



Rules

of Kingston Unity Friendly Society Limited

Effective 1 January 2016 as varied on 16 June
2018

Registered and incorporated under the Friendly Societies
Act 1992

Friendly Society Register No.775F

PRA/FCA Register No.110056

Registered Office:
9 Navigation Court,
Calder Park,
Wakefield,
WF2 7BJ

PART 1: RULES APPLICABLE TO THE SOCIETY AND WHERE STATED TO BRANCHES

1 Definitions

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

1992 Act: the Friendly Societies Act 1992.

2000 Act: the Financial Services and Markets Act 2000.

Annotated Corporate Governance Code: the annotated version for mutual insurers of the UK Corporate Governance Code published by the Association of Financial Mutuals (or relevant successor to the Association of Financial Mutuals) from time to time.

Annual Accounts: the accounting documents, including the notes attached to them, which the Legislation requires the Society to prepare for itself and by way of group accounts for itself and its Subsidiaries.

Annual General Meeting: an annual general meeting of the Society or any Branch held under Rule 13.1.

Appropriate Actuary: the person or persons appointed by the Board to be the holder of the Society's actuarial function and/or its with-profits actuary function and/or any other actuarial appointment required by the Legislation from time to time.

Appropriate Regulator: the PRA or FCA as the context requires.

Auditor: the auditor of the Society appointed under Rule 10.2.

Auditor's Report: the report of the Auditor on the Annual Accounts and the Board's Report.

Benefits: the benefits to which a Member is entitled under his or her Insurance Cover or any Discretionary Benefits for which he or she may be eligible.

Board: the committee of management of the Society.

Board's Report: a report by the Board on the business of the Society, which shall include the information required by the Legislation.

Branch: a branch of the Society, being a group of members as described in section 7(5)(b) and (c) of the 1992 Act..

Branch Committee: the committee of management of a Branch.

Branch Funds: those funds and assets belonging to a Branch identified by the scheme entered into by the Society on incorporation as increased or diminished by subsequent payments and transactions..

Branch Member: a Member who is also a member of a Branch.

Branch Office: the registered office of a Branch immediately prior to the incorporation of the Society, subject to any changes made pursuant to Rule 20.

Branch Register: the register or other record of Branch Members kept by each Branch.

Branch Report and Accounts: the financial statements of the Branch together with a report by the relevant Branch Committee of the activities of the Branch for the period in question, each in the format prescribed by the Board.

Branch Secretary: the person filling the office of secretary to a Branch pursuant to Rule 22.3.

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.

Contributions: the contributions to the Society or insurance premiums payable by Members.

Delegate: any Member aged 16 or over who holds a Policy with the Society on the date that AGM notices are sent and is not in arrears. In the case of children under 16, the named Sponsor or Registered Contact may act as a Voting Delegate on their Behalf.

Directors: the members of the Board.

Dispute: shall be construed in accordance with s 80(8) of the 1992 Act.

Executive Director: a Director who holds an executive office with the Society or one of its Subsidiaries.

FCA: the Financial Conduct Authority or its successors from time to time.

Honorary Member: a person appointed as an Honorary Member under Rule 3.7.

Individual Member: a Member who does not belong to a Branch

Insurance Cover: insurance cover extended to a Member either under the Pre-2015 Rules or through the issue of a Policy.

Insurance Document: the document issued to a Member setting out the terms and conditions of his or her Policy or, where no such document has been issued then under the Pre-2015 Rules and associated tables.

Legislation: the 1992 Act, the 2000 Act, the Regulatory Handbooks and every other statute, enactment or regulation for the time being in force relating to an incorporated friendly society (with its registered office situated in England and Wales) carrying on the business and other activities carried on by the Society.

Member: a member of the Society (which includes Individual Members and Branch Members).

Members' Notice: a notice described in Rule 13.2(d).

Memorandum: the memorandum of the society.

Nomination Committee: the committee of the Board referred to in Rule 9.10(a).

Non-executive Director: a Director who is not an Executive Director.

Ordinary Resolution: a resolution of the Members in general meeting other than a Special Resolution.

Policy: any insurance or other policy issued by the Society or any policy originally issued by another body and subsequently transferred or novated to the Society whether under s86 of the 1992 Act, Part VII and Schedule 12 to the 2000 Act or otherwise.

PRA: the Prudential Regulation Authority or its successors from time to time..

Pre-2015 Rules: the Rules, Tables and Schedules of the Society as a registered society and in force immediately before the date of registration of these Rules.

Qualified Auditor: an auditor who is eligible for appointment as the auditor of the Society and of each Branch 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 or other record of Members.

Registered Office: the registered office of the Society for the time being.

Regulatory Handbook: the rules and guidance of the PRA and/or FCA as the context requires or their successors from time to time

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(i)(ii)

Rules: shall be the rules of the Society as registered with the FCA as varied from time to time.

Scheme: the Scheme adopted by the Society upon its incorporation

Secretary: the person appointed by the Board to be the Society's secretary.

Senior Independent Director: the Director appointed to that office under Rule 9.4(a).

Society: Kingston Unity Friendly Society Limited.

Special General Meeting: a general meeting of the Society or a Branch other than an Annual General Meeting.

Special Resolution: in relation to the Society, a resolution of the Members in general meeting to which paragraph 7 of Schedule 12 to the 1992 Act applies and, in relation to a Branch, a resolution which, in order to be passed, requires at least three-quarters of the Branch Members voting on the resolution to vote in favour of it..

Subsidiary: a body corporate which is controlled or jointly controlled by the Society for the purposes of section 13 of the 1992 Act.

Trustee: a trustee in whom the property, rights and liabilities of a Branch are vested.

Working Day: a day other than a Saturday and Sunday or public holiday in any part of England and Wales.

2 Interpretation

2.1 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.

2.2 Unless the context requires otherwise, words and expressions which are defined in the 1992 Act, the 2000 Act or in the Regulatory Handbooks shall have the same meanings in these Rules.

- 2.3 In these Rules any reference to the Legislation, the Regulatory Handbooks, the Annotated Corporate Governance Code shall include all such as amended, varied or re-enacted or otherwise replaced from time to time.
- 2.4 In these Rules, the expressions “in writing” and “written” shall be deemed to include text sent by electronic means and the expression ‘by telephone’ shall include other forms of communication where those participating in the communication can hear fully, and participate in, the proceedings.
- 2.5 Headings to Rules are for convenience only and shall not affect the interpretation of these Rules.
- 2.6 In the event of any conflict between these Rules and any legislation then the provisions of the legislation will prevail.

3 Membership

- 3.1 Any person who was a Member immediately before the incorporation of the Society shall continue as a Member.
- 3.2 A person may become a Member by making an application for Insurance Cover (or, in the case of a person under the age of 18 years, having an application made on his or her behalf) and by the application being accepted by the Society. The form of application shall be determined by the Society from time to time and the Society may require further information about the applicant as it sees fit. Acceptance of an application shall be at the Society's total discretion.
- 3.3 A person will remain a Member only so long as they hold a Policy with the Society which is on risk or creates a financial interest in the Society.
- 3.4 A person may participate in social and benevolent activities of a Branch without being a Member of the Society. Such persons shall pay a subscription to the Branch as determined by the Branch Committee and their names and addresses (including, if applicable, electronic addresses) shall be kept in a separate section of the Branch Register but they shall not be Members and shall not have any rights or obligations under the Memorandum or these Rules unless they also have Insurance Cover.
- 3.5 A person of any age may become a Member (subject to the terms and conditions of any Policy):
- (a) a Member aged 16 years or over may execute all instruments and give all receipts necessary to be executed or given under these Rules;
 - (b) 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 or her parent or guardian or legal representative on his or her behalf;
 - (c) the parent, guardian or legal representative will cease to be able to execute all instruments or give all receipts necessary as soon as the Member attains age 16; and
 - (d) after a Member attains the age of 16 the Society may continue to correspond with the parent, guardian or legal representative until they or the Member notifies the Society otherwise.
- 3.6 A Member may not be a Member of more than one branch. A person may with the consent of the Society move between being a Branch Member and an Individual Member and vice-versa..
- 3.7 A person who was an Honorary Member of the Society immediately before the date of incorporation may remain an Honorary Member subject to any regulations relating to Honorary

Membership made by the Board under Rule 9.1(g)(ii), but no further Honorary Members shall be elected or otherwise appointed on or after that date. Unless they are also Members by virtue of having Insurance Cover with the Society, Honorary Members shall pay no Contributions to the Society and receive no Benefits. However Honorary Members may attend at and have the right to speak at, but not to vote, at general meetings of their Branch and the Society.

3.8 The Society may carry on group insurance in accordance with the 1992 Act and the terms and conditions of each individual scheme or Policy will provide whether or not beneficiaries of group insurance are Members.

3.9 The decision of the Board on any question of whether a person has become or, as the case may be, is entitled to become, a Member shall be conclusive for all purposes of these Rules. Disputes of any other nature raised by a Member shall be determined in accordance with Rule 14.

4 Termination of Membership

4.1 A person who is a Member shall automatically cease to be a Member:

- (a) on his or her death;
- (b) if he or she assigns his or her interest in all of the Insurance Cover by virtue of which he or she was a Member or has ceased to be the beneficiary under any Insurance Cover held by him or her by operation of law; and

if for some other reason (including the rescission, cancellation, or surrender of his or her Insurance Cover, or the expiry of any periods of insurance for which his or her Insurance Cover extended) the Member has no remaining rights under any of the Insurance Cover by virtue of which he or she was a Member.

4.2 A Member may also be expelled from Membership by the Board if:

- (a) he or she has (in the opinion of the Board) brought the Society into disrepute;
- (b) he or she has (in the opinion of the Board) committed repeated and/or serious breaches of these Rules;
- (c) he or she has been in arrears with his or her Contributions for such period as is specified for that purpose in the applicable Insurance Document or his or her Insurance Cover has been terminated in accordance with the applicable Insurance Document;
- (d) if he or she has provided any false information to the Society or withheld any relevant information from the Society which the Society considers material in relation to the Member's Insurance Cover or otherwise, and/or has made fraudulent or deceitful claims upon the Society.

4.3 A Member will be kept informed during the expulsion process including any rights to dispute any decision of the Board. The Board may appoint a panel to sit on its behalf as part of the expulsion process.

5 Register of Members

5.1 The Society and each Branch shall maintain a register of the names and addresses of Members (including electronic addresses notified to the Society as contemplated by paragraph 14(1A) of Schedule 3 to the 1992 Act).

5.2 The Register shall be kept at the Registered Office of the Society or at such other place as the Board thinks fit. Branch Registers shall be kept by Branch Secretaries.

- 5.3 The Society need not enter in the Register the address of a Member if it has no address for him or her and his or her whereabouts are unknown.
- 5.4 Each Member or his or her representative shall notify the Society of any change in his or her address (including electronic address) within 28 days of the change occurring.
- 5.5 Where it appears to the Society or a Branch that the address (and where applicable any electronic address) shown in the Register for a Member is no longer current, the Society:
- (a) may remove that address from the Register;
 - (b) need not enter an address (or an electronic address) for that Member in the Register while it has no address for him or her and his or her whereabouts are unknown; and
 - (c) the Society or the Branch shall only be required to take such minimum steps as the law requires to trace such Member.

6 Contributions, Benefits, Surpluses and Bonuses

- 6.1 The terms on which any person shall pay Contributions to the Society and receive Benefits from it are not contained in these Rules.
- 6.2 If the Society has issued a Policy in respect of any Insurance Cover taken out by Members prior to the date of incorporation, the terms of such Insurance Cover shall be as set out in the Pre-2015 Rules, subject always to any special terms applicable to the Insurance Cover notified to the Member from time to time.
- 6.3 The terms of the Insurance Cover taken out by Members on or after the date of incorporation (including the Contributions payable and the Benefits to which the Member is entitled) shall be as set out in the relevant Policy or in the Tables attached to or referred to in the Pre 2015 Rules.
- 6.4 The Society shall make available to Members free of charge copies of the terms on which Benefits are provided.
- 6.5 Distribution of surpluses and bonuses shall be determined by the Board on the advice of the Appropriate Actuary.

7 Forfeitures and Arrears

The provisions for forfeiture of Insurance Cover shall be as stated or incorporated by reference, in the relevant Insurance Document and shall be subject to any Legislation.

8 Nominations

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

9 Governance of the Society

9.1 The Board: Powers and Duties

- (a) The Board shall be the directing body of the Society and its committee of management for the purposes of the 1992 Act. The members of the Board shall be known as the Directors of the Society (and references in these Rules to "Directors" or "Director" shall be construed accordingly):

- (b) subject to the Legislation, the Memorandum, these Rules and any directions given by Special Resolution, the business of the Society shall be managed by the Board 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 number 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;
- (e) without prejudice to its legal duties and responsibilities under the Legislation and these Rules, the Board may delegate any of its powers to a sub-committee consisting of two or more Directors or other persons it considers appropriate. It may also delegate such of its powers as it considers desirable to any Director. Any such delegation may:
 - (i) be made subject to any conditions the Board may impose; and
 - (ii) be revoked or altered, and may either give the sub-committee exclusive powers within its terms of reference or may retain the right of the Board itself to continue to exercise its own powers within the terms of reference of the sub-committee.
- (f) subject to any such conditions, the proceedings of any such Director or sub-committee shall be governed, as far as they are applicable, by the rules regulating the proceedings of Directors;
- (g) without prejudice to the generality of Rules 9.1(a) to 9.1(f) above, 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, however, shall receive any payment except in accordance with these Rules;
 - (ii) may make, vary or revoke regulations for the conduct of all affairs and business of the Society and its Branches (and for the conduct of business at meetings of the Board or Branch Committees) provided that the regulations are not, or do not become, inconsistent with the Society's Memorandum, these Rules or with the 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 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 existing or new 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 exercise the borrowing powers of the Society as the Board sees fit;
- (vii) may take all steps and other actions required or authorised by the 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 Appropriate 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; and
- (viii) may adopt and continue to run on the basis of the Pre-2015 Rules any funds, separately named funds in existence at the date of incorporation or transferred to the Society by virtue of its incorporation together with the power to make such future changes to such funds as it sees fit.

9.2 Membership of the Board and Branch Committees:

- (a) In the case of the Board, it shall, subject to a minimum of 6 Directors and a maximum of 10 Directors, consist of such number of individuals as the Board may determine from time to time. No more than 50% of the total Board shall be made up of Executive Directors and at least 50% of the Board (Executive or Non Executive Directors) must be Members of the Society. The Chief Executive shall be an ex officio member of the Board;
- (b) In the case of a Branch Committee, it shall, subject to a minimum of 6 persons, consist of such number of individuals as the Branch Committee may determine from time to time. A Branch Committee shall also elect at least two of its members as Trustees in accordance with Part 2 of these Rules, provided that the initial Trustees of each Branch shall be persons holding office as Trustees of that Branch immediately before the incorporation of the Society
- (c) a person who is 70 or more may only be eligible to be elected or re-elected as a Director if:
 - (i) he or she has been approved as eligible to be so elected by resolution of the Board; and
 - (ii) his or her age and the reasons for the Board's approval of his or her eligibility have been notified to every person entitled to vote.
- (d) nobody aged under 18 shall be appointed as a Director, Trustee or to a Branch Committee;
- (e) subject to Rule 9.2(a), a person does not need to be a Member in order to be a Director or a Trustee.

9.3 Term of Appointment: no Director, Trustee or member of a Branch Committee shall be appointed (or reappointed under Rule 9.10) for a term expiring later than, in the case of the Board, the date of the third Annual General Meeting of the Society or, in the case of a Trustee or a member of a Branch Committee, the date of the third Annual General Meeting of the Branch following his or her appointment (or reappointment).

9.4 Appointment of Chairman and Senior Independent Director:

- (a) the Directors shall from time to time appoint one of their number (who shall not be an Executive Director) as chairman of the Board, and another as Senior Independent Director, The Chairman and /or the Senior Independent Director may be a Member where that fact has been declared in advance of any vote for such person. The Board may remove either person from such office at any time. The Chairman or, in his or

her absence, the Senior Independent Director, shall preside at every meeting of the Board at which he or she is present;

- (b) if the Chairman and the Senior Independent Director 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;
- (c) in addition to chairing meetings of the Board, the Chairman and the Senior Independent Director shall fulfil the functions described for them in the Annotated Corporate Governance Code; and
- (d) each Branch shall elect a chairman in accordance with Rule 22.4.

9.5 Interest in contracts:

- (a) subject to a Director, Trustee or member of a Branch Committee complying with the Legislation and with any rule of law:
 - (i) requiring him or her to declare to the Board any direct or indirect interest he or she might have, or be treated as having, in any contract to which the Society is a party;
 - (ii) prohibiting particular contracts; and
 - (iii) requiring a contract to be approved by a resolution of a general meeting,

he or she shall not be disqualified from office thereby, nor shall he or she be liable to account to the Society for any profit arising out of any such contract to which he or she is a party or in which he or she is interested by reason of being a Director, Trustee or member of a Branch Committee at the time of such contract. The ability of a Director, Trustee or member of a Branch Committee 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, Trustee or member of a Branch Committee may vote as a Director, Trustee or member of a Branch Committee in relation to any contract, or proposed contract, in which he or she is interested, or upon any matter arising out of it. If he or she does vote, the vote shall not be counted, nor shall the Director, Trustee or member of a Branch Committee 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, Trustee or member of a Branch Committee in question is any interest he or she may have as a director or officer of a Subsidiary or other associated body of the Society;
- (c) notwithstanding anything contained in this Rule, but subject always to the Legislation, 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 the term "contract" includes any transaction or arrangement; and
- (e) for the purposes of these Rules, no interest:
 - (i) in any Insurance Cover provided by the Society; or
 - (ii) in any other financial services or other product provided, or arranged, by the Society, or by any Subsidiary;

shall be regarded as an interest so long as it is provided on substantially the same terms as would be available to Members generally. An interest of which a Director or member of a Branch Committee has no knowledge and of which it is unreasonable to expect him or her to have knowledge shall not be treated as an interest of his or hers.

9.6 Remuneration of Directors:

- (a) all decisions relating to the remuneration of the Chairman, the Chief Executive, any other Executive Directors and the Secretary shall be decided by the Board after being considered by a committee, to be called the Remuneration Committee. The Remuneration Committee shall consist of Non-executive Directors. The recommendations of the Remuneration Committee shall be put before the Board who may choose to approve or reject them. Each Non-executive Director shall be entitled to such remuneration as the Board may from time to time determine. The remuneration of all Directors shall be the subject of a binding vote on remuneration policy every three years and a non-binding advisory vote annually on actual remuneration at the Annual General Meeting of the Society in accordance with the Annotated Corporate Governance Code. If the advisory vote is not in favour, the Board shall submit a revised remuneration policy at the next Annual General Meeting;
- (b) a Director may, in addition, be paid:
 - (i) reasonable travelling, hotel and other expenses he or she may incur while attending to the business of the Society; and
 - (ii) reasonable expenses he or she may incur in obtaining independent legal advice in relation to the performance of his or her duties as a Director.
- (c) subject to the limit on the proportion of Executive Directors in Rule 9.2(a), a Director may hold any office, employment or position of profit with the Society simultaneously with his or her office of Director and may be appointed by the Board to an office, employment or position of profit with any body corporate in which the Society is, or will be, interested. A Director may not, however, hold the office of Auditor or Appropriate Actuary;
- (d) a Director appointed to an office or position of profit with a body corporate in accordance with Rule 9.6(e) shall disclose any benefit he or she derives from any such office or position to the Board in the financial year in which it is received;
- (e) 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; and
 - (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 not be counted in the quorum present at that part of the meeting while his or her 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 or her own appointment or the arrangement of the terms of that appointment.
- (f) the Annual Accounts shall give particulars of the emoluments (including any performance-related pay), pensions, compensation for loss of office and financial

interest of Directors, other officers and employees of the Society of prescribed descriptions in accordance with the Legislation.

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. The Secretary (when a separate person) need not 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 or her by the Rules and by the Legislation together with any additional duties that the Board may determine from time to time;
- (d) the Board may appoint such employees, advisers and agents as it may at any time determine and may terminate their appointment;
- (e) the Board may appoint a person to more than one office, employment or position, subject to the exception that neither the Chief Executive nor the Secretary may simultaneously hold the office of Chairman; and
- (f) 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, Trustee and member of a Branch Committee and every other officer and every employee of the Society shall be indemnified by the Society or Branch (as appropriate) against any liability in respect of losses, costs, charges, damages and expenses which might arise from, or in the course of, his or her duties. Such indemnification shall cover any liability incurred by him or her in defending any proceedings whatsoever, whether civil or criminal, which arises out of his or her duties in relation to the Society and under which judgment is given in his or her favour or under which he or she is acquitted but may not cover any liability under any rule of law or of Legislation, in respect of any negligence, default, breach of duty or breach of trust of which he or she might be guilty in relation to the Society; and
- (b) the Society may take out a policy of insurance to cover some or all (in its discretion) of such persons against any such indemnity or liability as is mentioned in Rule 9.8(a).

9.9 Vacation of office and disqualification:

- (a) a Director, Trustee and a Branch Committee member shall cease to hold office:
 - (i) if he or she resigns his or her office by notice in writing to the Secretary;
 - (ii) if he or she takes up a permanent residence outside the United Kingdom;
 - (iii) if a request is made to a Director in writing, by 75% of the total number of Directors, that he or she should resign forthwith;

- (iv) if a request is made to a Trustee or member of a Branch Committee in writing by 75% of the total number of members of the Branch Committee, that he or she should resign forthwith;
 - (v) if he or she absents himself or herself for a period of more than six consecutive months from meetings of the Board or a Branch Committee held during that period, without permission of the Board or the Branch Committee, and the Board or the Branch Committee passes a resolution that he or she has vacated office;
 - (vi) if he or she becomes bankrupt or is subject to sequestration, or compounds or makes any arrangements with his or her creditors generally;
 - (vii) if he or she is, or might be, suffering from mental disorder and either:
 - (A) he or she 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 (Care and Treatment) (Scotland) Act 2003 or the provisions of legislation relating to mental health in any other jurisdiction; or
 - (B) an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) for his or her 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 or her property or affairs.
 - (viii) upon a resolution that he or she 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 13.2;
 - (ix) upon a resolution that he or she shall cease to be a Trustee or member of the Branch Committee, where that resolution has been passed by a majority of the votes cast on a poll at a general meeting of the Branch of which notice has been given under Rule 13.3;
 - (x) if, whilst a Director, Trustee or a Branch Committee member and without the prior consent of the other Directors in the case of the Board or members of the Branch Committee in the case of a Branch Committee member, he or she 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;
 - (xi) if, while an Executive Director, he or she ceases for any reason to hold an executive office with the Society;
 - (xii) if he or she becomes prohibited by law from being a member of the committee of management of a friendly society or a branch; and
 - (xiii) if he or she contravenes Rule 9.5(a) by knowingly or recklessly failing to declare an interest and the Board passes a resolution that he or she has vacated office.
- (b) In the absence of any formal resignation being received by the Society or the Branch the Secretary or the Branch Secretary shall give not less than 14 clear days' notice in

writing to all Directors or Branch Committee members (as appropriate) of a meeting of the Board or the Branch Committee at which it is intended to move a resolution that a Director or Branch Committee member has vacated office. The notice shall set out the proposed resolution and require a majority of 75% of the total number of Directors or Branch Committee members to resolve that he or she has vacated office. 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 apply to any such notice.

9.10 Appointment to the Board and Branch Committees:

- (a) the Board may establish a Nomination Committee. The principal purpose of any such Nomination Committee shall be to advise the Board and make recommendations to Members on the appointment of Directors in accordance with the Annotated Corporate Governance Code or any other subsequent guidance;
- (b) the Board or a Branch Committee may co-opt an individual as a Director/Branch Committee member (as appropriate) 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)(xi);
- (c) subject to the limits on the numbers and proportions of Directors in Rule 9.2(a), the Board may appoint an individual as an additional Director;
- (d) the Board and a Branch Committee shall only, under this Rule, appoint an individual who:
 - (i) appears to it to be fit and proper to be a Director/ Branch Committee member;
 - (ii) in the case of an appointee as a Director, is under the normal retirement age for the purposes of paragraph 4 of Schedule 11 to the 1992 Act;
 - (iii) is qualified under Rule 9.2; and
 - (iv) is not a person who, having been nominated for election as a Director/Branch Committee member at any election held within the preceding twelve months, was not elected as such.
- (e) a Director or Branch Committee member appointed under this Rule shall hold office until the conclusion of the Annual General Meeting immediately following his or her appointment; and
- (f) a Director or Branch Committee member appointed under this Rule and retiring under Rule 9.10(e) shall be eligible for election at the Annual General Meeting referred to in Rule 9.10(e).

9.11 Retirement of Directors, Trustees and Branch Committee members and reappointment:

- (a) in addition to the provisions governing the retirement of Directors in Rule 9.9(a) and Rule 9.10(e) and subject to following provisions of this Rules 9.11, a Director, Branch Committee member or Trustee may be elected for a maximum period of three years after which he or she must retire. A Director, Branch Committee member or Trustee retiring under this rule shall be eligible for reappointment. . After three retirements and re-elections under this Rule he or she must retire and submit to re-election annually provided that he or she is nominated by the Board or Branch Committee (as appropriate) for re-election (with his or her consent) at least 14 days before the giving of the notice of the Annual General Meeting in accordance with Rule 13 and provided also that the notice for the Annual General Meeting shall include the reasons why the

Board or Branch Committee considers that the Director, Trustee or Branch Committee member should be re-elected;

- (b) no Director may hold office for a continuous period of more than 12 years from the date of his or her first election;
- (c) for the purposes of Rules 9.11(a) and (b), references to a “year” shall be construed to mean the period from one Annual General Meeting to the next and periods before the incorporation of the Society shall be taken into consideration when calculating the period for which a Director, Trustee or member of a Branch Committee has held office;
- (d) the Chief Executive shall not be subject to retirement by rotation;
- (e) a Director or Branch Committee member retiring at an Annual General Meeting under Rule 9.11(a) shall retain office until the conclusion of the Annual General Meeting;
- (f) appointments of Directors, Trustees and members of Branch Committees shall, unless made under Rules 9.10(b), 9.10(c) or 22.2(c), be made at Annual General Meetings of the Society in the case of Directors and of the relevant Branch in the case of members of Branch Committees and Trustees upon a resolution being passed that a candidate shall be appointed as a Director, Trustee or Branch Committee member. In the case of the number of candidates exceeding the number of vacancies, the appointment shall be made of the candidate(s) 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. The following provisions shall apply:
 - (i) the voting papers shall include the number of vacancies, the full names of all the candidates, any declarations required by the 1992 Act and any recommendations made by the Nomination Committee;
 - (ii) subject to Rule 9.11(f)(i), the Board may prescribe or approve the form of the voting paper and may include such other declarations and denoting of retiring Directors, Trustees or Branch Committee members as it thinks fit. If proposing a person for election as a Non-executive Director, the Board shall give its reasons for doing so in papers accompanying the voting papers;
 - (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 Delegate or Member who is qualified to vote under Rule 13.6 shall have one vote in respect of each vacancy to be filled;
 - (vi) no Delegate or Member shall be required to cast all or any of the votes given to him or her by Rule 13; and
 - (vii) in the event of two or more candidates tying for appointment as a Director, Trustee or a Branch Committee member on a poll, the candidate who polled the fewest votes in that poll shall withdraw from the election and a new poll shall be conducted in accordance with this Rule 9.11 save that, in relation to the appointment of a Branch Committee member, any instruction given to a proxy to vote in favour of the candidate who has withdrawn from the election shall be disregarded and the proxy shall abstain from exercising that vote.

- (g) an individual may be nominated for appointment at an Annual General Meeting as a Director or a member of a Branch Committee if he or she is nominated by:
 - (i) the Board or the relevant Branch Committee; or
 - (ii) a notice in writing given to the Society signed by at least 25 Members or given to a Branch signed by at least 10 Members (and in both cases each of whom is 18 years or more of age, has been a Member for at least 2 years and is not in arrears with his or her Contributions) and the Members' nomination is given to the Society or Branch (as appropriate) at least three months before the Annual General Meeting at which it is proposed that the candidate should be appointed as a Director or Branch Committee member.
- (h) he or she will be qualified under Rule 9.2 at the date of the Annual General Meeting; and
- (i) before the Annual General Meeting he or she supplies in writing (in such form as the Board may require) evidence that he or she is fit and proper to be a Director or Branch Committee member, including evidence as to his or her qualifications, financial and managerial experience, creditworthiness, competence and character and (in relation to a Director, if the Board thinks fit) completes in draft any form or questionnaire that, if appointed a Director, he or she would be required to submit to the Appropriate Regulator under the Legislation.

9.12 Pensions and other schemes and funds:

- (a) the Board may, from the Society's funds 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) or a Branch;
 - (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 Rule 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 or a Branch;
 - (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) and any relevant legislation, the Board and a Branch Committee 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 or a Branch 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. The Board shall establish and maintain systems of control and of inspection and report of its business and records in accordance with the Legislation;
- (b) the Board shall establish and maintain separate accounts for any Subsidiaries which identify their separate assets;
- (c) in each financial year the Board shall send as required by the Legislation:
 - (i) the Annual Accounts for the last financial year;
 - (ii) the Board's Report for that year; and
 - (iii) the Auditor's Report,to the Appropriate Regulator within the required timescale;
- (d) the Secretary shall supply copies of:
 - (i) the Annual Accounts for the last financial year;
 - (ii) the Board's Report for that year;
 - (iii) the Auditor's Report for that year;
 - (iv) the Remuneration Report for that year,to any Member on demand, free of charge;
- (e) each Branch Committee shall submit its Branch Report and Accounts to the Board no later than the end of February in the year following the year to which the Branch Report and Accounts relate;
- (f) each Branch Secretary shall promptly supply the information referred to in Rule 9.13(d) and (e) to each of its Branch Members who request the same free of charge.

9.14 The procedures of the Board and Branch Committees:

- (a) the Board and a Branch may determine the number of Directors or Branch Committee members within the limits and subject to the restrictions set out in Rule 9.2(a) and may otherwise, subject to the provisions of these Rules and to the Legislation, regulate its proceedings as it thinks fit:
 - (i) a Director or Branch Committee member may, and the Secretary at the request of Director shall, call a meeting of the Board or a Branch Committee as appropriate. Notice of such meeting shall be given to Directors or Branch Committee members in accordance with Rule 17. Whenever practicable not less than 7 days' notice of any meeting shall be given, but, subject to Rule 9.14(b), no acts of any meeting shall be invalid merely because less than 7 days' notice of any meeting was given;

- (ii) it shall not be necessary to give notice of a meeting of the Board or a Branch Committee to a Director or Branch Committee member who is absent from the United Kingdom; and
 - (iii) questions arising at a meeting of the Board or a Branch Committee shall be decided by a majority of votes and, if the votes are equal, the chairman of the meeting shall have a second or casting vote;
- (b) for the purposes of a meeting of the Board a quorum shall be constituted by:
- (i) a minimum of 4 Directors, or, if more, one-half of the total number of Directors at the relevant time, being present or in communication by telephone; and
 - (ii) of those Directors present at least one half being Non-executive Directors.

Where either of the above does not result in a whole number, that number shall be rounded up to the next whole number;

- (c) the quorum for a Branch Committee meeting shall be not less than half of the eligible members of each Branch Committee present or in communication by telephone;
- (d) to count in a quorum a Director or member of a Branch Committee who is in communication with the other Directors or members of the Branch Committee by telephone must be able to hear fully, and participate in, the proceedings. A resolution of Directors or members of the Branch Committee 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 physical meeting of the Board or the Branch Committee duly convened and held;
- (e) all acts done by a meeting of the Board, or of a committee of the Board, or by a person acting as a Director, or by a Branch Committee, shall, even though it may later be discovered that there was a defect in the appointment of any Director or Branch Committee member or:
- (i) that any of them were disqualified from holding office;
 - (ii) had vacated office; and
 - (iii) were not entitled to vote,

be as valid as if every such person had been duly appointed, was qualified, had continued to be such a person and had been entitled to vote in respect of such acts;

- (f) 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 or a Branch Committee 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, or a Branch Committee meeting 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 copy of the resolution sent by electronic means and any signed resolution shall be valid if the Society receives at the Registered Office (or a Branch receives at its Branch Office the original or an electronic copy;
- (g) the Secretary and each Branch Secretary shall keep a record of:
- (i) the proceedings at each meeting of the Board or each Branch Committee meeting; and

- (ii) each resolution passed under Rule 9.14(e).

10 Auditor

- 10.1 At each Annual General Meeting of the Society, the Society shall appoint an Auditor to audit the Annual Accounts in the manner required by the 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 Appropriate Regulator if no Auditor has been appointed or reappointed by the Society. Should the Board at its sole discretion, require the Branch accounts to be audited or verified by the Auditor it may require the Branch to co-operate with the audit at its own expense..
- 10.2 The Board may appoint an appropriate person or firm to fill any vacancy in the post of Auditor which may occur between general meetings.
- 10.3 The Board shall fix the level of remuneration, including any sums in respect of expenses, to be paid to the appropriate Auditor.
- 10.4 In the event of:
 - (a) the removal of the Auditor before the expiration of his or her term of office by Ordinary Resolution; and
 - (b) the resignation of the Auditor,the Secretary shall notify the FCA and the PRA within fourteen days and the Society shall comply with the requirements of Schedule 14 to the 1992 Act

11 The Actuaries

- 11.1 The Society shall have one or more Appropriate Actuaries whose appointment and termination of appointment shall be governed by the Board.
- 11.2 Each Appropriate Actuary shall be qualified for appointment within the meaning of the Legislation.
- 11.3 The Secretary shall serve notice on the Appropriate Regulator of the appointment of each Appropriate Actuary in accordance with the Legislation.

12 Application and Investment of Funds

- 12.1 All moneys received as Contributions, donations or under the terms of Insurance Cover shall be invested by the Society and 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 fund in accordance with the Legislation.
- 12.3 Any transfer of assets between the Society and a Subsidiary or between any separate fund of the Society and another such fund 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 between the Society's funds.
- 12.4 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; and
- (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;

and the Society may also lend its funds either against security (which may, subject to the Legislation, include sums which may become due to a Member from the Society under the Member's Insurance Cover) or against no security.

12.5 The Board and a Branch Committee may establish such discretionary funds as the Board or the Branch Committee considers appropriate and make such transfers into, and payments out of, discretionary funds as it considers fit from time to time.

13 Meetings and Resolutions

13.1 Annual General Meetings of the Society and Branches:

- (a) the Society and each Branch shall hold an Annual General Meeting in each financial year;
- (b) each Annual General Meeting shall be held at the time and place determined by the Board or the relevant Branch Committee and shall not take place more than 15 months after the last Annual General Meeting;
- (c) the Board shall lay before the Members at the Annual General Meeting of the Society:
 - (i) the Annual Accounts covering the last financial year before the date of the meeting;
 - (ii) the Board's Report;
 - (iii) the Remuneration Report; and
 - (iv) the Auditor's Report.

and each notice of the Annual General Meeting shall state that copies of the Annual Accounts, the Board's Report, the Remuneration Report and the Auditor's Report of the Society are available to Members;

- (d) each Branch Committee shall lay the Branch Annual Report and Accounts covering the last financial year before the date of the meeting before the Members at the Annual General Meeting of the relevant Branch and each notice of the Annual General Meeting of the Branch shall state that copies of the Branch Annual Report and Accounts are available to Members of the Branch;
- (e) no business shall be conducted at an Annual General Meeting, and no resolution shall be proposed at an Annual General Meeting, except, in the case of the Society, on:
 - (i) the Annual Accounts;
 - (ii) the Board's Report;
 - (iii) the Remuneration Report;
 - (iv) the Auditor's Report;

- (v) the appointment or reappointment of the Auditor;
- (vi) the appointment and/or reappointment of Directors;

and, in the case of a Branch:

- (vii) the Branch Report and Accounts;
- (viii) the appointment and/or reappointment of Trustees and Branch Committee members;

and, in the case of the Society or a Branch:

- (ix) a motion for a resolution contained in a Members' Notice received by the Society or the Branch under Rule 13.2(d)
- (x) any other business brought before the meeting, in the case of the Society, by the Board or, in the case of a Branch, by the relevant Branch Committee, which may include a motion for a resolution; and;
- (xi) any other urgent business brought before the meeting by its chairman, either at the chairman's own instance or, at the chairman's discretion at the request of a Member.

13.2 Special General Meetings and Members' Notices:

- (a) all general meetings of the Society or a Branch other than Annual General Meetings shall be called "Special General Meetings";
- (b) the Board or a Branch Committee may, whenever it thinks fit, convene a Special General Meeting of the Society or the Branch as the case may be:
- (c) the Board or a Branch Committee shall, on a Members' requisition, convene a Special General Meeting as soon as practicable;
- (d) a Members' Notice is;
 - (i) in the case of the Society, a requisition of not less than 200 Members (provided that no more than 75% are from one Branch), all of whom must be Members who are not in arrears with their Contributions and who have been Members for at least two years;
 - (ii) in the case of a Branch meeting by 10 Branch Members, each being a Member of that Branch who is not in arrears with his or her Contributions and who has been a Member of that Branch for at least two years;
- (e) the requisition, whether it relates to the Society or to a Branch, must state the objects of the meeting, and must be signed by the requisitioners and deposited at the Registered Office of the Society. If the requisition relates to a Branch the Secretary shall notify the relevant Branch Secretary promptly of receipt of the requisition. The requisition may consist of several documents in similar form, each signed by one or more requisitioners and may include a statement of not more than 100 words about any proposed resolution (a "Resolution Statement") to be put to the meeting;
- (f) A Members' Notice shall not be valid if

- (i) the resolution and the Resolution Statement do not both relate directly to the affairs of the Society; and
 - (ii) the resolution specified in the Members' Notice is not substantially different from a resolution that has been defeated at a meeting during any of the previous three financial years.
 - (iii) if the rights conferred by Rule 13.2(d) to (h) are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes.
- (g) if the Board or the relevant Branch Committee 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;
 - (h) a meeting convened by requisitioners under this Rule 13.2(h) shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board; and
 - (i) the Society or the relevant Branch, as the case may be, shall reimburse the requisitioners for any reasonable expenses incurred by them as a result of the Board's or Branch Committee'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 failure to convene a meeting or in the case of a Branch shall be met from Branch Funds.
 - (j) no business shall be conducted at any Special General Meeting except that determined by the Board, the relevant Branch committee or, if the meeting is convened as a result of a Members' requisition, as stated in the Members' requisition. The business to be conducted at a Special General Meeting shall be stated in the notice convening the meeting; and
 - (k) except where the requisitioners themselves convene a Special General Meeting under Rule 13.2(g), Special General Meetings shall be held at the hour, date and place determined by the Board or relevant Branch Committee.

13.3 Notice of meetings:

- (a) the Secretary shall give to Branch Committees a minimum of three months' notice of an Annual General Meeting of the Society, whereupon each Branch Committee shall arrange to call its own general meeting in order to elect Delegates to attend the Annual General Meeting and any Special General Meetings of the Society that may be called before the holding of the next Annual General Meeting;
- (b) the Secretary shall give to Branch Committees a minimum of one month's notice of a Special General Meeting of the Society;
- (c) at least 20 Working Days' notice of every general meeting of any Branch shall be given to Members of the Branch;
- (d) 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 candidate proposed for election as a Director, Trustee of a Branch or Branch Committee member.
- (e) the Annual General Meeting shall be described as such in the notice of meeting;
- (f) notice of a general meeting of a Branch shall be sent by each Branch Committee to each Branch Member who is entitled to vote at the meeting and to its Trustees. Such notice to be sent to the last address, or, where applicable, electronic address, known to the Branch of each such Member, provided that 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;
- (g) notice of a general meeting may also be given to, and will be deemed to have been validly served on, those Members who have so agreed (and not revoked their agreement) if the notice is made available on a website and the Society has notified the Member of the availability of the notice on that website;
- (h) notice of a general meeting of the Society shall be sent by the Secretary to each Delegate who is entitled to vote at the meeting, Such notice to be sent to the last address, or where applicable, electronic address known of each such Delegate, provided that the accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any such Delegate shall not invalidate the proceedings at that meeting;
- (i) if the Society receives a Members' Notice requiring a resolution to be put to an Annual General Meeting of the Society the Board shall, subject to Rule 13.3(j):
 - (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) enclose with the notice of the Annual General Meeting any Resolution Statement included in the Members' Notice.
- (j) the Board shall not be obliged to include a Members' Notice in the notice of the Annual General Meeting or to enclose a Resolution Statement with the notice of the meeting unless the Members' requisition (or the last of the documents sufficient to enable it to comply with the requirements of Rule 13.2(d)) and any Resolution Statement are received by the Society at least three months before the Annual General Meeting at which the resolution is intended to be proposed.

13.4 Quorum at general meetings:

- (a) no business shall be considered at any Annual General Meeting or Special General Meeting of the Society or a Branch unless a quorum is present. A quorum for Society meetings shall consist of 20 Delegates present in person and for Branch meetings eight Branch Members present in person all of whom are entitled to attend and vote at the meeting and are not in arrears with their Contributions; and
- (b) 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(d), whereupon the chairman of the meeting shall dissolve it.

13.5 Procedures at general meetings:

- (a) the chairman of the Board or of a Branch Committee shall preside at any general meeting of the Society or a Branch. If he or she is unavailable in the case of the Society, the Senior Independent Director or such other person as the Board may select shall preside. In the case of a Branch the other Branch Committee members shall appoint one of their number present;
- (b) if, within 15 minutes after the time appointed for holding the meeting, no person entitled under Rule 13.5(a) to preside 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 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 or a Branch 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 or a Branch 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, at least 10 Working Days' notice of the adjourned meeting shall be given to the Delegates or to the Branch Members entitled to attend it 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 Legislation and these Rules, every question submitted to an Annual General Meeting or Special General Meeting of the Society or a Branch shall be decided by a simple majority and votes on every resolution other than a Special Resolution 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) five of the Delegates who are entitled to vote on the resolution and who are present in person at a meeting of the Society and in the case of a Branch five of those Members who are present in person or by proxy.
- (i) the poll shall be taken in accordance with Rule 13.5(n). 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;
- (j) 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:

- (k) if a Special Resolution is to be put to the vote or there is a contest for a post of Director, Auditor, Trustee, or Branch Committee member, a poll shall be deemed to have been demanded by the chairman of the meeting.
- (l) 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;
- (m) the demand for a poll which is deemed to have been made by the chairman of the meeting under Rule 13.5(k) may not be withdrawn under Rule 13.5(l)
- (n) 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 directs;
- (o) 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 or her for the purpose of declaring the result of the poll;
- (p) voting papers to be used on a poll shall be valid only if they are issued by the Society and any votes cast on a poll by electronic means shall be valid only if cast in the manner prescribed by the Society;
- (q) the Secretary or a Branch Secretary shall ensure that minutes are kept of each general meeting of the Society and a Branch and that they are available for inspection by any Member at all reasonable hours at the Registered Office of the Society or on application to the Branch Secretary; and
- (r) the Board may make such regulations as it considers appropriate for general meetings of the Society or Branches, including the use of scrutineers who need not be Members.

13.6 Entitlement of Members to attend and vote at meetings:

- (a) in respect of Branch general meetings every Branch Member aged 16 or over whose name was on the Branch Register on the first day of the month in which notice is given of a general meeting of the Branch and who is not disqualified by reason of Rule 4.2 and is not in arrears with Contributions, is entitled to attend the general meeting and cast one vote on each resolution.
- (b) in respect of Society general meetings Branches will elect Delegates to attend general meetings of the Society on the basis of one Delegate for each 75 members (or part thereof) in a Branch. A Delegate may be appointed for a period of up to one year. In the event of a Delegate being unable to attend a general meeting of the Society, the Branch Committee may nominate another person for the purposes of that general meeting alone.
- (c) in respect of Individual Members, the Society will notify all such Individual Members prior to a Society general meeting and invite them to put themselves forward or to nominate others (with their written consent only) to stand as Delegates in the proportion of one Delegate for each 75 Individual Members (or part thereof). The Delegates so appointed shall be notified of Society general meetings in the same manner as Delegates representing a Branch. With the consent of the Individual Member concerned, the Board may nominate Individual Members to be Delegates and may appoint alternates for any Individual Member who, having been appointed as a Delegate, is unable to attend a general meeting of the Society. If more Individual

members wish to stand as Delegates than there are positions for them on the basis of one Delegate for every 75 Individual Members, those to be appointed shall be determined by drawing lots.

- (d) at a general meeting of the Society each Delegate shall be entitled to one vote and at a general meeting of a Branch each Member of that Branch shall be entitled to one vote. If the votes are equal, the chairman of the meeting shall have an additional or casting vote except on a resolution to appoint a Director, where the procedure described in Rule 9.11(f)(v) will be used.

13.7 Appointment of proxies:

- (a) A Branch Member entitled to attend and vote at a general meeting of a Branch:
 - (i) may appoint one person (whether a Branch Member or not) as his or her proxy to attend and, on a poll, to vote at the meeting in his or her 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 the Branch 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 the form decided by the Branch Committee provided that such form shall not restrict the manner in which the person appointing the proxy may direct him or her 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 Branch at the relevant Branch Office before the commencement of the meeting or adjourned meeting at which the proxy is used; and
 - (ii) that since final date the appointor has ceased to be entitled to attend and vote at the meeting.
- (f) if a Branch Member who is entitled at the final date to attend and vote at the meeting appoints a proxy to vote instead of him or her 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 Branch Member's proxy at the meeting; and
- (g) Delegates shall not have a right to appoint a proxy for Society meetings but if a Delegate is unable to attend a general meeting of the Society then the relevant Branch Committee may appoint an alternate in his place.

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 a Branch or any officer of the Society or a Branch on the other hand, the Dispute shall be decided by an arbitrator or arbitrators 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. Any decision made by an arbitrator may include a direction as to the payment of the costs incurred by the Society or a Branch and other parties to the Dispute and as to the payment of the arbitrator's fees and shall be binding on the parties to the fullest extent permitted by law.

15 Complaints

15.1 The Board may in accordance with Legislation from time to time:

- (a) establish and amend such procedures as it may think fit; and
- (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 or a Branch'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 or from referring a complaint to the ombudsman scheme referred to 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 any such other person 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 Members and a Branch may be dissolved under Rule 25 or by a Special Resolution of the Branch Members..

16.2 Upon the Society or a Branch being dissolved by consent or upon its winding up, any surplus remaining after the payment in full of the Society's or a Branch's creditors shall be divided among the Members of the Society or that Branch as appropriate 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 the funds of the Branch as appropriate, or as the case may be, in any sub-funds of the Society (each as determined having regard to the advice of the Appropriate Actuary) bears to the total assets of the Society, or as the case may be to the amount of the relevant sub-fund.

16.3 If a Branch wishes to merge with another Branch the Branch Committee of both Branches must first seek the consent of the Board to a scheme for such merger and thereafter both Branches shall obtain the approval of their Members by way of a Special resolution.

17 Notices

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

- (a) addressed to the Member, Director, Trustee, Branch Committee member or other person for whom they are intended at his or her last known UK address, or, where applicable, electronic address; and
- (b) delivered at, or sent by post or by electronic means to, that address or electronic address.

18 Copies of Memorandum and Rules

The Society shall give any Member who requests it a copy of the Memorandum and the Rules without charge.

19 Alteration of Memorandum and Rules

- 19.1 The Memorandum or Rules may be altered by a resolution passed by at least a majority of the votes cast by Delegates at a general meeting of the Society by the addition, rescission or variation of any provision, subject to any prohibition or requirement contained in the 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 and Branch Offices

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 England and Wales as the Board may decide from time to time. A Branch may change its Branch Office with the prior agreement of the Board.

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 of the European Union.

PART 2: RULES APPLICABLE TO BRANCHES

22 Governance of Branch Committees

22.1 Constitution and Purpose:

- (a) subject to Rule 9.1(a) the Branch Committee shall be the directing body of a Branch. The Branch Committee shall be responsible for all aspects of managing the Branch and for record keeping in accordance with directions issued by the Board under Rule 9.1(g)(ii); and
- (b) the Branch Committee will have the powers and duties in relation to the Branch and its funds as set out in Rules 9.1(g)(i) and 9.1(g)(ii). A Branch Committee may not delegate any of its powers to a formal sub-committee. This rule does not prevent the Branch Committee from appointing working parties but it may not delegate any of its powers to such working parties.

22.2 Trustees:

- (a) the Trustees of the Branch at the date of incorporation shall continue as Trustees subject to these Rules and service before the incorporation of the Society shall be taken into account for the purposes of Rule 9.3;
- (b) the duty of a Trustee shall be to hold Branch Funds in trust for the Branch. He or she shall hold the same in the name of a trust account or remit such funds to the Society for custody and management. He or she shall act on the instructions of the Branch Committee save where a breach of trust may occur when he or she shall take such action as is necessary to comply with his or her duties as a trustee;
- (c) the Branch Committee may appoint up to four trustees from within its number. A Trustee shall hold office in accordance with Rules 9.2, and 9.11; and
- (d) unless a Branch has appointed a trust corporation as its sole Trustee, each Branch shall have a minimum of two and a maximum of four Trustees who must be Branch Committee members. A Branch may appoint as a custodian trustee a corporation entitled to act under the Trustee Act 2000 in which event all Branch Funds will be held in the name of the custodian trustee and any individual Trustees shall act as managing trustees. A custodian trustee shall only act on the written instructions of the managing trustees. In the event of there being only one surviving Trustee who is a natural person the Branch Committee shall take immediate steps to appoint another Trustee and until he or she is appointed none of the Branch Funds may be dealt with.

22.3 Branch Secretary:

- (a) the Branch Secretary at the date of incorporation shall continue as Branch Secretary in accordance with these Rules and service before the incorporation of the Society shall be taken into account for the purposes of Rule 9.3;
- (b) the duties of the Branch Secretary shall be to act on the instructions of the Branch Committee;
- (c) the appointment of a new Branch Secretary must have the prior approval of the Board;
- (d) the Branch Secretary may not be the Branch chairman or chairman of another Branch or a Trustee of any Branch; and
- (e) a Branch Secretary shall (subject to the terms of any employment contract) hold office until removed by a resolution of the Branch Committee and until that time shall be an ex officio member of the Branch Committee and, if a Member, have a vote on such committee.

22.4 Branch Committee:

- (a) the Branch Committee members at the date of incorporation shall continue as Branch Committee members subject to these Rules and service before the incorporation of the Society shall be taken into account for the purposes of Rule 9.3;
- (b) the Branch Committee shall consist of those persons elected to it in accordance with these Rules;
- (c) the Branch Committee shall elect one of their number to be a chairman who shall hold office for one year terminating at the end of the next Annual General Meeting of the Branch but who shall be eligible for re-election;
- (d) the Branch Committee shall meet as often as necessary in order to conduct its business in accordance with these Rules; and

- (e) a Branch Committee may co-opt such non-members as it considers necessary in order to carry out specific tasks but such persons shall not be appointed for a period longer than one year.

22.5 Remuneration and Expenses:

- (a) Members of Branch Committees, Trustees and Branch Secretaries may be repaid the expenses necessarily incurred by them in attendance at meetings of the Branch or of the Society and Branch Secretaries may be paid an honorarium as determined by the Board; and
- (b) any Branch Committee member, Trustee or Branch Secretary may also, with approval of the Branch Committee, be paid for any professional or other work done by them on behalf of the Branch or the Society but shall receive no other remuneration except as provided in the Rule 22.5.

23 Branch Meetings

23.1 Branches shall hold at least three ordinary general meetings per calendar year plus one Annual General Meeting.

23.2 Notices of meetings of the Branch and their conduct are governed by Rule 13..

23.3 A Branch Committee may give notice of an ordinary meeting of the Branch Members in accordance with Rule 13.2 in order to conduct such business as it considers appropriate and in accordance with these Rules.

23.4 A Branch Committee may make such regulations as it sees fit for the conduct of a Branch general meeting and which may be additional to anything stipulated in these Rules. In cases of conflict between such regulations and these Rules, these Rules shall prevail.

24 Accounts

A Branch Committee shall keep accounts of all financial transactions undertaken by the Branch. The systems and controls for such accounts shall be approved by the Board. The Board may make requirements of and impose upon a Branch Committee such processes as it considers necessary to comply with prudent management of Branch Funds or with Legislation.

25 General

Where:

- (a) A branch falls below 100 in membership for a period of 6 months; or
- (b) the Board considers, after appropriate consultation and investigation, that a Branch is, not capable of managing its own affairs or does not do so in accordance with the Rules, regulations, instructions or systems and controls issued by the Board, or is in breach of any Legislation,

then the Board shall have the power to direct a transfer of the Branch Funds and all engagements of the Branch to any other Branch of the Society or otherwise as it may direct.

Signatures of 3 Members:

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Signature of the Secretary

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