

Liverpool Victoria Friendly Society Limited

RULES

As approved at the Annual General Meeting held on 21 May 2009 and registered by the Financial Services Authority on 3 June 2009

Effective from: 3 June 2009

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1. INTERPRETATION

1.1 In these Rules the following words and expressions have the following meanings:

"1992 Act"	the Friendly Societies Act 1992;
"Actuary"	the person or persons appointed by the Board to be the holder of the Society's actuarial function and the with-profits actuary function;
"Annual Accounts"	the accounting documents, including the notes attached to them, which the Relevant Legislation requires the Society to prepare for itself and by way of group accounts for itself and its subsidiaries and jointly controlled bodies;
"Annual General Meeting"	an annual general meeting of the Society held under Rule 13.1;
"Auditor"	the auditor of the Society appointed under Rule 10;
"Auditor's Report"	the report of the Auditor on the Annual Accounts and the Board Report;
"Board"	the Board of Directors of the Society;
"Board Report"	a report by the Board on the business of the Society, which shall include the information required by the Relevant Legislation and details of bonuses declared by the Board;
"Chairman"	the Director appointed to that office under Rule 9.4(a);
"Chief Executive"	the person appointed by the Board to be the Society's chief executive;
"Deputy Chairman"	the Director appointed to that office under Rule 9.4(a);
"Directors"	the members of the committee of management of the Society;
"Discretionary Benefits"	benefits as set out in Head D of Schedule 2 to the 1992 Act which may be provided to Members in accordance with Rule 5.4;
"Dispute"	shall be construed in accordance with s 80(8) of the 1992 Act;
"FSA"	the Financial Services Authority or its successors from time to time;
"Family Member"	any of the following: (a) a Member's spouse or civil partner;

- (b) any other person (whether of a different sex or the same sex) with whom a Member lives as a partner in an enduring family relationship;
 - (c) the natural or adopted children, grand-children or great grand-children of a Member, a Member's spouse or civil partner or other person within paragraph (b); or
 - (d) a Member's natural or adoptive parents or grand-parents or the natural or adoptive parents or grand-parents of a Member's spouse or civil partner or of a person within paragraph (b).
- "Group Company" any body corporate that is a controlled body or a jointly controlled body within the meaning of s13 of the 1992 Act;
- "Member" a member of the Society and "Membership" shall be construed accordingly;
- "Members' Notice" a notice described in Rule 13.3(f)(ii);
- "Membership Product" means a financial services product issued by a Group Company which is designated as a "membership product" in regulations made by the Board under Rule 3.1(b)(i);
- "Policy" an insurance policy, including a contract for annuities;
- "Qualified Auditor" an auditor who is eligible for appointment as the auditor of the Society within the meaning of paragraph 4 and who is not ineligible to be appointed within the meaning of paragraph 5 of Schedule 14 to the 1992 Act;
- "Register" the register of Members;
- "Registered Office" the registered office of the Society for the time being;
- "Relevant Legislation" the 1992 Act, the Financial Services and Markets Act 2000 and all regulations made thereunder and every other enactment or regulation for the time being in force relating to an incorporated friendly society (with its registered office situated in England and Wales) which is also a collecting society;
- "Remuneration Committee" the committee of non-executive Directors referred to in Rule 9.6(a);
- "Remuneration Report" the report prepared by the Remuneration Committee which shall include the matters required under Schedule 7A to the Companies Act 1985 to be included in the directors' remuneration report of a company to which that Schedule applies;
- "Resolution Statement" a statement described in Rule 13.3(g)(ii);

"Secretary"	the person appointed by the Board to be the Society's secretary;
"Society"	Liverpool Victoria Friendly Society Limited;
"Society Policy"	any Policy issued by the Society before or after the adoption of these Rules or any Policy originally issued by any other person and subsequently transferred or novated to the Society whether under s 86 of the 1992 Act or Schedule 2C to the Insurance Companies Act 1982 or Part VII and Schedule 12 to the Financial Services and Markets Act 2000 or otherwise;
"Special General Meeting"	a general meeting of the Society other than an Annual General Meeting; and
"Working Day"	a day other than a Saturday and Sunday or public holiday in England and Wales.

1.2 In these Rules, unless the context requires otherwise, references to one gender shall include all genders and references to the singular shall include the plural and vice versa.

1.3 In these Rules, unless the context requires otherwise, further words and expressions which are defined in ss 116 and 119 (inclusive) of the 1992 Act shall have the meanings given in those sections.

1.4 In these Rules any reference to any statute refers to that statute as amended, varied or re-enacted from time to time.

1.5 Headings to Rules or sets of Rules are for convenience only and shall not affect the interpretation of these Rules.

2. **MEMBERSHIP**

2.1 (a) The Members shall be those persons whose names are for the time being recorded in the Register.

(b) The names of all persons who are either

(i) Members pursuant to Rule 3.1(a); or

(ii) entitled to be Members pursuant to Rule 3.1(b) and wish to become Members,

shall be entered in the Register and the names of those persons who either cease to be Members, or who cease to be entitled to be Members shall be removed from the Register.

(c) No person shall become a Member or be entitled to become a Member except under Rule 3.

2.2 The Board may close the Register for periods not exceeding 30 days in aggregate in each calendar year.

2.3 (a) A person under the age of 18 years may be a Member.

- (b) A Member aged 16 years or over may execute all instruments and give all receipts necessary to be executed or given under these Rules.
- (c) Any Member who is under the age of 16 years cannot execute instruments or give any receipts necessary to be executed or given under these Rules personally. Such instruments or receipts must be executed by his parents or guardian on his behalf.

2.4 A Member must notify any change of address to the Society, so that the new address may be entered in the Register. The notification shall be in writing, shall be given within 14 days of the change, and shall quote the number of the Society Policy or Society Policies held by the Member and/or, if the Member is entitled to Membership under Rule 3.1(b), the number of the membership product by virtue of which he is entitled to Membership.

3. MEMBERSHIP AND ENTITLEMENT TO MEMBERSHIP

3.1

(a) Any person who is and, subject to any regulations made under Rule 3.6(c), remains the original holder of a Society Policy shall be a Member.

(b) Any person who

(i) has purchased from a Group Company (or from a company or other entity designated by the Board which becomes a Group Company or whose business is transferred to the Society or a Group Company in either case after the date of such purchase) and, subject to any regulations made under Rule 3.6(c), remains the original holder of a financial services product which is designated as a "membership product" in regulations made by the Board from time to time; and

(ii) has paid to the Society a single membership fee in a manner and of an amount (not exceeding £200) as set out in regulations made by the Board from time to time on the advice of the Actuary,

shall be entitled to be a Member.

(c) Without prejudice to Rule 3.5, any person who became a Member pursuant to Rule 3.1(b) shall, so long as he remains the original holder of the financial services product by virtue of which he became a Member (or is otherwise entitled to remain a Member under regulations made under Rule 3.6(c)), continue to be a Member notwithstanding that the relevant financial services product may have ceased to be a Membership Product.

3.2 If two persons jointly hold a Society Policy or Membership Product of which they alone are the beneficial owners, both persons shall be or, as the case may be, shall be entitled to be Members. Otherwise, without prejudice to the rights of any person who became a Member on or before 23 May 2001 by virtue of holding a Society Policy or Membership Product jointly with others, only the first named holder of any Society Policy or Membership Product shall be or, as the case may be, shall be entitled to be, a Member in respect of that Society Policy or Membership Product.

3.3 A person who ceased to be a Member before the incorporation of the Society because a Society Policy had become free or paid-up shall not be entitled to be a Member under

Rule 3.1(a) but shall (subject to Rule 3.5), become entitled to be a Member on application in writing to the Society.

3.4 The decision of the Board on any question of whether a person is or, as the case may be, is entitled to be, a Member shall be conclusive for all purposes of these Rules.

3.5 A Member shall automatically cease to be or, as the case may be, to be entitled to be a Member if the Society receives notice

(a) that he has died;

(b) that:

(i) he has assigned his interest (except by way of mortgage or charge and except in the circumstances prescribed in any regulations made by the Board under Rule 3.6(c)) in all Society Policies which enabled him to be a Member or has ceased to be the holder of any Society Policies by operation of law;

(ii) an event has occurred upon which the benefit, or last of the benefits payable, under all Society Policies held by him have fallen due; or

(iii) for some other reason (including the rescission, cancellation, or surrender of a Policy, or the expiry of any periods of insurance stated in a Policy) neither the Society nor the Member has any remaining rights under any of the Society Policies which enabled him to be a Member,

unless he continues to be qualified for Membership under Rule 3.1(b); or

(c) in the case of a person entitled to be a Member by reason only of Rule 3.1(b), that he has ceased to be so entitled.

3.6 The Board may make regulations on the entitlement to Membership under any Society Policies issued on or after the date of incorporation of the Society or under any Membership Products, as regards:

(a) a qualifying person (or his nominee) under any group insurance business in accordance with s 11 of the 1992 Act;

(b) any person who may be nominated by a corporate body, trustee, partnership or other organisation, where the Policy does not constitute group insurance business; or

(c) any person who is the assignee of a Society Policy or Membership Product.

The regulations issued under Rule 3.6 shall prevail over the other provisions of Rule 3 in the event of any conflict.

3.7 Except in the circumstances prescribed by the Board under Rule 3.6(c), the assignment of a Society Policy or a Membership Product shall not confer on the assignee (including any assignee in trust, assignee or trustee in bankruptcy or receiver) Membership or entitlement to Membership.

4. REGISTER OF MEMBERS

- 4.1 The Society shall maintain a register of the names and addresses of the Members.
- 4.2 The Register shall be kept at the Registered Office or at such other place as the Board thinks fit.
- 4.3 The Society need not enter in the Register the address of a Member who became a Member before the incorporation of the Society if it has no address for him and his whereabouts are unknown.
- 4.4 Where it appears to the Society that the address shown in the Register for a Member is no longer current, the Society:
 - (a) may remove that address from the Register; and
 - (b) need not enter an address for that Member in the Register while it has no address for him and his whereabouts are unknown.

5. CONTRIBUTIONS AND BENEFITS

- 5.1 The terms on which any person shall pay contributions to the Society and receive benefits from it are not contained in these Rules.
- 5.2 Subject only to Rule 5.3, such terms in relation to Society Policies:
 - (a) are, in the case of any Society Policy issued before the Society's incorporation, to be determined in accordance with the terms set out in the Society Policy; and
 - (b) shall, in the case of any Society Policy issued after the Society's incorporation, be set out in the Society Policy.
- 5.3 The Board may from time to time determine the terms to be contained in any Society Policy issued after the Society's incorporation, having regard to the advice of the Actuary and in accordance with (and subject to) the Relevant Legislation.
- 5.4 The Society may provide Discretionary Benefits to Members and to their Family Members on terms determined by the Board from time to time. The Board shall have complete discretion in all decisions relating to Discretionary Benefits.
- 5.5 The Society shall:
 - (a) make copies of the terms on which a benefit is provided available to Members at every office of the Society, free of charge; and
 - (b) send copies of such terms to Members free of charge on request.

6. SURPLUSES AND BONUSES

- 6.1 Once in every period of 12 months, the Board shall require the Actuary to investigate the financial condition of the Society in respect of its long term business in accordance with the Relevant Legislation.
- 6.2 The Actuary shall submit a report to the Board on each investigation made under Rule 6.1, in compliance with the Relevant Legislation. The report shall state the "available surplus" for the general fund of the Society and each separate fund, which shall be the amount of the surplus (if any) which is then available for appropriation in accordance with Rule 6.3.
- 6.3 Where there is any available surplus in respect of any fund (including the general fund of the Society) or where the Board, with the concurrence of the Actuary, anticipates that an available surplus will emerge at the next subsequent investigation under Rule 6.1, the Board may, in its discretion, make provision out of that available surplus or anticipated available surplus for the making of such payments, or the allowance of such benefits as it thinks fit, to any persons or class of persons who have transacted or shall transact any business with the Society connected with the relevant fund.
- 6.4 The Board may in its discretion declare the whole or any part of any available surplus or anticipated available surplus relating to any fund to be distributable and, in relation to each such fund, the "distributable surplus" shall mean the amount so declared.
- 6.5 If the Board declares a distributable surplus in respect of any fund, it shall allocate that distributable surplus among the Society Policies qualifying for such surpluses, on such principles and by such methods as it may determine having regard to the terms and conditions of the Society Policies and to the terms on which any separate fund was established relating to such Society Policies. The distributable surplus may be applied in the provision of reversionary bonuses on such Society Policies or by reduction or cessation of premiums or otherwise as the Board may determine.
- 6.6 The Board may provide an interim bonus addition, special bonus addition, terminal bonus addition or other form of bonus addition under any Society Policy on such basis and at such rate as it may determine, having regard to the advice of the Actuary. The Board may amend the basis and/or rate, or to suspend payment of an interim or special or terminal or other bonus additions, at any time having regard to the advice of the Actuary.

7. FORFEITURES AND ARREARS

The provisions for forfeiture of a Society Policy shall be as stated or incorporated by reference in the Society Policy itself and shall be subject to any Relevant Legislation.

8. NOMINATIONS

A Member who is aged 16 years or over may nominate a person to whom any sum of money payable by the Society on his death, or any specified amount of money so payable, shall be paid, in accordance with Schedule 9 to the 1992 Act.

9. GOVERNMENT OF THE SOCIETY

9.1 The Board of Directors: Powers and Duties

- (a) The Board is the directing body of the Society and accordingly is the Society's committee of management for the purposes of the 1992 Act. The members of the committee of management shall be known as and shall be Directors of the Society (and references in these Rules to "Directors" or "Director" shall be construed accordingly).
- (b) Subject to the Relevant Legislation, the Memorandum, these Rules and any directions given by special resolution, the business of the Society shall be managed by the Board of Directors of the Society who may exercise all the powers of the Society that are not, by these Rules or by the 1992 Act, required to be exercised by the Society in general meeting.
- (c) Neither any alteration in these Rules nor any direction which is referred to in Rule 9.1(b) shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given.
- (d) The Board shall have power to act notwithstanding any vacancy or vacancies on the Board. If at any time the number of Directors falls below the minimum of five prescribed by Rule 9.2(a) the Board may act by a majority of its members, even though its members may be insufficient to form a quorum, for a maximum period of six months (or until the occurrence of the next Annual General Meeting if earlier).
- (e) The Board may delegate any of its powers to a committee consisting of one or more Directors or to any other person it considers appropriate. It may also delegate such of its powers as it considers desirable to any Director holding any executive office. Any such delegation may:
 - (i) be made subject to any conditions the Board may impose;
 - (ii) be made either collaterally with or to the exclusion of its own powers; and
 - (iii) be revoked or altered.

Subject to any such conditions, the proceedings of any such committee with two or more members shall be governed, as far as they are applicable, by the rules regulating the proceedings of Directors.

- (f) Without prejudice to the generality of the foregoing Rules 9.1(a) to 9.1(e), the Board:
 - (i) may pay, out of the funds of the Society, the Society's expenses and such other sums as the Board may consider necessary or expedient to be paid in the interests of the Society. No Director (other than the holder of any executive office), however, shall receive any payment unless authorised by these Rules;
 - (ii) may make, vary or revoke regulations for the conduct of all affairs and business of the Society (and for the conduct of business at meetings of the Board) provided that the regulations are not, or do not become,

inconsistent with the Society's Memorandum and these Rules or with the Relevant Legislation;

- (iii) may purchase or take on lease in the name of the Society any land, and may sell, exchange, mortgage, lease or build upon such land (with power to alter and pull down buildings and again rebuild), and no purchaser, assignee, mortgagee or tenant shall be bound to inquire as to the authority for any sale, exchange, mortgage or lease by the Society;
- (iv) shall order and direct how and when the funds of the Society shall be invested;
- (v) may, in relation to any separate fund or otherwise, establish reserves which may or may not be allocated for a specific purpose and may transfer to or from such reserves such sums as the Board shall from time to time think fit;
- (vi) may take all steps and other actions required or authorised by the Relevant Legislation and all other necessary actions in order to provide for the reinsurance, to such extent as may from time to time be approved by the Actuary, of any risks against which persons are or are to be insured by the Society in accordance with s 12(3) of the 1992 Act;
- (vii) may take all steps and other actions required or authorised by the Relevant Legislation and all other necessary actions in order to amalgamate the Society with one or more other friendly societies in accordance with s 85 of the 1992 Act (except to the extent that the steps and actions in question are only capable of being carried out at a general meeting of the Society); and
- (viii) may take all steps and other actions required or authorised by the Relevant Legislation and all other necessary actions so as to take a transfer of the engagements of any other friendly society or body in accordance with s 86 of the 1992 Act (except to the extent that the steps and actions in question are only capable of being carried out at a general meeting of the Society); and
- (ix) may subscribe in the name of the Society to any scheme made under arrangements entered into between the Society and other friendly societies and approved by the FSA under s 141 of the Financial Services Act 1986 for the purpose of making funds available to meet losses incurred by any society which is a party to the arrangements, or by the members of any such society by virtue of their membership of it and shall, in the event of such subscription being made:
 - (aa) bind the assets of the Society to pay any sums required by the rules of the Scheme out of such fund of the Society as the Board shall determine;
 - (bb) nominate from time to time a person to represent the Society as a member of any company or association formed to administer such Scheme;

- (cc) indemnify such nominee against any expenses or subscriptions of such membership out of the fund or funds of the Society; and
- (dd) comply with any other duties or obligations of membership of such Scheme.

9.2 **Membership of the Board**

- (a) The Board shall consist of not less than five members.
- (b) Any Director who has been appointed to any executive office or employment under Rule 9.7(d) shall be known as an "executive Director" and any other Director shall be known as a "non-executive Director".
- (c) Nobody shall be appointed as a Director unless he will be more than 18 years of age at the date on which the appointment would take effect.
- (d) A person does not need to be a Member in order to become a Director.

9.3 **Term of Appointment**

No Director shall be appointed (or reappointed under Rule 9.11(b)(ii)) for a term expiring later than the date of the third Annual General Meeting following his appointment (or reappointment).

9.4 **Appointment of Chairman and Deputy Chairman**

- (a) The Directors shall from time to time appoint one of their members (except the Chief Executive) as chairman of the Board, and another as Deputy Chairman. The Board may remove either member from such office at any time. The Chairman or, in his absence, the Deputy Chairman, shall preside at every meeting of the Board at which he is present.
- (b) If the Chairman and the Deputy Chairman are both absent from a meeting of the Board or both decline to preside at a meeting, the Directors present at that meeting shall appoint a Director to be chairman for the purposes of that meeting.

9.5 **Interest in contracts**

- (a) Subject to a Director's complying with the Relevant Legislation:
 - (i) requiring him to declare to the Board any direct or indirect interest he might have, or be treated as having, in any contract to which the Society is a party;
 - (ii) prohibiting particular contracts;
 - (iii) requiring a contract to be approved by a resolution of a general meeting; or
 - (iv) requiring him to furnish the Society with particulars of any related business,

he may enter into or be interested in contracts with the Society, irrespective of whether such interest is direct or indirect. He 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 a Director at the time of such contract. The ability of a Director to enter into or be interested in contracts with the Society is subject to any conditions or liability to account which may be imposed from time to time by regulations made in accordance with Rule 9.1(g)(ii).

- (b) No Director may vote as a Director in relation to any contract, or proposed contract, in which he is interested, or upon any matter arising out of it. If he does vote, his vote shall not be counted, nor shall he be counted in the quorum when any such contract, or proposed contract, is under consideration. For the avoidance of doubt, the prohibition contained in this Rule 9.5(b) shall not apply in any case where the only applicable interest of the Director in question is any interest he may have as a director or officer of a wholly owned subsidiary company, jointly controlled body or other associated body of the Society.
- (c) Notwithstanding anything contained in this Rule, the prohibition contained in Rule 9.5(b) may at any time be suspended or relaxed to any extent by resolution at a general meeting of the Society.
- (d) In this Rule 9.5 the term "contract" includes any transaction or arrangement.
- (e) For the purposes of these Rules, no interest:
 - (i) in any Policy under which the Society or any of its subsidiaries is the insurer; or
 - (ii) in any unit of any unit trust managed by any subsidiary of the Society

shall be regarded as an interest; and an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

9.6 **Remuneration of Directors**

- (a) The Board shall delegate all decisions relating to the remuneration of executive Directors to a committee, to be called the Remuneration Committee. The Remuneration Committee shall consist wholly of non-executive Directors.
- (b) Subject to Rule 9.6(a), each Director shall be entitled to such remuneration as the Board may from time to time determine.
- (c) A Director may, in addition, be paid:
 - (i) reasonable travelling, hotel and other expenses he may incur while attending the business of the Society as the Board may approve; and
 - (ii) reasonable expenses he may incur in obtaining independent legal advice in relation to the performance of his duties as a Director.
- (d) A Director may hold any office or position of profit with the Society simultaneously with his office of Director and may be appointed by the Board to an office or position of profit with any body corporate in which the Society is, or will be, interested. A Director may not, however, hold the offices of auditor or collector or superintendent of collectors.

- (e) A Director appointed to an office or position of profit with a body corporate in accordance with Rule 9.6(d) shall disclose any benefit he derives from any such office or position to the Board in the financial year in which it is received.
- (f) Where the Board is considering proposals concerning:
 - (i) the appointment of one or more Directors to hold any office or position of profit with the Society or with any body corporate in which the Society is, or will be, interested, or
 - (ii) the arrangement of the terms of any such appointment,such proposals shall be divided and considered in relation to each Director separately. A Director shall absent himself from any meeting of the Board and shall not be counted in the quorum present at that meeting while his own appointment or the arrangement of the terms of that appointment are under consideration. Subject to this restriction, the prohibition in Rule 9.5(b) shall not apply and a Director may be counted in the quorum present at the meeting at which such proposals are under consideration and may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms of that appointment.
- (g) Every annual balance sheet and income and expenditure account of the Society shall give particulars of the emoluments, pensions, compensation for loss of office and financial interest of Directors, other officers and employees of prescribed descriptions of the Society in accordance with any regulations made under s 70 of the 1992 Act.

9.7 Appointment of officers, employees and others

- (a) The Society shall have a chief executive and a secretary whose appointment and termination of appointment shall be governed by the Board. The offices of Chief Executive and Secretary may be held by the same person. Neither the Chief Executive nor the Secretary need be a Director. Both they and all other officers of the Society must be over the age of 18 years.
- (b) The Chief Executive shall be responsible under the immediate authority of the Board for the conduct of the business of the Society.
- (c) The duties of the Secretary shall be those conferred upon him by the Rules, by law and together with any additional duties that the Board may determine from time to time.
- (d) The Board may from time to time appoint any one or more of the Directors to any executive office or employment provided by the Society, and subject to the statutory provisions, such appointment may be for such period and on such terms (as to remuneration and otherwise) as it thinks fit and, subject to provisions of any contract between the Director and the Society, the Board may revoke such executive appointment or vary its terms.
- (e) The Board may appoint such employees, advisers and agents as it may at any time determine and may terminate their appointment.
- (f) The Board may appoint a person to more than one office or position, subject to the exception that the Chairman, the Chief Executive and the Secretary may not

hold another office or position. The Board may require any person appointed under this Rule to provide it with such guarantees as it believes necessary.

- (g) The powers and duties of persons appointed under this Rule 9.7 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 desirable.

9.8 **Indemnity of Directors, officers and employees**

- (a) Every Director and every other officer and every employee 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. Such indemnification shall cover any liability incurred by him in defending any proceedings whatsoever, whether civil or criminal, which arises out of his duties in relation to the Society and under which judgment is given in his favour or under which he is acquitted but may not cover any liability under any rule of law or of the Relevant Legislation, in respect of any negligence, default, breach of duty or breach of trust of which he might be guilty in relation to the Society.
- (b) The Society may take out a policy of insurance to cover any such indemnity or liability as is mentioned in Rule 9.8(a).

9.9 **Vacation of office and disqualification**

- (a) A Director shall cease to hold office:
 - (i) if he resigns his office by notice in writing to the Secretary;
 - (ii) if he takes up a permanent residence outside the United Kingdom;
 - (iii) if a request is made to that Director in writing, by at least four fifths of all the Directors, that he should resign and a resolution that he has vacated office is then passed by at least four fifths of all the Directors at a meeting of the Board;
 - (iv) if he absents himself for a period of more than six consecutive months from meetings of the Board held during that period, without permission of the Board, and the Board passes a resolution that he has vacated office;
 - (v) if he becomes bankrupt or is subject to sequestration, or compounds or makes any arrangements with his creditors generally;
 - (vi) if he is, or might be, suffering from mental disorder and either:
 - (aa) he is admitted to hospital in pursuance of an application for admission for treatment under the provisions of the Mental Health Act 1983 or is admitted to hospital under the provisions of the Mental Health (Scotland) Act 1984 or the provisions of the Mental Health Act (Northern Ireland) 1961; or
 - (bb) an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) for his detention in matters concerning mental disorder or for the appointment of a receiver,

curator bonis, or other person to exercise powers with respect to his property or affairs;

- (vii) upon a resolution that he shall cease to be a Director, where that resolution has been passed by a majority of the votes cast on a poll at a general meeting of the Society of which notice has been given under Rule 13.3;
 - (viii) if, whilst a Director and without the prior consent of the other Directors, he accepts the office of a director in (or member of the committee of management of) any other organisation, company or body deemed by the Board to be in direct competition with the business of the Society;
 - (ix) if, while an executive Director, he ceases for any reason to hold an executive office with the Society;
 - (x) if he is an executive Director, upon the conclusion of the Annual General Meeting immediately following the date at which he attains 65 years of age;
 - (xi) if he becomes prohibited by law from being a member of the committee of management of a friendly society;
 - (xii) if he contravenes Rule 9.5(a) by knowingly or recklessly failing to declare an interest and the Board passes a resolution that he has vacated office; or
 - (xiii) if the Director is a non-executive Director, on the expiry of any period (being less than three years) specified by the Board in his appointment.
- (b) 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. If the requirements of this Rule have not all been complied with, the resolution, even if passed, shall be of no effect. Rule 17 shall be deemed to apply to any such notice.

9.10 **Appointment to the Board**

- (a) The Board may appoint an individual as a Director to fill any vacancy. The Board may also appoint an individual as a non-executive Director who has ceased to be a Director under Rule 9.9(a)(ix).
- (b) The Board may appoint an individual as an additional Director.
- (c) The Board shall only, under this Rule, appoint an individual who:
 - (i) appears to it to be fit and proper to be a Director;
 - (ii) is qualified under Rule 9.2(c); and
 - (iii) 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.

- (d) A Director appointed under this Rule shall hold office until the conclusion of the Annual General Meeting immediately following his appointment.
- (e) A Director appointed under this Rule and retiring under Rule 9.10(d) shall be eligible for reappointment at the Annual General Meeting referred to in Rule 9.10(d) in the same way as a retiring Director shall be similarly eligible for reappointment for the purposes of Rule 9.11(b).

9.11 Retirement of Directors and reappointment

- (a) In addition to the provisions governing the retirement of Directors in Rule 9.9(a)(x) and Rule 9.10(d), a Director shall retire at the third Annual General Meeting following his appointment.
- (b) A Director retiring at an Annual General Meeting under this Rule 9.11:
 - (i) shall retain office until the conclusion of the Annual General Meeting; and
 - (ii) shall be eligible for reappointment at the same Annual General Meeting provided, first, that he is not ineligible by reason of his age at the date of the Annual General Meeting and, secondly, that he is nominated by the Board for reappointment (with his consent) at least 14 days before the giving of the notice for the Annual General Meeting in accordance with Rule 13.
- (c) Appointments of Directors shall, unless made under Rules 9.10(a) or 9.10(b), be made at Annual General Meetings upon a resolution being passed that a candidate shall be appointed as a Director.
- (d) If at an Annual General Meeting a candidate is nominated by the Board and a different candidate is nominated for the same post by a Members' nomination under Rule 9.11(e), the appointment shall be made of the candidate obtaining the most votes on a poll. The poll shall be deemed to have been demanded by the chairman presiding at the Annual General Meeting, and the following provisions shall apply to the poll:
 - (i) the voting papers shall include the number of vacancies on the Board, the full names of all the candidates and any declarations required by the 1992 Act;
 - (ii) subject to Rule 9.11(d)(i), the Board may prescribe or approve the form of the voting paper and may include such other declarations and denoting of retiring Directors as it thinks fit;
 - (iii) 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;
 - (iv) the voting papers shall be void if a Member votes for more candidates than there are vacancies to be filled;
 - (v) each Member who is qualified to vote under Rule 13.6(b) shall have one vote in respect of each vacancy to be filled; and

- (vi) no Member shall be required to cast all or any of the votes given to him by Rule 9.11(d)(v).
- (e) An individual (not being a candidate nominated by the Board) may be nominated for appointment at an Annual General Meeting as a Director if :
 - (i) he is nominated by a notice given to the Society in writing signed by at least 500 Members (each of whom is over the age of 18 years, has been a Member on the date of the notice for at least 12 months and is not a collector or superintendent of collectors of the Society) and the Members' nomination is given to the Society not later than the last day of the financial year preceding that in which the Annual General Meeting at which it is proposed that he should be appointed as a Director is held;
 - (ii) he will be qualified under Rule 9.2(c) at the date of the Annual General Meeting; and
 - (iii) before the Annual General Meeting he supplies in writing (in such form as the Board may require) evidence as to his qualifications, financial and managerial experience, creditworthiness, competence and character and (if the Board thinks fit) completes in draft any form or questionnaire that, if appointed a Director, he would be required to submit to any regulatory authority under the Relevant Legislation.

9.12 Pensions and other schemes and funds

- (a) 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:
 - (i) past, present or future officers and employees of the Society (not including any Director who does not hold and has not held any executive position in the Society in addition to that of Director);
 - (ii) past and present officers and employees of any society with which the Society might amalgamate or from which it might accept a transfer of engagements in the future; and
 - (iii) any spouses, children and dependants of persons referred to in Rules 9.12(a)(i) or 9.12(a)(ii).
- (b) In addition to the above powers the Board may grant, on such terms as it thinks fit, other pensions, allowances, gratuities, donations and bonuses to and for the benefit of:
 - (i) past or present officers and employees of the Society;
 - (ii) past officers and employees of a society with which the Society has amalgamated or from which the Society has accepted a transfer of engagements; and
 - (iii) any spouses, children or dependants of such officers and employees mentioned in Rules 9.12(b)(i) or 9.12(b)(ii).

- (c) Subject to Rule 9.12(a), the Board may make, vary and revoke the rules of any fund or scheme mentioned in Rule 9.12(a) and may constitute any trust and may from time to time exercise, at its discretion, any powers reserved to the Society under any trust constituted by the Society, including the power of modifying or discontinuing the terms of such trust or any rules or regulations that may be or may have been made pursuant to it.

9.13 **Accounts**

- (a) The Board shall cause accounting records of the Society to be kept, including separate accounts and funds in respect of industrial assurance business. The Board shall establish and maintain systems of control and of inspection and report of its business and records in accordance with the Relevant Legislation.
- (b) The Board shall establish and maintain separate accounts for any subsidiary companies and jointly controlled bodies which identify their separate assets.
- (c) The Board shall send a statement of its opinion to the FSA, not later than 30 June in each financial year, as required under paragraph 3.1(7) of the Interim Prudential Sourcebook for Friendly Societies.
- (d) In each financial year the Board shall send two copies (or as required by the Relevant Legislation) of:
 - (i) the annual accounts for the last financial year;
 - (ii) the Board's report for that year; and
 - (iii) the Auditor's report on those accounts,to the FSA not later than 30 June or 14 days before the Annual General Meeting, whichever is earlier.
- (e) The Secretary shall supply copies of:
 - (i) the Annual Accounts for the last financial year;
 - (ii) the Board's report for that year; and
 - (iii) the Auditor's report on those accountsto any Member on demand, free of charge. The Secretary shall ensure that copies of such documents are also made available at every office of the Society.

9.14 **Inspection of records**

The Board shall make the records of the Society available for inspection by any Member or person having an interest in the funds of the Society at its Registered Office, or at any place where the records are kept. The Secretary shall produce the records for inspection at all reasonable hours. Any inspecting Member or person shall not, unless he is an officer of the Society, or is specially authorised by a resolution of the Society to do so, have access to personal information about any other Member without the written consent of that Member other than information contained in the Membership list.

9.15 The procedures of the Board

- (a)
 - (i) The Board may, subject to the provisions of these Rules and to the Relevant Legislation, regulate its proceedings as it thinks fit.
 - (ii) A Director may, and the Secretary at the request of a Director shall, call a meeting of the Board. Notice of such meeting shall be given to Directors in accordance with Rule 17. Whenever practicable not less than 14 days' notice of any meeting of the Board shall be given, but, subject to Rule 9.9(b) no acts of any meeting of the Board shall be invalid merely because less than 14 days' notice of any meeting was given.
 - (iii) It shall not be necessary to give notice of a meeting of the Board to a Director who is absent from the United Kingdom.
 - (iv) Questions arising at a meeting of the Board shall be decided by a majority of votes and the chairman of the meeting shall not have a second or casting vote.
- (b) The quorum for the transaction of the business of the Directors shall be three individuals present in person or in communication with each other by telephone. To count in a quorum a Director who is in communication with the other Directors by telephone must be able to hear fully, and participate in, the proceedings. A resolution of Directors who are in communication with each other by telephone who would (if attending a meeting) comprise a quorum shall be as valid and effective as if passed at a meeting of the Board duly convened and held.
- (c) All acts done by a meeting of the Board, or of a committee of the Board, or by a person acting as a Director shall, even though it may later be discovered that there was a defect in the appointment of any Director or:
 - (i) that any of them were disqualified from holding office; or
 - (ii) had vacated office; or
 - (iii) were not entitled to vote,be as valid as if every such person had been duly appointed, was qualified, had continued to be a Director and had been entitled to vote in respect of such acts.
- (d) A resolution in writing signed by all the persons entitled to receive notice of a meeting of the Board or of a committee of the Board shall be valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board duly convened and held, and may consist of several documents in similar form each signed by one or more persons. For the purposes of this Rule, a signature may be affixed to a facsimile copy of the resolution and any signed resolution shall be valid if the Society receives at the Registered Office the original or a copy by facsimile transmission.
- (e) The Secretary shall keep a minute book to record:
 - (i) the proceedings at each meeting of the Board; and
 - (ii) each resolution passed by telephone under Rule 9.15(b) or passed under Rule 9.15(d).

10. **AUDITOR**

10.1 At each Annual General Meeting the Society shall appoint a Qualified Auditor to audit its annual accounts in the manner required by the Relevant Legislation. An individual or a firm may be appointed as the Auditor. The Society shall, within one week of the date of the meeting, notify the FSA if no Auditor has been appointed or reappointed.

10.2 The Board may appoint a Qualified Auditor to fill any vacancy in the post of Auditor which may occur between general meetings of the Society.

10.3 The Board shall fix the level of remuneration, including any sums in respect of expenses, to be paid to the Auditor.

10.4 In the event of:

(a) the removal of the Auditor before the expiration of his term of office by ordinary resolution of the Society in general meeting; or

(b) the resignation of the Auditor in accordance with Schedule 14 to the 1992 Act,

the Secretary shall notify the FSA within 14 days.

10.5 If the Society receives:

(a) a statement from the Auditor, on cessation of his office, of any circumstances which he considers should be brought to the attention of the Members or the creditors of the Society; and

(b) a requisition to convene a meeting of the Society for the purpose of explaining the circumstances connected with his resignation,

the Secretary shall, unless directed otherwise by the Court on an application, call a Special General Meeting within 28 days and shall (within 14 days of receipt by the Society) send a copy of the statement or requisition to the Members.

11. **THE ACTUARY**

11.1 The Society shall have an Actuary whose appointment and termination of appointment shall be governed by the Board.

11.2 The Actuary shall be qualified for appointment within the meaning of the Relevant Legislation.

11.3 The Secretary shall serve notice on the FSA of the appointment of the Actuary in accordance with the Relevant Legislation.

12. **APPLICATION AND INVESTMENT OF FUNDS**

12.1 All moneys received as premiums, contributions, donations or under any Society Policies shall be applied in carrying out the purposes of the Society in accordance with the Rules.

12.2 All moneys received and all interest or other income from investments shall be credited to the appropriate funds in accordance with the Relevant Legislation.

- 12.3 Any transfer of assets between the Society and a subsidiary or jointly controlled body shall be at arm's length and for a proper market value consideration (except as authorised by s 16 of the 1992 Act) and there shall be a proper apportionment of all items of income and expenditure between the Society and its subsidiaries and jointly controlled bodies.
- 12.4 Subject to the advice of the Actuary 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 development of land;
 - (b) in any investment in which trustees are for the time being by law authorised to invest trust funds; or
 - (c) at any time during which the Society falls within s 14(3) of the 1992 Act (or is treated as doing so for the purposes of s 14(2) of the 1992 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 Society Policies) or against no security.

13. MEETINGS AND RESOLUTIONS

13.1 Annual General Meetings

- (a) The Society shall hold an annual general meeting in each financial year.
- (b) Each Annual General Meeting shall be held not more than 15 months after the last Annual General Meeting.
- (c) The Board shall lay before the Members at the Annual General Meeting:
 - (i) the Annual Accounts of the Society covering the last financial year before the date of the meeting;
 - (ii) the Board Report;
 - (iii) the Remuneration Report; and
 - (iv) the Auditor's Report.
- (d) Any advertisement of notice of the Annual General Meeting shall state that copies of the Annual Accounts, the Board Report, the Remuneration Report and the Auditors' Report are available to Members.
- (e) No business shall be conducted at an Annual General Meeting, and no resolution shall be proposed at an Annual General Meeting, except on:
 - (i) the Annual Accounts;
 - (ii) the Board Report;
 - (iii) the Remuneration Report;
 - (iv) the Auditor's Report;

- (v) the appointment and/or reappointment of Directors;
- (vi) the appointment or reappointment of the Auditor;
- (vii) a motion for a resolution contained in a Members' Notice received by the Society under Rule 13.3; and
- (viii) business brought before the meeting by the Board, including a motion for a resolution.

13.2 **Special General Meetings**

- (a) All general meetings of the Society other than Annual General Meetings shall be called "Special General Meetings".
- (b) The Board may, whenever it thinks fit, convene a Special General Meeting.
- (c)
 - (i) The Board shall, on a Members' requisition, convene a Special General Meeting as soon as practicable.
 - (ii) A Members' requisition is a requisition of 500 Members, each of whom is entitled to be present and vote at any general meeting of the Society.
 - (iii) The requisition must state the objects of the meeting, and must be signed by the requisitioners and deposited at the Registered Office. The requisition may consist of several documents in similar form, each signed by one or more requisitioners.
 - (iv) If the Board does not convene a meeting within 28 days from the date of the deposit of the Members' requisition, the requisitioners (or any of them representing more than one half of all of them) may convene a Special General Meeting themselves on up to five months' notice.
 - (v) A meeting convened by requisitioners under this Rule 13.2(c) shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.
 - (vi) The Society shall reimburse the requisitioners for any reasonable expenses incurred by them as a result of the Board's failure to convene a meeting. In order to make the reimbursement, the Society shall retain any fees or other remuneration due to the Directors whose default led to the Board's failure to convene a meeting.
- (d) No business shall be conducted at any Special General Meeting except that stated in the notice convening the meeting.
- (e) Except where the requisitioners themselves convene a Special General Meeting under Rule 13.2(c)(iv), Special General Meetings shall be held at the hour, date and place determined by the Board.

13.3 **Notice of meetings**

- (a) At least 20 Working Days' notice of every general meeting of the Society shall be given to Members.
- (b) The notice shall specify:

- (i) the hour, date and place of the meeting;
 - (ii) the nature of any resolution to be moved at the meeting and of the other business to be conducted at the meeting; and
 - (iii) the full name of each person nominated by the Board to be appointed or reappointed a Director or (if there is a contest) of each candidate for election as a Director.
- (c) The notice shall state that:
- (i) a Member entitled to attend and vote at the general meeting may appoint a proxy to attend and, on a poll, vote at the meeting instead of him;
 - (ii) the proxy need not be a Member;
 - (iii) the Member may direct the proxy how to vote at the meeting; and
 - (iv) instruments for the appointment of proxies are available to Members from the Secretary at the Registered Office.
- (d) The Annual General Meeting shall be described as such in the notice of meeting.
- (e) Notice of a general meeting shall be sent to each Member who is entitled to vote at the meeting, such notice to be sent to the last address known to the Society of each such Member, excluding those Members for whom no current valid address is recorded pursuant to Rule 4.4. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any such Member shall not invalidate the proceedings at that meeting.
- (f) For the purposes of the following paragraphs of this Rule the following expressions shall have the following meanings:
- (i) "Requisite Number" means 500; and
 - (ii) "Members' Notice" means a notice given to the Society:
 - (aa) in writing (whether such notice consists of one or more documents);
 - (bb) by at least the Requisite Number of Members entitled to attend and vote at general meetings of the Societyof their intention to propose a resolution that is specified in the notice, either as a special resolution or an ordinary resolution, at an Annual General Meeting.
- (g) If the Society receives a Members' Notice the Board shall, subject to Rules 13.3(h) and 13.3(i):
- (i) include in the notice of the Annual General Meeting a notice specifying the intention to propose the resolution at that meeting and, if applicable, the intention to propose it as a special resolution; and

- (ii) at the request of the Members proposing the resolution, include, in the advertisement of that meeting under Rule 13.3(e), a copy of any statement of not more than 100 words about the proposed resolution (a "Resolution Statement").
- (h) The Board shall not be obliged to include a Members' Notice in the notice of the Annual General Meeting or to include a Resolution Statement in the advertisement of the meeting unless:
 - (i) the Members' Notice (or the last of the documents sufficient to enable it to comply with the requirements of Rule 13.3(f)(ii)) and any Resolution Statement are received by the Society on or before the 31 December immediately preceding the Annual General Meeting at which the resolution is intended to be proposed;
 - (ii) the resolution and the Resolution Statement both relate directly to the affairs of the Society;
 - (iii) the resolution specified in the Members' Notice is substantially different from any resolution that has been defeated at a meeting during any of the previous three financial years;
- (i) The Board shall also not be obliged to include a Members' Notice in the notice of an Annual General Meeting or to include a Resolution Statement in the advertisement of the meeting if the rights conferred by Rule 13.3(g) are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes.

13.4 **Quorum at general meetings**

- (a) No business shall be considered at any Annual General Meeting or Special General Meeting unless a quorum is present. A quorum shall consist of such number of Members entitled to vote at the meeting present in person or by proxy as is one more than the number of Directors in office at the start of the meeting.
- (b) The Board may invite any number of Members it deems reasonable for the purpose of assisting it in the conduct of the proceedings at general meetings, and such Members may be paid such reasonable expenses as the Board may determine.
- (c) If no quorum shall be present within half an hour after the time appointed for an Annual General Meeting or Special General Meeting, or if during the meeting a quorum ceases to be present, the chairman of the meeting shall adjourn it to such hour, date and place as he shall direct, unless it is a Special General Meeting requisitioned under Rule 13.2(c), whereupon the chairman of the meeting shall dissolve it.

13.5 **Procedures at general meetings**

- (a) The Chairman or, should he be unavailable, another person selected by the Board, shall preside at any general meeting of the Society.
- (b) If, within 15 minutes after the time appointed for holding the meeting, neither the Chairman nor any person selected by the Board to preside in his place is present,

the Members present and entitled to vote shall choose one of their number to be chairman of the meeting.

- (c) The chairman of the meeting may, notwithstanding the presence of a quorum (and shall, if so directed by a resolution of the meeting), adjourn the meeting from time to time and from place to place but, except as provided in Rule 13.5(m), no business shall be conducted at any adjourned meeting other than the business adjourned at the original meeting.
- (d) No business shall be conducted at any meeting of the Society after the meeting has been adjourned and if any business is attempted to be conducted at the meeting it shall be null and void.
- (e) Every adjourned meeting of the Society shall be deemed a continuation of the original meeting but any resolution passed at an adjourned meeting shall be treated for all purposes as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
- (f) When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be advertised as if it were a new meeting but, other than this requirement, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- (g) Subject to the Relevant Legislation and these Rules, every question submitted to an Annual General Meeting or Special General Meeting shall be decided by a simple majority and votes shall be taken in the first instance by a show of hands.
- (h) A poll may (before or on the declaration of the result of the show of hands) be demanded by:
 - (i) the chairman of the meeting; or
 - (ii) six Members who are entitled to vote on the resolution and who are present in person, by proxy, by attorney, by representative or by a person specified in Rule 13.6(d),

and the poll shall be taken in accordance with Rule 13.5(m). No poll shall be permitted on a resolution to appoint a chairman of a meeting or as to whether the meeting should be adjourned. A poll demanded on any other question shall not prevent the continuance of a meeting for the transaction of any other business.

- (i) Unless a poll is demanded, a declaration by the chairman of the meeting and an entry to that effect in the minutes of the meeting that a resolution on a show of hands has been carried, carried unanimously, carried by a particular majority, or lost or not carried by a particular majority shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of, or against, the resolution.
- (j) If a special resolution is to be put to the vote or there is a contest for a post of Director or Auditor, a poll shall be deemed to have been demanded by the chairman of the meeting.
- (k) The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the meeting. A demand so withdrawn shall not

invalidate the result of a show of hands declared before the demand for a poll was made.

- (l) The demand for a poll which is deemed to have been made by the chairman of the meeting under Rule 13.5(j) may not be withdrawn under Rule 13.5(k).
- (m) A poll, if duly demanded in accordance with Rule 13.5(h), shall be taken at the meeting at which the poll is demanded or if the chairman of the meeting so decides, at an adjourned meeting and, in either case, in the manner that the chairman in his absolute discretion directs, including conducting a poll by electronic means, subject to Rule 13.5(n). The result of the poll shall be deemed to be the resolution of the meeting or adjourned meeting at which the poll was taken. The chairman may, in the event of a poll, appoint the scrutineers (who need not be Members) and may adjourn the meeting or adjourned meeting to some hour, date and place fixed by him for the purpose of declaring the result of the poll.
- (n) Voting papers to be used on a poll, to include voting papers distributed by electronic means shall be valid only if they are issued by or on behalf of the Society.
- (o) The Board shall ensure that minutes are kept of each general meeting of the Society and that they are available for inspection by any Member at all reasonable hours at the Registered Office.

13.6 **Entitlement of Members to attend and vote at meetings**

- (a) In this Rule "voting date" means in relation to any resolution:
 - (i) the date of the meeting at which the resolution is intended to be moved, or
 - (ii) where a Member appoints a proxy to vote on his behalf, the final date for the receipt of instruments appointing proxies to vote on that resolution.
- (b) A person (who is not under the age of 18 years and not a collector or superintendent of collectors of the Society) who at the voting date has been a Member for a continuous period of 12 months or who was entitled to become a Member in accordance with the Rules then in effect on 16 May 2000 is entitled to attend at any general meeting of the Society and vote on a resolution (whether special or ordinary).
- (c) The holder of a power of attorney given to him by a Member who is entitled to vote under Rule 13.6(b) shall be entitled to vote in all circumstances as if he were a Member and in the Member's place if the power of attorney is registered at the Registered Office and authorises the holder to exercise the rights of the Member under the Rules (whether or not expressly). A holder of a power of attorney shall not be entitled to appoint a proxy or an attorney.
- (d) A Member who is entitled to vote under Rule 13.6(b), and in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote by his receiver, curator bonis or other representative appointed by that court. Any such receiver, curator bonis or other representative may vote either on a show of hands

or on a poll in person or by a proxy. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be deposited at the Registered Office not less than two clear days before the voting date, failing which he may not vote.

- (e) The Board may regulate (by regulations that it may issue from time to time):
 - (i) the evidence it shall require of entitlement to attend and vote at general meetings of the Society specified in these Rules; and
 - (ii) the attendance of persons who are not entitled by these Rules to attend and vote at general meetings of the Society.

13.7 **Appointment of proxies**

- (a) A Member entitled to attend and vote at a general meeting of the Society:
 - (i) may appoint one person (whether a Member or not) as his proxy to attend and, on a poll, to vote at the meeting in his place; and
 - (ii) may direct the proxy how to vote at the meeting.
- (b) The instrument appointing a proxy or a representative shall be deposited at such address within the United Kingdom as may be stipulated in the notice of the meeting (or, if no such address is stipulated, at the Registered Office) not less than 48 hours before the day appointed for holding the meeting or adjourned meeting (for the purposes of this Rule 13.7, the "final date"). Failure to comply with this Rule 13.7(b) shall render the instrument invalid.
- (c) An instrument appointing a proxy shall be in such form (if any) as may be required by the Relevant Legislation and, subject to any such requirement, shall be in the form decided by the Board provided that such form shall not restrict the manner in which the person appointing the proxy may direct him to vote.
- (d) The instrument appointing a proxy shall confer authority to demand or join in the demand for a poll on any resolution proposed at the meeting and to speak on any resolution proposed at the meeting.
- (e) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding:
 - (i) the previous death or mental disorder of the appointor or revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Society at its Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used;
 - (ii) that since final date the appointor has ceased to be entitled to attend and vote at the meeting.
- (f) If a Member who is entitled at the final date to attend and vote at the meeting appoints a proxy to vote instead of him and then ceases after the final date to be entitled to attend and vote, the person appointed as a proxy may nevertheless act as that Member's proxy at the meeting.

13.8 **Voting requirements for certain resolutions**

The following resolutions may only be passed as resolutions of the Society if at least 50% of the Members entitled to vote on the resolution do vote (whether in person or by proxy):

- (a) a resolution to transfer the engagements of the Society to any proprietary company;
- (b) a resolution to convert the Society into a proprietary company; and
- (c) a resolution to rescind, disapply or alter this Rule 13.8.

For the purposes of this Rule, "proprietary company" means a body corporate, the capital of which is divided into shares which are (or will be) capable of being transferred to persons to whom the body corporate does not supply financial services.

14. **DISPUTES**

If any Dispute arises between a Member (or a person claiming through a Member or under the Rules) or any person aggrieved who has ceased to be a Member (or any person claiming through such person aggrieved) on the one hand and the Society or any officer of the Society on the other hand, the Dispute shall be decided by a single arbitrator who shall be appointed by agreement between the parties to the Dispute or, if they cannot agree, by the President for the time being of the Law Society or, where both parties to the Dispute agree, by the County Court.

15. **COMPLAINTS**

15.1 The Board may from time to time:

- (a) establish and amend such procedures as it may think fit; or
- (b) accede to any scheme or schemes

for the investigation and resolution of complaints by Members or other persons whom the Board considers to have a sufficient interest in the Society's business or activities to justify the investigation of the complaint. Such complaints may relate to any aspect of the Society's business or activities. Nothing in this Rule 15 shall prevent a Member who makes a complaint to the Society utilising the disputes procedure set out in Rule 14, from referring a complaint to the ombudsman scheme as set out in s 80(1A) of the 1992 Act.

15.2 The Board shall provide, free of charge, written details of any procedure or scheme from time to time in force under this Rule 15 to any Member or other person requesting them, provided that the person (unless he is a Member) has an interest as specified in Rule 15.1.

16. **DISSOLUTION, WINDING-UP AND DISTRIBUTION OF SURPLUS ASSETS**

16.1 The Society may be dissolved at any time by an instrument of dissolution approved by a special resolution of the Society.

16.2 Upon the Society's being dissolved by consent or upon its winding up, any surplus remaining after the 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 ss 19 to 24 of, and Schedule 10 to, the 1992 Act, and the amount of each Member's share shall be in the same proportion as that Member's financial interest in the Society or, as the case may be, in any sub-funds of the Society's fund, (each as determined having regard to the advice of the Actuary) bears to the Society's total assets or, as the case may be, to the amount of the relevant sub-fund.

17. **NOTICES**

17.1 All summonses and notices shall be deemed to have been duly served if they are:

- (a) addressed to the Member, Director or other person for whom they are intended at his last known address; and
- (b) delivered at, or sent by post to, that address.

17.2 Without prejudice to the generality of Rule 17.1, a Director may be given due notice of any meeting of the Board either in person or by facsimile transmission. The facsimile transmission shall be made to any United Kingdom fax number specified by the Director. Any Director may waive notice of a meeting of the Board, and such waiver may be retrospective.

18. **COPIES OF MEMORANDUM AND RULES**

The Society shall give any person who requests it a copy of the Memorandum and the Rules free of charge.

19. **ALTERATION OF MEMORANDUM AND RULES**

19.1 The Memorandum or Rules may be altered by a resolution passed at a general meeting of the Society by the addition, rescission or variation of any provision, subject to Rule 13.8 and to any prohibition or requirement contained in the Relevant Legislation.

19.2 No alteration of the Society's Memorandum or Rules shall take effect until such alteration is registered in accordance with paragraph 6 of Schedule 3 to the 1992 Act, or until such later date as is specified in the record of alteration.

20. **CHANGE IN REGISTERED OFFICE**

The Board may, subject to the requirements of paragraph 12 of Schedule 3 to the 1992 Act, change the Registered Office to such place within the United Kingdom as the Board may decide from time to time.

21. **APPLICABLE LAW**

The law applying to contracts of insurance entered into pursuant to the Rules shall be English law. This is subject to any mandatory requirements imposed by the law of a member state.

