner as notice is given of the Special High Court Meeting.
- 24.4 No business shall be conducted at any Special High Court Meeting except such as shall be stated in the notice convening that Special High Court Meeting.
- 24.5 Except where a Special High Court Meeting is convened on the requisition of the Courts, it shall be held at such day, hour and place as the Board may determine.
- 24.6 A Special High Court Meeting to be composed of the Delegates of the High Court Meeting immediately preceding or of legally appointed substitutes.



## **PART V**

### **FUNDS AND ACTUARIAL MATTERS**

#### **25. CHIEF ACTUARY AND WITH PROFITS ACTUARY**

- 25.1 On behalf of the Society, the Board shall appoint a person, or persons to perform the “Appropriate Regulator” approved person functions of ‘Chief Actuary’ and ‘With Profits Actuary’. The same person may be appointed as Chief Actuary and With Profits Actuary. The Board shall notify the “Appropriate Regulator” of all appointments and changes in the person(s) performing these functions.
- 25.2 The Board shall arrange for the Chief Actuary to perform an investigation into the financial condition of the Society in accordance with the regulations issued by the “Appropriate Regulator”.
- 25.3 The Chief Actuary will perform a valuation in accordance with the methods and assumptions determined by the Board.
- 25.4 The With Profits Actuary shall advise the Society on the exercise of discretion in regard to with profit contracts and report to the Board on the exercise of this discretion.
- 25.5 The With Profits Actuary shall report to the policyholders as to whether, in his opinion, the interests of with profits policyholders have been taken into account in a reasonable and proportionate manner.
- 25.6 Should the periodic valuation of any of the Funds of the Society disclose a deficiency, the Board may, after seeking the opinion of the Chief Actuary and the With Profits Actuary, institute such measures as may be deemed expedient to make good such deficiency.

#### **26. APPLICATION OF FUNDS**

- 26.1 All monies received as contributions, donations premiums or otherwise, shall be applied in carrying out the purposes of the Society in accordance with the Memorandum and the Rules.
- 26.2 All monies received and all interest or other income from investments shall be credited to the appropriate Funds in accordance with the Legislation.
- 26.3 Except as authorised by section 16 of the Act, any transfer of assets between the Society and any subsidiary or Controlled Body shall be at arms' length and for a proper market value consideration and there shall be a proper apportionment of all items of income and expenditure between the Society and its subsidiaries or Controlled Bodies.

## **27. INVESTMENT OF FUNDS**

Subject to the advice where appropriate, the Board may invest Funds which are not immediately required to meet the Society's liabilities as follows:

- (a) in the purchase of land;
- (b) in the erection or alteration of offices or other buildings thereon;
- (c) in any investment in which trustees are for the time being by law authorised to invest trust funds; or
- (d) at any time during which the Society falls within section 14(3) of the Act (or is treated as doing so for the purposes of section 14(2) of the Act), in the purchase of any interest in any kind of property, located anywhere in the world, regardless of whether the property produces income or incurs liabilities for the Society and the Society may also lend its Funds either against security (which may include Policies) or against no security.

## **PART VI**

### **ACCOUNTS AND RECORDS**

#### **28. ACCOUNTS AND SYSTEMS OF CONTROL**

- 28.1 The Board shall cause accounting and valuation records of the Society to be kept, and shall establish and maintain systems of control of its business and records and of inspection and report, in accordance with the Legislation.
- 28.2 The Board shall cause separate accounts to be maintained for, and which identify the separate assets of, any Controlled Body.
- 28.3 The Board shall in each Financial Year, not later than 30 June or 14 days before the High Court Meeting (whichever is earlier), send to the "Appropriate Regulator" two copies of the Annual Accounts for the preceding Financial Year, the Directors' Report for that year and the Auditor's report on the Annual Accounts and the Directors' Report.
- 28.4 The Secretary shall supply free of charge to every Member on demand copies of the Annual Accounts for the preceding Financial Year, the Director's Report for that year and the Auditor's report on the Annual Accounts and the Directors' Report, and shall ensure that copies of such documents are also made available at every office of the Society.

#### **29. INSPECTION OF RECORDS**

The Board shall make available for inspection by any Member or person having an interest in the Funds the records of the Society relating to that Member or person at all reasonable hours, at the Registered Office, or at any other place where the records are kept. It shall be the duty of the Secretary to produce the same accordingly, but such Member or person shall not, unless he is an Officer, or is specially authorised by a resolution of the Society, have access to personal information (other than information contained in the Register of Members) in respect of any other Member.

#### **30. AUDITOR**

- 30.1 At each High Court Meeting the Society shall appoint a Qualified Auditor to audit its Annual Accounts in the manner required by the Legislation. An individual or a firm may be appointed as Auditor. The Society shall, within one week of the date of the meeting, notify the "Appropriate Regulator" if no Auditor has been appointed or re-appointed.

- 30.2 The Board may appoint a Qualified Auditor to fill any vacancy which may occur between High Court and Special High Court Meetings and the remuneration, including any sums in respect of expenses, to be paid to the Auditor shall be fixed by the Board.
- 30.3 The Society may by ordinary resolution at the High Court Meeting remove the Auditor before expiration of his term of office, subject to the provisions at Schedule 14 to the Act.
- 30.4 Where the Society receives from the Auditor a written notice of his resignation from office, the Secretary shall, within 14 days, send a copy of that notice to the “Appropriate Regulator” and where the Auditor requisitions the convening of a High Court Meeting, the Society shall comply with the provisions of paragraph 13 of Schedule 14 to the Act.
- 30.5 Where the Society receives from the Auditor, on cessation of his office, a statement of any circumstances which he considers should be brought to the attention of the Members and creditors of the Society, the Society shall comply with the provisions of Schedule 14 to the Act.

## PART VII

### COMPLAINTS AND ARBITRATION

#### 31. COMPLAINTS

- 31.1 Without prejudice to the provisions of Rule 32 the Board:
- (a) shall establish internal procedures for the resolution of complaints by Members;
  - (b) may make, join with any other persons in making, or accede to a scheme or schemes for the investigation and settlement by an adjudicator of complaints, but a Member shall not thereby be prevented from referring any dispute to arbitration under Rule 32 nor shall the determination of a complaint under this Rule prevent a Member from referring any dispute to arbitration under Rule 32.
- 31.2 The Secretary shall give a copy of the Society's internal complaints procedures free of charge, on demand to any Member to whom a copy of the document has not previously been given and automatically on receipt of a complaint by any Member.

#### 32. ARBITRATION

- 32.1 There shall be an Arbitration Tribunal of the Society to be appointed and to act in accordance with the Rules and to whom the disputes specified in this Rule shall be referred for arbitration.
- 32.2 Each Court may nominate annually one Member to act as an Arbitrator, such elections being subject to confirmation at the High Court Meeting.
- 32.3 An Arbitrator shall not be eligible to serve on the Arbitration Tribunal if he ceases to be a Member or during any period of suspension or if he is an employee.
- 32.4 Directors shall not be eligible to serve as Arbitrators during their term of office.
- 32.5 The Arbitration Tribunal shall hear and decide finally any dispute, complaint or claim (all herein called "a dispute"):
- (a) between a Member, or a past Member, or a Court and another Member or past Member, or Court as to the interpretation of the Rules or the Court Rules, the rights of Members or past Members or the acts or decisions of any Court;

- (b) between a Member, or past Member, or person claiming through such Member, and any Court as to any Benefit to which such Member, past Member or person claims to be entitled;
- (c) being an appeal by a Member or Court against the decision or act of the Board in reference to a clearance affecting that Member or Court; or
- (d) being an appeal by a Court or a Court Officer or a Member against a decision or resolution of the Board,

provided that no matter shall be referred to the Arbitration Tribunal which the Society is required to refer to another person or body under the Legislation.

- 32.6 Notice of any dispute under this Rule shall be given in writing to the Secretary within three months of the disputed act or decision. Immediately upon the receipt of any such notice accompanied by a deposit of £20 the Secretary shall summon five Arbitrators to form the Arbitration Tribunal to determine such dispute, such Arbitrators being chosen by lot.
- 32.7 No Arbitrator shall be summoned to act on the Arbitration Tribunal in respect of any dispute which his Court, or any Member thereof, is a party to and no dispute shall be heard unless three of the five Arbitrators forming the Arbitration Tribunal are present.
- 32.8 The Secretary shall select a place convenient for the Arbitration Tribunal hearing and shall give 28 days' notice providing details of the dispute, by registered post, to the Members of the Arbitration Tribunal to sit and adjudicate upon the case, and also to the parties to the dispute at their Registered Address, to appear before the Arbitration Tribunal.
- 32.9 The Secretary shall require the Secretary of any Court who is a party to a dispute to provide a copy of minutes of the Arbitration Tribunal hearing, together with a copy of the Rule or Rules relevant to the matter in dispute.
- 32.10 Any party may briefly state his case in writing supported by copies of documents upon which he proposes to rely. Such written case of a complainant, with seven copies, may either be produced at the hearing, or shall be delivered to the Secretary at least 3 weeks before the hearing. If so delivered before the hearing the Secretary shall as soon as convenient send a copy thereof to each other party, whose written case (if any) may either be produced at the hearing, or shall be delivered to the Secretary within 2 weeks after receipt by such party of the complainant's written case. A copy of each case properly delivered under this Rule shall be sent by the Secretary to each Arbitrator before the hearing if time allows, or in any event shall be handed to each Arbitrator at the hearing. The Secretary may at his discretion extend the time limits for delivery of written cases and shall inform the parties and the Arbitrators of any such extension.

- 32.11 Each party shall be allowed the assistance of not more than two Members who shall not be remunerated for this service. Any party or the Arbitration Tribunal may call witnesses with or without documents, who shall not give evidence under oath nor be obliged to appear or to produce documents or to answer questions under examination, but the evidence of a witness or his refusal to appear or to produce documents or to answer a question by a party or an Arbitrator may be taken into account by the Arbitration Tribunal in reaching its decision.
- 32.12 If any Arbitrator duly summoned is unable to act on the Arbitration Tribunal through death, sickness, expulsion, or other cause, another Arbitrator shall be summoned by the Secretary to fill the vacancy.
- 32.13 After the whole of the evidence has been submitted and arguments heard and after retirement of all persons other than the Members of the Arbitration Tribunal, the chairman of the Arbitration Tribunal (elected by the Arbitrators) shall impartially sum up the evidence on both sides, before the Arbitration Tribunal arrives at its decision.
- 32.14 All disputes and all questions of procedure shall be decided by a majority of the Arbitration Tribunal present and no Member of the Arbitration Tribunal present at the commencement of the hearing shall be absent during the hearing of the case. In the event of any Arbitrator having to leave for a short period, the chairman of the Arbitration Tribunal shall suspend the case until his return.
- 32.15 If a Member of the Arbitration Tribunal shall for any reason fail to attend a hearing or to resume attendance after an absence of over two hours, the Arbitration Tribunal shall adjourn to the next convenient time and shall if it thinks fit request the Secretary to nominate another Arbitrator to sit at such adjourned hearing in the place of the absentee. If the absent Arbitrator shall be so replaced, the dispute shall be re-heard in full at the adjourned hearing. Alternatively, if the parties agree, the hearing may continue either forthwith or at an agreed adjournment before such Arbitrators as shall not be so absent and if the number of Arbitrators present shall be an even number, one of them shall withdraw and cease to sit on the Arbitration Tribunal, such withdrawing Arbitrator to be selected by lot.
- 32.16 The Members of an Arbitration Tribunal shall receive allowances as provided for Directors. The allowances shall be paid by the Society as the Board directs and recovered from the party or parties concerned as directed by the Arbitration Tribunal, provided that the amount so directed to be recovered shall not exceed in the case of a Court £300 and in the case of a Member £120.

- 32.17 The Arbitration Tribunal shall adjudicate and decide upon a dispute notwithstanding any informality or irregularity in the proceedings and may confirm, rescind, or alter any decision or resolution in dispute, give judgement by default if any party neglects to appear (unless prevented from appearing by duly certified illness or other cause acceptable to a majority of the Arbitration Tribunal) or may inflict a fine upon any party if that party's case be considered by the Arbitration Tribunal to be frivolous or vexatious, such fine not exceeding in the case of a Court £100 and in the case of a Member £25.
- 32.18 Immediately upon the Arbitration Tribunal arriving at a decision, the chairman of the Arbitration Tribunal shall convey the same to the parties, and shall forward a copy of the decision, signed by all Members of the Arbitration Tribunal, to the Board, together with a detailed statement of the case, upon a form provided by the Board and for his extra service he shall be paid by the Board an additional sum not exceeding £25, such amount to be added by the Board to the costs of the hearing.
- 32.19 The Board, after recording the decision at its next meeting, shall forward a copy of such decision by recorded delivery within seven days thereafter to the parties in the case, and the decision shall be complied with within 31 days from the date upon which copies of the decision are sent to the parties.
- 32.20 In the event of the decision not being complied with within the specified 31 days, the Board may apply to the County Court for the enforcement thereof.
- 32.21 Any Member not complying with the decision of an Arbitration Tribunal within 31 days from receipt of notice of the decision may be expelled from the Society by a resolution of the Board.
- 32.22 Any Court or the Committee of Management not complying with the decision of an Arbitration Tribunal within 31 days from receipt of notice of the decision shall be subject to such penalties as the chairman of the Arbitration Tribunal may prescribe.
- 32.23 Every decision of an Arbitration Tribunal shall be conclusive and binding upon all parties, without further appeal, but if an Arbitration Tribunal fails to decide as to the payment of costs, or wrongfully charges the Society or a Court not a party to the dispute with costs, the Board may charge the unsuccessful party with a sum in respect of costs not exceeding in the case of a Court £100 and in any other case £25.
- 32.24 When any complaint is withdrawn not less than three days before the day fixed for the hearing the deposit shall be returned, less any costs already incurred.
- 32.25 The sittings of an Arbitration Tribunal shall be open to Members, except during such time as the Arbitrators are deliberating upon the decision to be given, but no witnesses in a case shall be admitted in the room until called upon to give their evidence.



32.26 No complaint shall be entertained by an Arbitration Tribunal from any individual or individuals who have obtained admission into the Society contrary to, or by an evasion of, the Rules.

## PART VIII

### MISCELLANEOUS MATTERS

#### **33. DISSOLUTION, WINDING UP AND DISTRIBUTION OF SURPLUS ASSETS**

33.1 The Society may be dissolved at any time by an instrument of dissolution approved by a Special Resolution of the Society passed at a High Court or Special High Court Meeting.

33.2 Upon the winding up of the Society, or upon its being dissolved, any surplus remaining after payment in full of the Society's creditors shall be divided among the Members as at the date of commencement of the dissolution or winding up in accordance with the provisions of sections 19 to 24 of, and Schedule 10 to the Act and the amount of each such Member's share shall be in the same proportion as that Member's financial interest in the Funds (as determined having regard to the advice of the person(s) performing the Actuarial Function Holder and With Profits Actuary functions) bears to the total amount of the Funds, provided that any Member who is also a Member solely by virtue of having been a Member of a Former Society the funds of which have become a sub-fund of the Society's Funds shall only share in such sub-fund and shall only do so to the extent that his financial interest in the sub-fund (as determined on the advice of an Appointed Actuary) bears to the total amount of the sub-fund and provided also that Members of less than five years' standing as at the date of commencement of the dissolution or winding up (including time spent as a Member of a Former Society) shall not have a right to participate in the distribution of any surplus under this clause

#### **34. COMMON SEAL**

The Society shall have a Common Seal which shall be:

- (a) in a form determined by the Board and bearing the name of the Society;
- (b) kept at the Registered Office, unless otherwise determined by the Board; and
- (c) used and affixed to any document and such document shall be countersigned by two Directors or by a Director and the Secretary.

### **35. COPIES OF THE MEMORANDUM AND RULES**

The Secretary shall give a copy of the Memorandum and the Rules:

- (a) free of charge, on demand to any Member to whom a copy of the documents has not previously been given; and
- (b) to any other person on demand and payment of the sum of £1 or such other maximum sum as may be permitted under the Legislation from time to time, or such lesser sum as may be determined from time to time by the Board.

### **36. ALTERATION OF MEMORANDUM, RULES AND TABLES OF BENEFITS**

- 36.1 Subject to any prohibition or requirement contained in the Legislation, the Memorandum or Rules of the Society may be altered by a resolution passed at a general meeting of the Society by the addition, rescission or variation of any provision.
- 36.2 No alteration of the Memorandum or the Rules shall take effect until it is registered in accordance with paragraph 6 of Schedule 3 to the Act or until such later date as is specified in the record of alteration.
- 36.3 The majority of the Delegates entitled to vote at a general meeting of the Society of which notice has been given specifying the intention to propose an alteration to the Memorandum or Rules may alter them by adding, rescinding or varying any provision.
- 36.4 Copies of a record of every alteration of the Society's Memorandum or Rules shall be sent to the "Appropriate Regulator" within three months of the date when the alteration was made.
- 36.5 The Society may change its name by a resolution of the Society at general meeting after the giving of such notice as is required for a Special Resolution. Notice of the change shall be sent to the "Appropriate Regulator" within three months.
- 36.6 The Society may change its Registered Office by resolution of the Board. Notice of the change shall be sent to the "Appropriate Regulator" in the directed form within three months.
- 36.7 The Tables of Benefits may be altered at the discretion of the Board having regard to the advice of the person(s) performing the Actuarial Function Holder and With Profits Actuary functions but any alteration shall not divest Members from any Benefits they are already entitled to.

### **37. NOTICES**

All summonses and notices shall be deemed to have been duly served if addressed to the Member or person for whom they are intended at his last known address and delivered at or sent by post to that address.

### **38. TRANSFER OF ENGAGEMENTS**

The Board may accept transfers of engagements from any society, institution or other body (whether corporate or otherwise) permitted by law from time to time on such terms and conditions as it may at its sole discretion decide.

### **39. FINANCIAL SERVICES COMPENSATION SCHEME**

The Society shall, as required, contribute to the Financial Services Compensation Scheme (the “**FSCS**”) pursuant to rules made under section 213(3) (b) of the Financial Services and Markets Act 2000. The FSCS administers a compensation scheme that may, in accordance with its rules, pay compensation to Members who are eligible claimants or secure continuity insurance for Members who are eligible claimants, where the Society is unable or likely to be unable to meet claims against it.

### **40. APPLICABLE LAW**

Unless that Member and the Society agree otherwise in writing, all arrangements between a Member and the Society, whether evidenced by Policy or otherwise, shall be governed by and construed in accordance with the laws of England and Wales for the time being in force.