

**INTERIM PRUDENTIAL SOURCEBOOK FOR FRIENDLY SOCIETIES
(MINOR CHANGES NO 2) INSTRUMENT 2003**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the "Act"):
- (1) section 138 (General rule-making power);
 - (2) section 150(2) (Actions for damages); and
 - (3) section 156 (General supplementary powers).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

Commencement

- C. This instrument comes into force on 1 April 2003.

Amendment of the Interim Prudential sourcebook for friendly societies

- D. IPRU(FSOC) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Interim Prudential Sourcebook for Friendly Societies (Minor Changes No 2) Instrument 2003.

By order of the Board
20 March 2003

Annex

Amendments to Interim Prudential Sourcebook for Friendly Societies (IPRU(FSOC))

In this Annex, underlining indicates new text and striking through indicates deleted text.

The definition of *relevant capital sum* in rule 7.1 is amended as follows:

- (a) subject to (b) and (c):
- ~~(a)~~ (i) for whole life assurances, the sum assured;
 - ~~(b)~~ (ii) for policies where a sum is payable on maturity (including policies where a sum is also payable on earlier death), the sum payable on maturity;
 - ~~(c)~~ (iii) for deferred annuities, the capitalised value of the annuity at the vesting date (or the cash option if it is greater);
 - ~~(d)~~ (iv) for capital redemption contracts, the sums payable at the end of the contract period; and
 - ~~(e)~~ (v) for *linked long-term contracts*, notwithstanding ~~(a)~~ (i) to ~~(d)~~ (iv), the lesser of:
 - ~~(i)~~ (A) the amount for the time being payable on death, and
 - ~~(ii)~~ (B) the aggregate of the value for the time being of the units allocated to the contract (or, where entitlement is not denoted by means of units, the value for the time being of any other measure of entitlement under the contract equivalent to units) and the total amount of the *premiums* remaining to be paid during such part of the term of the contract as is appropriate for *zillmerising*, or, if such *premiums* are payable beyond the age of seventy five, until that age, ~~excluding in all cases any vested reversionary bonus and any capital sums for temporary assurances;~~
- excluding in all cases any vested reversionary bonus;
- ~~(b)~~ notwithstanding (a), where, under a contract relating to any such business as is mentioned in (a), the payment of *premiums* is to stop before the sum assured becomes due, the *mathematical reserves* appropriate for that contract at the end of the *premium-paying term*; and
- ~~(c)~~ notwithstanding (a), for temporary assurances, the sum assured on the *valuation date*.

Paragraph 9(4) of Appendix 5 is amended as follows:

- ~~(4) — For the purposes of this rule,~~
 - ~~(a) — for contracts other than temporary assurances, the *relevant capital sum* under a contract must be arrived at in accordance with rule 4.9(4); and~~
 - ~~(b) — for temporary assurances, the *relevant capital sum* must be the sum assured on the *valuation date*.~~