

**INTERIM PRUDENTIAL SOURCEBOOK FOR FRIENDLY SOCIETIES  
(AMENDMENT OF FORM 12) INSTRUMENT 2004**

**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) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 1 May 2004 and, insofar as it applies to friendly societies' FSC1 or FSC3 return, only applies in respect of financial years ending on or after 31 December 2004.

**Amendment to the Interim Prudential sourcebook for friendly societies  
(IPRU(FSOC))**

- 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 (Amendment of Form 12) Instrument 2004.

By order of the Board  
15 April 2004

## Annex

### Amendments to the Interim Prudential sourcebook for friendly societies

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

5.1 ...

- (5) A *friendly society* that submits an FSC1 return in respect of the *financial year* ending on 31 December 2003 must also send to its normal supervisory contact at the *FSA*, by 30 June 2004, Form 60 and associated Forms 11 and 12 as amended by the Interim Prudential Sourcebook for Friendly Societies (Solvency I Directive) Instrument 2003 and the Interim Prudential Sourcebook for Friendly Societies (Amendment of Form 12) Instrument 2004.

...

5.2 ...

- (10) A *friendly society* that submits an FSC3 return in respect of the *financial year* ending on 31 December 2003 must also send to its normal supervisory contact at the *FSA*, by 30 June 2004:
- (a) Forms 11 and 12 as amended by the Interim Prudential Sourcebook for Friendly Societies (Solvency I Directive) Instrument 2003 and the Interim Prudential Sourcebook for Friendly Societies (Amendment of Form 12) Instrument 2004; and
  - (b) the amounts at line 12 of amended Form 15 and line 61 of amended Form 13, if these lines contain amounts different from the amounts at the same lines of the un-amended forms.

In Appendix 10 (Prudential reporting forms), FSC 3 – Form 12 is amended as follows:

## FSC 3 – FORM 12

### Returns under the Friendly Societies Prudential Rules

General insurance business: Calculation of required margin of solvency – second method, and statement of required minimum margin

Name of Society

Period ended 31 December

	Reg No	Units £/£000
<input style="width: 80%; height: 30px;" type="text"/>	<input style="width: 80%; height: 30px;" type="text"/>	<input style="width: 80%; height: 30px;" type="text"/>

Name of Fund/Summary

1 Last 12 months of this period

2 Last 12 months of the previous period

Reference period (means the three last preceding financial years) (Note 1)	11				
Claims paid in reference period	21				
Claims outstanding carried forward at the end of the period	23				
Claims outstanding brought forward at the beginning of the period	25				
Sub-total E (21 + 23 – 25)	29				
Sub-total F: Conversion of Sub-total E to annual figure (multiply by 12 and divide by the number of months in the reference period)	31				
Division of Sub-total AF	Other than health insurance	Up to and including sterling equivalent of 35M Euro x 26/100 (note 3)	32		
		Excess (if any) over 35M Euro x 23/100 (note 3)	33		
	Health insurance	Up to and including sterling equivalent of 35M Euro x 26/300 (note 3)	34		
		Excess (if any) over 35M Euro x 23/300 (note 3)	35		
Sub-total FG (32 to 35)	39				
Second result Sub-total FG x Sub-total D / Sub-total C (or, if 0.5 is greater, x 0.5)	41				
Higher of first result and brought forward amount (Note 2)	42				
Required margin of solvency (the higher of lines 41 and 42)	43				
Minimum guarantee fund	44				
Required minimum margin (the higher of lines 43 and 44)	49				

#### NOTES

1. If the society has not been in existence long enough to acquire a reference period, this must be stated and lines 11 to 41 ignored.
2. The entry at line 42 must be equal to the entry at line 52 on Form 11.
3. Entries in column 2, lines 32-35 must be the corresponding entries in column 1 of the Form for the previous year, even if the amount of Euro in the description of the line has changed.