

## FRIENDLY SOCIETIES AMENDMENT BILL

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### EXPLANATORY NOTE

*Clause 2* increases from £1,050 to £1,550 the maximum amount of the assurance benefit that friendly societies may grant to their members.

*Clause 3* allows friendly societies to invest not more than 5 per cent of their funds in company shares or convertible notes subject to certain safeguards. However, societies which provide medical and surgical requisites may, without regard to the 5 per cent limit, invest in the shares of any company in which it is necessary to hold shares in order to obtain supplies for the business of providing those requisites or in which it is necessary to hold shares in order to carry on such business.

*Clause 4* enables friendly societies to form an insurance company.

*Hon. Mr Lake*

## FRIENDLY SOCIETIES AMENDMENT

### ANALYSIS

Title	
1. Short Title	3. Investment of funds in company shares, etc.
2. Increasing maximum gross sum for contracts of insurance	4. Power to form insurance company

### A BILL INTITULED

#### An Act to amend the Friendly Societies Act 1909

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

**1. Short Title**—This Act may be cited as the Friendly Societies Amendment Act 1961, and shall be read together with and deemed part of the Friendly Societies Act 1909\* (hereinafter referred to as the principal Act).

**2. Increasing maximum gross sum for contracts of insurance**—(1) The principal Act (as amended by section 2 of the Friendly Societies Amendment Act 1957) is hereby further amended as follows:

(a) By omitting from subsection (2) of section 11 the words "one thousand and fifty pounds", and substituting the words "one thousand five hundred and fifty pounds":

(b) By omitting from subsection (1) of section 51 the words "one thousand and fifty pounds", and substituting the words "one thousand five hundred and fifty pounds".

(2) The Friendly Societies Amendment Act 1957 is hereby repealed.

\*1957 Reprint, Vol. 5, p. 431  
Amendment: 1959, No. 64

**3. Investment of funds in company shares, etc.**—Section 49 of the principal Act is hereby amended by repealing paragraph (f) of subsection (1), and substituting the following paragraphs:

“(f) Not more than five per cent in the aggregate of the funds of the society or branch for the time being— 5

“(i) In the shares or convertible notes of any company the price of which is quoted on the official list of the Stock Exchange Association of New Zealand where the shares or convertible notes are paid up or are due to be paid up within nine months of the date of their issue and where the company has, in each of the five years immediately preceding the year in which the investment is made, paid a dividend on all the issued capital of the company: 10 15

“(ii) In the shares of any company formed under section 49A of this Act:

“(g) In the case of a registered society whose object, or one of whose objects, is to provide medical or surgical requisites for its members or for the members of any registered societies or branches contributing to its funds, in the shares of any company in which it is necessary to hold shares in order to obtain supplies for the business of providing medical or surgical requisites or in which it is necessary to hold shares to enable such business of providing medical or surgical requisites to be carried on: 20 25

“(h) Upon any other security expressly directed by the rules of the society or branch, not being personal security, except as in this Act authorised with respect to loans.” 30

**4. Power to form insurance company**—The principal Act is hereby further amended by inserting, after section 49, the following section: 35

“49A. (1) Subject to the provisions of this section, a registered society or branch may, if its rules so provide, become a member of a company, the registration of which is approved in writing by the Minister of Finance, formed for the purpose of insuring real or personal property, by executing the memorandum and articles of association of the company, or by applying for and taking shares in the capital of the company, or, with the consent of the directors of the company, by acquiring shares from a member of the company. 40

“(2) The shares in any such company must be paid up and all the shares in the company must be held by registered societies or branches.

5 “(3) The approval of the registration of the company by the Minister may be given upon and subject to such conditions as he thinks fit, including a condition that the company shall not be entitled to exercise any specified powers conferred on it by its memorandum of association or by its articles of association except with the prior consent of the Governor-  
10 General in Council and a condition that the company may not alter its memorandum of association or articles of association except with the prior consent in writing of the Minister.

15 “(4) The memorandum of association and the articles of association of any such company shall be executed by the trustees of the registered societies or branches concerned and shall be accompanied by statutory declarations made by one of the trustees of each society or branch stating that the declarant is one of the trustees in whom the property of the society or branch is vested, and verifying that the other persons  
20 signing on behalf of that society or branch are the other trustees of that society or branch.”