

The Memorandum, Rules and Schedules of Pharmaceutical and General Provident Society Limited

Register Number 462F

The provisions of this policy are taken directly from Schedule 1 to the Society's Rules.

In the unlikely event of any discrepancy between this document and Schedule 1 the provisions of Schedule 1 will be applied.

Table of Contents

1	Name	4
2	Registered Office	4
3	Purposes	4
4	Powers	6
5	Liability of Members	7
6	Interpretation [Memorandum]	7
Rule 1	Interpretation [Rules]	8
Rule 2	Notices	10
Rule 3	Copies of Memorandum and Rules	10
Rule 4	Alteration of Memorandum and Rules	11
Rule 5	Change in Registered Office	11
Rule 6	Applicable Law and Jurisdiction	11
Rule 7	Membership	11
Rule 8	Termination of Membership	12
Rule 9	Register of Members	13
Rule 10	Forfeitures and Arrears	13
Rule 11	Nominations	13
Rule 12	Disputes	14
Rule 13	Complaints	14
Rule 14	Dissolution, Winding-Up and Distribution of Surplus Assets	14
Rule 15	The Board: Powers and Duties	15
Rule 16	The Board: Membership	16
Rule 17	The Board: Procedures of the Board	16
Rule 18	Appointment of Chairman, Vice-Chairman and Senior Independent Director	17
Rule 19	Interest in Contracts	17
Rule 20	Remuneration of Directors	18
Rule 21	Appointment of Officers, Employees and Others	19
Rule 22	Indemnity of Directors, Officers and Employees	19
Rule 23	Vacation of Office and Disqualification	20
Rule 24	Appointment to the Board	21

Rule 25	Term of Appointment	22
Rule 26	Retirement of Directors and Reappointment	22
Rule 27	Pensions and Other Schemes and Funds	23
Rule 28	Accounts	23
Rule 29	Inspection of Records	24
Rule 30	Auditor	24
Rule 31	The Actuaries	24
Rule 32	Application and Investment of Funds	25
Rule 33	Annual General Meetings	26
Rule 34	Special General Meetings	26
Rule 35	Notice of Meetings	27
Rule 36	Quorum at General Meetings	28
Rule 37	Procedures at General Meetings	29
Rule 38	Entitlement of Members to Attend and Vote at Meetings	30
Rule 39	Appointment of Proxies	30
Rule 40	Ballots	31
Rule 41	Effective Date	31
Schedule 1 (Holloway Income Protection Policy)		32
Article 1	Income Membership	32
Article 2	Increased Insurance Cover	33
Article 3	Reduction of Insurance Cover	33
Article 4	Arrears in Contributions	33
Article 5	Distressed Income Members	34
Article 6	Associate Membership	34
Article 7	Declaration On the Sick Fund	34
Article 8	Declaration Off the Sick Fund	35
Article 9	Sick Fund Assessment	35
Article 10	Division of Surplus	38
Article 11	Loyalty Bonus	39
Article 12	Termination of Income Membership and Withdrawals of Capital	39
Article 13	Nominations	41

Article 14	Misrepresentations and Non-disclosure	42
Article 15	General Administration Provisions and Definitions	42
Article 16	Effective Dates and Previous Policies	46
Schedule 2 (Associate Holloway Policy)		47
Article 1	Associate Membership	47
Article 2	Arrears in Contributions	47
Article 3	Distressed Associate Members	47
Article 4	Income Membership	47
Article 5	Division of Surplus	48
Article 6	Loyalty Bonus	48
Article 7	Termination of Associate Membership and Withdrawals of Capital	49
Article 8	Nominations	51
Article 9	Misrepresentations and Non-disclosure	51
Article 10	General Administration Provisions and Definitions	52
Article 11	Effective Dates and Previous Policies	54
Schedule 3 (Holloway Income Protection Plus Policy)		55
Article 1	Income Plus Membership	55
Article 2	Increased Insurance Cover	56
Article 3	Reduction of Insurance Cover	56
Article 4	Arrears in Contributions	56
Article 5	Distressed Income Plus Members	57
Article 6	Associate Membership	57
Article 7	Declaration On the Sick Fund	57
Article 8	Declaration Off the Sick Fund	58
Article 9	Sick Fund Assessment	58
Article 10	Division of Surplus	61
Article 11	Loyalty Bonus	62
Article 12	Termination of Income Plus Membership and Withdrawals of Capital	62
Article 13	Nominations	64
Article 14	Misrepresentations and Non-disclosure	65
Article 15	General Administration Provisions and Definitions	65

The Memorandum of the Society

1 Name

The Society is an incorporated friendly society. It is called "Pharmaceutical and General Provident Society Limited", and is hereafter referred to as "the Society".

2 Registered Office

The registered office of the Society is to be situated in England and Wales. The address of the registered office is 11 Parkway, Porters Wood, St Albans, Hertfordshire AL3 6PA.

3 Purposes

(1) The purposes of the Society shall be the carrying on of any of the following classes of business or other activity. Any business or activity referred to below -

- (i) Is to be carried on by the Society with a view to the provision, for its members and such persons connected with its members as may be prescribed in the Rules; and
- (ii) Is to be funded by voluntary subscriptions from members of the Society, with or without donations.

A. Long-term business of one or more of the following classes:

Number	Description	Nature of Business
I	Life and Annuity	Effect and carrying out contracts of insurance on human life or contracts to pay annuities on human life, but excluding (in each case) contracts within Class III below.
II	Marriage and Birth	Effecting and carrying out contracts of insurance to provide a sum on marriage or on the birth of a child, being contracts expressed to be in effect for a period of more than one year.
III	Linked Long-Term	Effecting and carrying out contracts of insurance on human life or contracts to pay annuities on human life where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contracts) or by reference to fluctuation in, or in an index of, the value of property of any description (whether or not so specified).

Number	Description	Nature of Business
IV	Permanent Health	Effecting and carrying out contracts of insurance providing specified benefits against risks of persons becoming incapacitated in consequence of sustaining injury as a result of an accident or of an accident of a specified class or of sickness or infirmity, being contracts that: <ul style="list-style-type: none">(a) Are expressed to be in effect for a period of not less than five years, or until the normal retirement age for the persons concerned, or without limit of time, and(b) Either are not expressed to be terminable by the insurer, or are expressed to be so terminable only in special circumstances mentioned in the contract.

V	Tontines	Effecting and carrying out tontines.
VI	Capital Redemption	Effecting and carrying out capital redemption contracts.
VII	Pension Fund Management	Effecting and carrying out: (a) Contracts to manage the investments of pension funds; or (b) Contracts of the kind mentioned in paragraph (a) above that are combined with contracts of insurance covering either conservation of capital or payment of a minimum interest.

B. Activities carried out in accordance with the Society's Rules (or with arrangements made under the Rules) whereby discretionary benefits are provided:-

- (a) For the education of any person;
- (b) For the relief or maintenance of any person during sickness, when out of employment or when in distressed circumstances; or
- (c) For the funeral expenses of any person but, save as may otherwise be provided from time to time by law, only to the extent that such activities do not constitute the carrying on of commercial business.

(2) In addition the Society may carry on:-

- (a) Social or benevolent activities which are not inconsistent with the other purposes of the Society;
- (b) Group insurance business;
- (c) Reinsurance of risks for any other registered friendly society or any incorporated friendly society.

(3) The Society may form subsidiaries, take part with others in forming bodies corporate to be jointly controlled by it and otherwise acquire, or keep, control or joint control of bodies corporate being in each case bodies formed in the United Kingdom or a member State of the European Union whose objects are limited to the carrying on of one or more of the following activities:-

- (a) The establishment and management of personal equity plans within the meaning of the Finance Act 1986;
- (b) The establishment and management of unit trust schemes within the meaning of the Financial Services Act 1986;
- (c) The carrying on of long-term or general business;
- (d) Arranging for the provision of, or giving advice as to, insurance of any description;
- (e) Arranging for the provision of credit, whether as agents for the borrower or the person providing credit, and the provision of services in connection with current loan agreements to the person providing credit;
- (f) The provision of fund management services for trustees of pension funds;
- (g) The administration of estates and the execution of trusts or wills;

- (h) The provision of executory services (within the meaning of Part II of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990) where the subsidiary or body is an executory practitioner (within the meaning of that Part of that Act) and the administration of testamentary trusts;
- (i) The establishment and management of sheltered housing, residential homes for the elderly, hospitals, or nursing homes or mental nursing homes (within the meaning of the Registered Homes Act 1984) or, in Northern Ireland, nursing homes (within the meaning of the Nursing Homes and Nursing Agencies Act (Northern Ireland) 1971), and the provision of medical administrative or other services for persons owning or managing any of them;
- (j) The provision of administrative services for friendly societies or other bodies carrying on any of the above.

4 Powers

(1) Investment of Funds

The funds of the Society may be applied or invested in accordance with its Rules.

(2) Holding of land (for purposes other than investment)

Without prejudice to the power of the Society to invest its funds in property, the Society may acquire and hold land or any interest in land:-

- (a) For the purpose of carrying on any of its activities; or
- (b) For the purpose of enabling a subsidiary of the Society, or a body jointly controlled by it, to conduct its business and may dispose of, or otherwise deal with, any land or any interest in land so held by it.

(3) Borrowing

The Society may borrow money in accordance with its Rules with or without security and on such terms as to interest repayment and otherwise as the Board may in its discretion think fit and use it for any of the purposes or activities of the Society or its subsidiaries and no one from whom the Society borrows money in purported exercise of this power shall be concerned to see that the money is wanted or that no more than is wanted is raised or be concerned in any other way as to the propriety of the transaction of the application of the money.

(4) Assistance to controlled bodies

The Society may provide its subsidiaries or bodies which it jointly controls with any of the following services:

- (a) Loans of money, with or without security and whether or not at interest;
- (b) The use of services or property, whether or not for payment;
- (c) Grants of money, whether or not repayable; and
- (d) Guarantees of the discharge of their liabilities.

(5) Loans to members

The Society may, out of any separate loan fund to be formed by contributions or deposits the from members, make loans to members on their personal security, with or without sureties or, in Scotland, cautioners, subject to the restrictions contained or referred to in the Legislation.

- (6) **Government Securities Fund**
The Society may (in accordance with its Rules) set up and administer a fund for the purchase on behalf of members contributing thereto, of Defence Bonds, National Savings Certificates or such other securities of Her Majesty's Government as the Friendly Societies Commission may prescribe.
- (7) **Investment of funds in a housing association**
The Society may invest funds of the Society in subscribing for any of the shares, debentures or loan capital of a housing association (within the meaning of the Housing Associations Act 1985) other than shares or debentures not fully paid up at the time of issue.
- (8) **Accumulation of Surplus Contributions for use of members**
The Society may accumulate at interest, for the use of any member, any surplus of his contributions to the funds of the Society which may remain after providing for any assurance or for the provision of other benefits in respect of which the contributions are paid. The Society may allow withdrawal of such accumulations in accordance with its Rules.
- (9) **Hospital and other benefits**
The Society may subscribe out of its funds to any hospital, infirmary, charitable or provident institution, any annual or other sums which may be necessary to secure to members of the Society and their families the benefits of that institution.
- (10) **Other Societies**
The Society may contribute to the funds and take part in the government of other friendly societies.
- (11) **Other activities**
The Society may subject to the provisions of the Legislation, its memorandum and its Rules, carry on any activity which is incidental or conducive to the carrying out of its purposes.

5 **Liability of Members**

The liability of a member of the Society is limited to the amount of any subscription to the Society which is outstanding from him.

6 **Interpretation**

In this Memorandum:

- (a) "The Board" means the committee of management of the Society;
- (b) "The Legislation" means the Friendly Societies Act 1992 and subordinate legislation made thereunder;
- (c) "The Rules" means the rules of the Society for the time being in force.
- (d) Expressions, where used in the Legislation, have the same meaning as they have in the Legislation;
- (e) Any words importing the masculine include the feminine, and any words importing the singular include the plural, and vice versa;
- (f) Reference to any statute includes reference to any statutory modification or re-enactment thereof.

The Rules of the Society

General Provisions

Rule 1 Interpretation

1.1	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 as amended by the Financial Services Act 2011;
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 Relevant Legislation from time to time;
Address	A postal address or for the purposes of electronic communication a fax number, email address or telephone number for receiving text messages, in each case registered with the Society;
Annual Accounts	The accounting documents, including the notes attached to them, which the Relevant Legislation requires the Society to prepare for itself and, by way of group accounts, for itself and its subsidiaries;
Annual Investigation	The annual investigation upon completion of each financial year into the health of the Society in accordance with section 46 of the Relevant Legislation.
Annotated Corporate Governance Code	The Annotated Combined Governance Code for mutual insurers of the UK as published from time to time or such other relevant corporate governance guidance as applies from time to time to friendly societies;
Appropriate Regulator	The Prudential Regulation Authority and/or The Financial Conduct Authority as appropriate or such other authority as may replace the same from time to time or shall from time to time carry out such functions in relation to friendly societies as are at the date of registration of this Memorandum allocated to the Prudential Regulation Authority and/or the Financial Conduct Authority;
Appropriate Regulator Handbooks	The rules and guidance promulgated by the Appropriate Regulator;
Auditor	The auditor of the Society appointed under these Rules;
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 the Member's Policy;
Board's Report	A report by the Board on the business of the Society, which shall include the information required by the Relevant Legislation;
Board	The committee of management of the Society;

Chairman	The Director appointed to that office under Rule 18;
Chief Executive	The person appointed by the Board as the Society's Chief Executive;
Contributions	The contributions or premiums payable by a Member under the terms of the Member's Policy;
Directors	The Members of the Board;
Dispute	Shall be construed in accordance with section 80(8) of the 1992 Act;
Document	Includes any document sent or supplied in electronic form;
Executive Director	A Director who holds an executive office with the Society;
Member	A member of the Society (and "Membership" shall be construed accordingly);
Memorandum	The Memorandum of the Society from time-to-time in force;
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 policy issued by the Society under the schedules to these Rules, or any policy originally issued by another company or society and subsequently transferred or novated to the Society whether under Relevant Legislation or otherwise;
Policyholder	A person who holds a Policy;
Previous Rules	The Rules of the Society in force from time to time immediately before the adoption of these Rules or prior to its incorporation on 19th September 1997 or under any prior version of its rules since incorporation;
Register	The register of Members;
Registered Office	The registered office of the Society for the time being;
Relevant Legislation	the 1992 Act, the 2000 Act, the Appropriate Regulator Handbooks and any other enactment or regulation for the time being in force relating to an incorporated friendly society (with its registered office situated in England and Wales) carrying out the business and other activities carried on by the Society;
Rules	The provisions of these Rules and any Policy;
Secretary	The person appointed by the Board to be the Secretary of the Society;
Senior Independent Director	The Director appointed to that office under Rule 18;
Society	Pharmaceutical and General Provident Society Limited;
Special General Meeting	A general meeting of the Society other than an Annual General Meeting;

Special Resolution	A resolution of the Members in general meeting to which paragraph 7 of Schedule 12 to the 1992 Act applies;
Subsidiary	A body corporate which is controlled or jointly controlled by the Society for the purposes of section 13 of the 1992 Act;
The Order	Has the meaning given in The Mutual Societies (Electronic Communications) Order 2011.

- 1.2 In these Rules, unless the context requires otherwise, references to one gender shall include the other genders and references to the singular shall include the plural and vice versa.
- 1.3 Unless the context requires otherwise, words and expressions which are defined Relevant Legislation or in the Appropriate Regulator Handbooks shall have the same meanings in these Rules.
- 1.4 In these Rules any reference to the Appropriate Regulator Handbook, the Annotated Corporate Governance Code or to any statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall, in the case of a statute or statutory provision, include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.5 Headings to Rules or sets of Rules are for convenience only and shall not affect the interpretation of these Rules.

Rule 2 Notices

- 2.1 Unless the Rules or Relevant Legislation prescribe otherwise, any notice under these Rules can be given either personally; or by sending it by post in a pre-paid envelope addressed to the Address provided; or by giving it in electronic form to the Address provided; or by placing it on a website and providing the person with notification of the presence of the notice on the website in writing or in electronic form to the Address supplied for that purpose.
- 2.2 All summonses and notices shall be deemed to have been duly served if they are addressed to the Member, Director or other person for whom they are intended at their last known Address (if a Member, as shown in the Register) and are sent to that Address.
- 2.3 A Member shall not be entitled to receive any notice from the Society if there is no Address in the Register.
- 2.4 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given.
- 2.5 Proof that an electronic form of notice was given shall be conclusive where the Society can demonstrate that it was properly addressed and sent, in accordance with The Order.

Rule 3 Copies of Memorandum and Rules

At the discretion of the Board, the Society shall give any non-Member who requests it a paper copy of the Memorandum and the Rules on payment of £25.00 (Members who have not previously received a copy of the Memorandum and Rules shall be provided to them without charge).

Rule 4 Alteration of Memorandum and Rules

- 4.1 Unless the Relevant Legislation prescribes otherwise, the Memorandum, the Rules and the Policies may be altered by way of addition, removal or variation of any provision by a resolution passed by a majority of the votes cast at a general meeting of the Society.
- 4.2 The Board may by resolution alter the Memorandum, the Rules and the Policies (and register the same), but any changes to the Memorandum or the Rules under this provision must be approved by the Members at the next general meeting of the Society. If the resolution to approve the changes at the next general meeting fails to pass, the Board must submit the Memorandum or the Rules as they existed prior to the changes for registration under 4.3 but any act or omission during the period the amended Memorandum or Rules applied will not be affected.
- 4.3 No alteration of the Memorandum, the Rules or the Policies 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.
- 4.4 These Rules supersede all other Rules of the Society from the date these Rules take effect.

Rule 5 Change in Registered Office

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

Rule 6 Applicable Law and Jurisdiction

These Rules and any Dispute or claim arising out of or in connection with them or their subject matter or formation (including non-contractual Disputes or claims) shall be governed by and construed in accordance with the law of England and Wales. The courts of England and Wales shall have exclusive jurisdiction to settle any Dispute or claim arising out of or in connection with these Rules or their subject matter or formation (including non-contractual Disputes or claims). The currency applicable will be the currency of England unless otherwise stated in a Policy.

Rule 7 Membership

- 7.1 In these Rules, a member of the Society is a person who:
- (a) Has had an application for a Policy accepted by the Society; and
 - (b) Has an interest, whether actual or contingent, in the funds of the Society.
- 7.2 Membership shall commence from the date of issue of the Policy.
- 7.3 A person may become a Member if they have an application for a Policy accepted by the Society and will remain a Member until the date they are no longer a Policyholder, for whatever reason. The form of the application, and the criteria for eligibility and assessment of that application shall be determined by the Society from time-to-time as appropriate. A Member may hold more than one Policy at any one time but will only be counted once as a Member for the purpose of these Rules.
- 7.4 Each Member of the Society and all persons claiming through him or on his account shall be bound by the Rules from time to time in force during the period of the person's Membership of the Society.

- 7.5 The terms on which any person shall pay Contributions to the Society and receive Benefits from it are set out in the Policy concerned and not these Rules, and the Society shall make copies of the Policies available to Members at every office of the Society, free of charge, and will send copies of the Policies to Members free of charge on request. The Board may vary at any time the terms and rates of a Policy.
- 7.6 An individual under the age of 18 years may become a Member. A Member aged 16 years or over may execute all instruments and give all receipts necessary to be executed or given under these Rules. 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 the Member's parents, guardian or legal representative on the Member's behalf.
- 7.7 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. However, after a Member attains the age of 16 the Society will continue to correspond with the parent, guardian or legal representative until they or the Member notifies the Society otherwise.
- 7.8 The rights attaching to each category of Membership prior to adoption of these Rules are set out in the Previous Rules. After the date of adoption of these Rules the rights are set out in the Insurance Document and any schedules, tables, rules, conditions and provisions issued from time to time by the Society.
- 7.9 The decision of the Board on any question of whether a person is or, as the case may be, is entitled to be, a Member shall be conclusive for the purposes of these Rules.

Rule 8 Termination of Membership

- 8.1 A Member may be expelled at any time from Membership by the Board if the Member:
- (a) Has been imprisoned for any crime;
 - (b) Makes a claim on the Society's funds knowing the same to be false or fraudulent as regards the amount or otherwise;
 - (c) 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 Policy;
 - (d) Has been in arrears with his or her Contributions for such period as is specified for that purpose in the applicable Policy;
 - (e) Has been guilty of serious personal misconduct;
 - (f) Has in the opinion of the Board committed repeated and/or serious breaches of these Rules; or
 - (g) Has done anything which in the opinion of the Board brings the reputation of the Society into disrepute.
- 8.2 In the event of expulsion under this provision the Member's Policy will be cancelled in the same manner as a voluntary resignation would be treated save that in the event of expulsion the Member shall forfeit and repay such amount of benefit as the Board may, in its absolute discretion determine.

- 8.3 A person who is a Member shall automatically cease to be a Member:
- (a) If the Society receives notification that he or she has died;
 - (b) If he or she assigns his or her interest in all of the Policies by virtue of which he or she was a Member or has ceased to be the beneficiary under all Policies held by him or her by operation of law; or
 - (c) If for some other reason (including the rescission, cancellation, or surrender of his or her Policies, or the expiry of any periods of insurance for which his or her Policies extended) neither the Society nor the Member has any remaining rights under any of the Policies by virtue of which he or she was a Member.

Rule 9 Register of Members

- 9.1 The Society shall maintain a register (which may be electronic) of the names and Addresses of the Members. The names and Addresses of all persons who are Members shall be entered in the Register and the names of those persons who either cease to be Members, or who cease to be entitled to be Members shall be removed from the Register.
- 9.2 The Register shall be kept at the Registered Office or at such other place as the Board thinks fit.
- 9.3 Each Member shall notify the Society of any change in the Member's Address within 28 days of the change occurring together with any other evidence of the change as the Society may require.
- 9.4 The Society need not enter in the Register the Address of a Member who became a Member before the incorporation of the Society if it has no Address for him or her and the Member's whereabouts are unknown.
- 9.5 Where it appears to the Society that the Address shown in the Register for a Member is no longer current, the Society may remove that Address from the Register, and need not enter an Address for that Member in the Register while the Member's whereabouts are unknown.

Rule 10 Forfeitures and Arrears

Any Member in arrears in respect of any Contribution due by or on behalf of the Member to the Society shall be subject to the provisions with regard thereto contained in the Policy. The provisions for forfeiture of a Policy shall be as stated or incorporated by reference in the relevant Policy and shall be subject to any Relevant Legislation.

Rule 11 Nominations

- 11.1 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 the Member's death, or any specified amount of money so payable, shall be paid, in accordance with Schedule 9 to the 1992 Act.
- 11.2 All such nominations shall be made in writing by the Member and shall be delivered or sent to the Registered Office.
- 11.3 The person or persons so nominated must not at the date of the nomination be an officer or employee of the Society unless that officer or employee is the husband, wife, father, mother, child, brother, sister, nephew or niece of the nominator.

- 11.4 A nomination so made may be revoked or varied in writing by the Member and shall be delivered and sent as set out in 11.2, but a nomination shall not be revoked by a subsequent will.
- 11.5 The marriage of a Member shall operate as a revocation of any nomination previously made by him.
- 11.6 The Society is entitled to prescribe the form in which nominations, revocations and variations must be.

Rule 12 Disputes

- 12.1 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), or a current or former Director of the Society on the one hand and the Society or any officer of the Society on the other hand, the Dispute shall be decided by a single arbitrator who shall be appointed by agreement between the parties to the Dispute or, if they cannot agree, by the President for the time being of the Law Society or, where both parties to the Dispute so consent, by reference to the County Court.
- 12.2 In default of determination under Rule 12.1 above and upon the expiry of 40 days beginning with the day on which application was made for such determination, either party may apply for determination of the Dispute by the County Court.
- 12.3 Any decision made by an arbitrator may include a direction as to the payment of the costs incurred by the Society 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.

Rule 13 Complaints

- 13.1 The Board may from time-to-time:
- (a) Establish and amend such procedures as it may think fit; or
 - (b) Accede to any scheme or schemes;
For the investigation and resolution of complaints by Members or other persons whom the Board considers to have a sufficient interest in the Society's business or activities to justify the investigation of the complaint.
- 13.2 Such complaints may relate to any aspect of the Society's business or activities. Nothing in this Rule shall prevent a Member who makes a complaint to the Society utilising the disputes procedure set out in these Rules or from referring a complaint to the ombudsman scheme referred to in section 80(1A) of the 1992 Act.
- 13.3 The Board shall provide, free of charge, written details of any procedure or scheme from time to time in force under this Rule to any Member or other person requesting them, provided that any such other person has an interest as specified in this Rule.

Rule 14 Dissolution, Winding-Up and Distribution of Surplus Assets

- 14.1 The Society may be dissolved at any time by an instrument of dissolution approved by a Special Resolution and in accordance with Relevant Legislation.
- 14.2 Upon the Society being dissolved by consent, or upon its winding up, any surplus remaining after the payment in full of the Society's creditors shall be divided among the Members as at the date of commencement of the dissolution or winding up in accordance with the provisions of sections 19 to 24 of, and Schedule 10 to, the 1992 Act.

Governance of the Society

Rule 15 The Board: Powers and Duties

- 15.1 The Board shall be the directing body of the Society. The members of the Board shall be known as and shall be Directors of the Society (and references in these Rules to "Directors" or "Director" shall be construed accordingly).
- 15.2 Subject to the Relevant Legislation, the Memorandum, these Rules and any directions given by Special Resolution, the business of the Society shall be managed by the Board who may exercise all the powers of the Society that are not, by these Rules or Relevant Legislation, required to be exercised by the Society in general meeting. Unless a different standard is applied by the Relevant Legislation, the Memorandum, these Rules and any directions given by Special Resolution of the Members, all questions before the Board shall be decided by a majority of votes present in person or by proxy and, if the votes are equal the chairman of that meeting shall have an additional vote.
- 15.3 Neither any alteration in these Rules nor any direction 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.
- 15.4 The Board shall have power to act notwithstanding any vacancy or vacancies on the Board. If at any time the number of Directors falls below the minimum number determined by the Board, 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.
- 15.5 The Board may delegate any of its powers to a 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 be made subject to any conditions the Board may impose; may be revoked or altered; and may either give the 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 committee.
- 15.6 Subject to any such conditions, the proceedings of any such committee of the Board with two or more members shall be governed, as far as they are applicable, by the rules regulating the proceedings of Directors.
- 15.7 Without prejudice to the generality of this Rule, the Board:
- (a) 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;
 - (b) May make, vary or revoke regulations for the conduct of all affairs, business and meetings of the Society (and for the conduct of business at meetings of the Board) provided that the regulations are not, or do not become, inconsistent with the Society's Memorandum, these Rules or with the Relevant Legislation;
 - (c) 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);
 - (d) Shall order and direct how and when the funds of the Society shall be invested;

- (e) May, in relation to any separate fund or otherwise, declare bonuses, establish reserves or make any other specific provisions 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;
- (f) May exercise the borrowing powers of the Society as the Board sees fit;
- (g) May take all steps and other actions required or authorised by the Relevant Legislation and all other necessary actions in order to provide for the reinsurance, to such extent as may from time to time be approved by the Appropriate Actuary, of any risks against which persons are or are to be insured by the Society in accordance with section 12(3) of the 1992 Act;
- (h) May take all steps and other actions required or authorised by the Relevant Legislation and all other necessary actions in order to amalgamate the Society with one or more other friendly societies in accordance with section 85 of the 1992 Act (except to the extent that the steps and actions in question are only capable of being carried out at a general meeting of the Society);
- (i) May take all steps and other actions required or authorised by the Relevant Legislation and all other necessary actions so as to take a transfer of the engagements of any other friendly society or body in accordance with section 86 of the 1992 Act (except to the extent that the steps and actions in question are only capable of being carried out at a general meeting of the Society); and
- (j) May invest the funds of the Society as it sees fit.

Rule 16 The Board: Membership

- 16.1 The number of Directors who constitute the Board shall be determined from time to time by the Board at its discretion providing the number does not exceed the minimum or maximum limits prescribed by Relevant Legislation.
- 16.2 The number of Executive Directors must not exceed 50% of the total number of Directors who constitute the Board.
- 16.3 Nobody aged less than 18 shall be appointed as a Director.
- 16.4 A person does not need to be a Member in order to be Director.

Rule 17 The Board: Procedures of the Board

- 17.1 The Board may determine the number of Directors within the limits and subject to the restrictions set out in Rule 16 and may otherwise, subject to the provisions of these Rules and to the Relevant Legislation, regulate its proceedings as it thinks fit.
- 17.2 A Director may, and the Secretary at the request of a Director shall, call a meeting of the Board. Notice of such meeting shall be given to Directors in accordance with Rule 2. Whenever practicable not less than seven days' notice of any meeting of the Board shall be given, but, subject to Rule 23.2, no acts of any meeting of the Board shall be invalid merely because less than seven days' notice of any meeting was given.
- 17.3 Questions arising at a meeting of the Board shall be decided by a majority of votes and, if the votes are equal, the chairman of the meeting shall have an additional vote.
- 17.4 The quorum for the transaction of the business of the Directors shall be half (rounded up if an odd number) the total number of Directors and of which at least 50% of those present shall be Non-executive Directors.

- 17.5 All acts done by a meeting of the Board, or of a committee of the Board, or by a person acting as Director shall, even though it may later be discovered that there was a defect in the appointment of any Director, or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed, was qualified, had continued to be Director and had been entitled to vote in respect of such acts.
- 17.6 A resolution in writing signed by all the persons entitled to receive notice of a meeting of the Board or of a committee of the Board shall be valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board duly convened and held, and may consist of several Documents in similar form each signed by one or more persons. For the purposes of this Rule, a signature may be affixed to an electronic copy of the resolution and any signed resolution shall be valid if the Society receives at the Registered Office the original or a copy by electronic communication.
- 17.7 The Secretary shall keep a minute book to record the proceedings at each meeting of the Board and each resolution passed under this Rule.

Rule 18 Appointment of Chairman, Vice-Chairman and Senior Independent Director

- 18.1 At the first meeting of the Board following an Annual General Meeting, the Board shall elect from its number (excluding Executive Directors and any former Chief Executive) a Chairman, a Vice-Chairman and a Senior Independent Director, all of whom shall hold office until the commencement of the first meeting of the Board held after the Annual General Meeting in the subsequent year. The offices of Vice-Chairman and Senior Independent Director may be held by the same person. The Board may remove any of these persons from their office at any time by a vote of the majority of the Board. The Chairman or, in his absence, the Vice-Chairman shall preside at every meeting of the Board at which he or she is present.
- 18.2 If the Chairman and the Vice-Chairman are both absent from a meeting of the Board, or both decline to preside at a point in a meeting, the Directors present shall appoint another Director to be chairman for the purposes of that meeting.
- 18.3 The Chairman and others appointed under this Rule shall fulfil the functions described for them in the Annotated Corporate Governance Code.

Rule 19 Interest in Contracts

- 19.1 Subject to a Director complying with the Relevant Legislation:
- (a) Requiring the Director to declare to the Board any direct or indirect interest the Director might have, or be treated as having, in any contract to which the Society is a party;
 - (b) Prohibiting particular contracts;
 - (c) Requiring a contract to be approved by a resolution of a general meeting; or
 - (d) Requiring him or her to furnish the Society with particulars of any related business,
The Director may enter into or be interested in contracts with the Society, irrespective of whether such interest is direct or indirect. The Director shall not be disqualified from office thereby, nor shall the Director be liable to account to the Society for any profit arising out of any such contract to which the Director is a party or in which the Director is interested by reason of being a Director at the time of such contract.

- The Director may enter into or be interested in contracts with the Society, irrespective of whether such interest is direct or indirect. The Director shall not be disqualified from office thereby, nor shall the Director be liable to account to the Society for any profit arising out of any such contract to which the Director is a party or in which the Director is interested by reason of being a Director at the time of such contract.
- 19.2 The ability of a Director to enter into or be interested in contracts with the Society is subject to any conditions or liability to account which may be imposed from time-to-time by regulations of the Board.
- 19.3 No Director may vote as a Director in relation to any contract, or proposed contract, in which the Director is interested, or upon any matter arising out of it. If the Director does vote, the vote shall not be counted, nor shall the Director 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 shall not apply in any case where the only applicable interest of the Director in question is any interest the Director may have as a director or officer of a wholly owned subsidiary company, jointly controlled body or other associated body of the Society.
- 19.4 Notwithstanding anything contained in this Rule, but subject always to the Relevant Legislation, the prohibitions contained in this Rule may at any time be suspended or relaxed to any extent by resolution at a general meeting of the Society.
- 19.5 In this Rule the term "contract" includes any transaction or arrangement.
- 19.6 For the purposes of these Rules, no interest in any Policy; or in any other financial service or product provided, or arranged, by the Society or any subsidiary, shall be regarded as an interest, providing it has been issued on substantially the same terms as would be available to Members generally.
- 19.7 An interest of which a Director 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 the Director.

Rule 20 Remuneration of Directors

- 20.1 At the discretion of the Board, there shall be a committee for the purpose of advising the Board on matters relating to the remuneration of the Chairman, the Directors, the Chief Executive, the Secretary and any other Executive Directors.
- 20.2 Subject to this Rule, each Director shall be entitled to such remuneration as the Board may from time-to-time determine, and may in addition be paid reasonable travelling, hotel and other expenses he may incur while attending the business of the Society;
- 20.3 Subject to the limit on the number of Executive Directors under these Rules, a Director may hold any office, employment or position of profit with the Society simultaneously with the 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.
- 20.4 A Director appointed to an office, employment or position of profit with a body corporate in accordance with this Rule shall disclose any benefit the Director derives from any such office, employment or position to the Board in the financial year in which it is received.

- 20.5 Where the Board is considering proposals concerning the appointment of one or more Directors to hold any office or position of profit with the Society or with any body corporate in which the Society is, or will be, interested; or the arrangement of the terms of any such appointment, such proposals shall be divided and considered in relation to each Director separately.
- 20.6 A Director shall absent himself or herself from any meeting of the Board and shall not be counted in the quorum present at that meeting while the Director's own appointment or the arrangement of the terms of that appointment are under consideration. Subject to this restriction, the prohibition in Rule
- 20.7 Every Board Report 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 prescribed descriptions of the Society in accordance with the Relevant Legislation.

Rule 21 Appointment of Officers, Employees and Others

- 21.1 The Society shall have a Chief Executive and a Secretary whose appointment and termination of appointment shall be governed by the Board. The offices of Chief Executive and Secretary may be held by the same person. Neither the Chief Executive nor the Secretary need be a Director. Both they, and all other officers of the Society, must be over the age of 18 years.
- 21.2 The Chief Executive shall be responsible under the immediate authority of the Board for the conduct of the business of the Society.
- 21.3 The duties of the Secretary shall be those conferred upon him or her by the Rules and by the Relevant Legislation together with any additional duties that the Board may determine from time-to-time.
- 21.4 The Board may appoint such employees, advisers and agents as it may at any time determine and may terminate their appointment.
- 21.5 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.
- 21.6 The powers and duties of persons appointed under this Rule 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.

Rule 22 Indemnity of Directors, Officers and Employees

- 22.1 Every Director and every other officer and every employee of the Society shall be indemnified by the Society against any liability in respect of losses, costs, charges, damages and expenses which might arise from, or in the course of, their 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 their duties in relation to the Society and under which judgment is given in their favour or under which they are acquitted but may not cover any liability under any rule of law or of the Relevant Legislation, in respect of any negligence, default, breach of duty or breach of trust of which they might be guilty in relation to the Society.
- 22.2 The Society may take out a policy of insurance to cover any such indemnity or liability as is mentioned in this Rule.

Rule 23 Vacation of Office and Disqualification

- 23.1 A Director shall cease to hold office:
- (a) If the Director resigns office by notice in writing to the Secretary;
 - (b) At the discretion of the Board, if the Director takes up a permanent residence outside the United Kingdom;
 - (c) If a request is made to that Director in writing by the Chairman that the Director should resign and a resolution that the Director has vacated office is then passed at a meeting by at least two thirds (rounded up) of all (including the errant director) the Directors of the Board;
 - (d) If the Director absents himself or herself for a period of more than six consecutive months or three consecutive meetings of the Board held during that period, without permission of the Board, and the Board passes a resolution that the Director has vacated office;
 - (e) If the Director becomes bankrupt or is subject to sequestration, or compounds or makes any arrangements with the Director's creditors generally;
 - (f) If the other Directors pass a resolution at a meeting of the Board, by at least two thirds (rounded up) of their number, that they believe he has become incapable by reason of illness or injury of fulfilling his duties as a Director of the Board and that he is deemed to have resigned;
 - (g) The Director is admitted to hospital in pursuance of an application for admission for treatment under the provisions of the Mental Health Act 1983 or is admitted to hospital under the provisions of the Mental Health (Scotland) Act 1984 or the provisions of the Mental Health Act (Northern Ireland) 1961; or
 - (h) An order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) for the Director's detention in matters concerning mental disorder or for the appointment of a receiver, curator bonis, or other person to exercise powers with respect to the Director's property or affairs;
 - (i) Upon a resolution that the Director 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 these Rules;
 - (j) If, whilst a Director and without the prior consent of the other Directors, the Director accepts an office with any other organisation, company or body deemed by resolution of the Board to be in competition with the business of the Society and any Subsidiaries;
 - (k) If, while an Executive Director, the Executive Director ceases for any reason to hold an executive office with the Society;
 - (l) If the Director becomes prohibited by law from being a member of the committee of management of a friendly society; or
 - (m) If the Director contravenes Rule 19 by knowingly or recklessly failing to declare an interest and the Board passes a resolution that the Director has vacated office.
- 23.2 The Secretary shall give not less than 14 clear days' notice in writing to all Directors of a meeting of the Board at which it is intended to move a resolution that a Director has vacated office. The notice shall set out the proposed resolution. If the requirements of this Rule have not all been complied with, the resolution, even if passed, shall be of no effect. Rule 2 shall apply to any such notice.

Rule 24 Appointment to the Board

- 24.1 At the discretion of the Board, there shall be a committee for the purpose of advising the Board, and to make recommendations to Members, on the appointment (or reappointment) of Directors in accordance with the Annotated Corporate Governance Code.
- 24.2 Appointments of Directors, unless made under Rule 24.5, shall be made at Annual General Meetings upon a resolution being passed that a candidate shall be appointed as a Director. 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:
- (a) The voting papers shall include the number of vacancies on the Board, the full names of all the candidates, any declarations required by the 1992 Act and any recommendations made by the Board and/or any committee convened pursuant to Rule 24.1;
 - (b) Subject to the rest of this Rule, the Board may prescribe or approve the form of the voting paper and may include such other declarations and denoting of retiring Directors as it thinks fit. 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;
 - (c) The voting shall be effected by a clear mark after the names of the candidates for whom the votes are to be cast;
 - (d) The voting papers shall be void if a Member votes for more candidates than there are vacancies to be filled;
 - (e) Each Member who is qualified to vote under these Rules shall have one vote in respect of each vacancy to be filled;
 - (f) No Member shall be required to cast all or any of the votes given to him or her; and
 - (g) In the event of two or more candidates tying for appointment as a Director 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 save that 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.
- 24.3 An individual not disqualified by Rule 23 may be nominated for appointment at an Annual General Meeting as a Director if the Director is nominated:
- (a) By the Board; or
 - (b) By notice given to the Society in writing and signed by at least 10 Members (each of whom must be over the age of 18 years and a Member for at least two years), and the Members' nomination is given to the Society not later than the last day in the month preceding the Annual General Meeting at which it is proposed that the candidate should be appointed as a Director.
- 24.4 An individual nominated under Rule 24.3, if elected, will not be eligible to take up their office until they have received such regulatory approval of their fitness and propriety as may apply.

- 24.5 Subject to any regulatory process for approval that may apply from time-to-time, the Board may appoint an individual as a Director to fill any vacancy. The Board shall only appoint an individual under this Rule:
- (a) Who appears to it to be fit and proper (as determined by the Appropriate Regulator) to be a Director;
 - (b) Who is not disqualified under Rule 23; and
 - (c) Is not a person who, having been nominated for election as a Director at any election held within the preceding 12 months, was not elected as a Director.
- 24.6 A Director appointed under 24.5 shall hold office until the conclusion of the Annual General Meeting immediately following the Director's appointment.
- 24.7 A Director appointed under 24.5 shall be eligible for reappointment at the Annual General Meeting in the same way as a retiring Director.

Rule 25 Term of Appointment

- 25.1 Unless a shorter term of appointment is set by resolution of the Board, no Director appointed at an Annual General Meeting shall be appointed for a term expiring later than the date of the third Annual General Meeting following the Director's appointment (or reappointment).
- 25.2 Unless determined otherwise by the Board, a Director who has been a Director for 9 years or more may only be reappointed for a term expiring on the date of the next Annual General Meeting following the Director's reappointment.

Rule 26 Retirement of Directors and Reappointment

- 26.1 In addition to the provisions governing the retirement of Directors in Rule 23, Rule 24 and Rule 25, a Director shall retire at the appropriate Annual General Meeting following the Director's appointment or reappointment in accordance with Rule 25.
- 26.2 A Director retiring at an Annual General Meeting under this Rule shall retain office until the conclusion of the Annual General Meeting and shall be eligible for reappointment at the same Annual General Meeting provided that:
- (a) The Director is not disqualified by Rule 23 at the date of the Annual General Meeting;
 - (b) The Director is nominated by the Board for reappointment with the Director's consent.
- 26.3 The normal retirement age for a Director shall be age 70 and the provisions of Schedule 11 of the 1992 Act shall apply. A Director must provide the Board with one month's written notice of the Director attaining the normal retirement age. A Director who has attained the normal retirement age must retire at the next Annual General Meeting. In such circumstances the Director concerned shall not be eligible to be re-elected as a Director unless:
- (a) He or she has been approved as eligible to be so elected by resolution of the Board; and
 - (b) 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 at the election.

Rule 27 Pensions and Other Schemes and Funds

- 27.1 The Board may, from the Society's resources and on such terms as it thinks fit, provide, establish, maintain and administer pension, life assurance, sickness, annuity and other funds or schemes (whether contributory or not) for the benefit of:
- (a) 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);
 - (b) 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
 - (c) Any spouses, children and dependents of persons referred to in this Rule.
- 27.2 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:
- (a) Past or present officers and employees of the Society;
 - (b) 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
 - (c) Any spouses, children or dependents of such officers and employees mentioned in this Rule.
- 27.3 The Board may make, vary and revoke the rules of any fund or scheme mentioned in Rule 27.1 and may constitute any trust and may from time to time exercise, at its discretion, any powers reserved to the Society under any trust constituted by the Society, including the power of modifying or discontinuing the terms of such trust or any rules or regulations that may be or may have been made pursuant to it.

Rule 28 Accounts

- 28.1 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 Relevant Legislation.
- 28.2 The Board shall establish and maintain separate accounts for any subsidiary companies and jointly controlled bodies which identify their separate assets.
- 28.3 In each financial year the Board shall send as many copies as required by the Relevant Legislation of the Annual Accounts for the last financial year; the Board's Report for that year; the Annual Investigation; and the Auditor's report on those accounts to the Appropriate Regulator in accordance with Relevant Legislation.
- 28.4 The Secretary shall supply copies (electronically or otherwise as the Member requests) of:
- (a) The Annual Accounts for the last financial year;
 - (b) The Board's Report for that year;
 - (c) The Auditor's report on those accounts; and to any Member on demand, free of charge. The Secretary shall ensure that copies of such Documents are also made available at every office of the Society.

Rule 29 Inspection of Records

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

Rule 30 Auditor

- 30.1 At each Annual General Meeting the Society shall appoint an Auditor to audit its annual accounts in the manner required by the Relevant Legislation. An individual or a firm may be appointed as the Auditor. The Society shall, within one week of the date of the meeting, notify the Appropriate Regulator if no Auditor has been appointed or reappointed.
- 30.2 The Board may appoint an Auditor to fill any vacancy in the post of Auditor which may occur between general meetings of the Society.
- 30.3 The Board shall fix the level of remuneration, including any sums in respect of expenses, to be paid to the Auditor.
- 30.4 In the event of the removal of the Auditor before the expiration of the Auditor's term of office by Ordinary Resolution, or the resignation of the Auditor in accordance with Schedule 14 to the 1992 Act, the Secretary shall notify the Appropriate Regulator within 14 days.
- 30.5 If the Society receives:
- (a) A statement from the Auditor, on cessation of the Auditor's office, of any circumstances which the Auditor considers should be brought to the attention of the Members or the creditors of the Society; and
 - (b) A requisition to convene a meeting of the Society for the purpose of explaining the circumstances connected with the Auditor's resignation; the Secretary shall, unless directed otherwise by the Court on an application, call a Special General Meeting within 28 days and shall (within 14 days of receipt by the Society) send a copy of the statement or requisition to the Members.

Rule 31 The Actuaries

- 31.1 The Board shall appoint one or more Appropriate Actuaries, whose appointment and termination of appointment shall be governed by the Board.
- 31.2 Each Appropriate Actuary must be qualified for appointment within the meaning of the Relevant Legislation.
- 31.3 The Secretary shall notify the Appropriate Regulator of the appointment of each Appropriate Actuary in accordance with the Relevant Legislation.

Rule 32 Application and Investment of Funds

- 32.1 All money received as premiums, contributions, donations or under the terms of a Policy shall be applied in carrying out the purposes of the Society in accordance with the Rules.
- 32.2 All moneys received and all interest or other income from investments shall be credited to the appropriate funds in accordance with the Policies and Relevant Legislation.
- 32.3 Any transfer of assets between the Society and a subsidiary or jointly controlled body shall be at arm's length and for a proper market value consideration (except as authorised by section 16 of the 1992 Act) and there shall be a proper Annual Bonus of all items of income and expenditure between the Society and its subsidiaries and jointly controlled bodies.
- 32.4 Subject to the advice of the Appropriate Actuary where appropriate, the Board may invest funds which are not immediately required to meet the Society's liabilities in the purchase of development of land; in any investment in which trustees are for the time being by law authorised to invest trust funds; in any subsidiary or jointly controlled body; or, at any time during which the Society falls within section 14(3) of the 1992 Act (or is treated as doing so for the purposes of section 14(2) of the 1992 Act), in the purchase of any interest in any kind of property, located anywhere in the world, regardless of whether the property produces income or incurs liabilities for the Society; and the Society may also lend its funds either against security (which may include sums due to a Member from the Society under the Member's Insurance Cover) or against no security.
- 32.5 The Board may establish such discretionary funds as it considers appropriate and make such transfers into, and payments out of, the discretionary funds as it considers fit from time to time.

Meetings of the Society

Rule 33 Annual General Meetings

- 33.1 The Society shall hold an annual general meeting in each financial year and each Annual General Meeting shall be held at the time and place determined by the Board, providing it does not take place more than 15 months after the last Annual General Meeting.
- 33.2 The Board shall lay before the Members at every Annual General Meeting:
- (a) The latest Annual Accounts;
 - (b) The Board's Report;
 - (c) Any other report it considers appropriate under the Annotated Corporate Governance Code; and
 - (d) The Auditor's Report.
- 33.3 No business shall be conducted at an Annual General Meeting, and no resolution shall be proposed at an Annual General Meeting, other than:
- (a) The Annual Accounts;
 - (b) The Board's Report;
 - (c) Any other report submitted by the Board;
 - (d) The Auditor's Report;
 - (e) The appointment and/or reappointment of Directors;
 - (f) The appointment or reappointment of the Auditor;
 - (g) A motion for a resolution contained in a Members' Notice received by the Society under Rule 35;
 - (h) Any other business brought before the meeting by the Board, which may include a motion for a resolution; and
 - (i) Any other urgent business brought before the meeting by the chairman.
- 33.4 Each notice of the Annual General Meeting shall state that copies of those Documents in 33.2(a)–33.2(d) are available to Members free of charge.

Rule 34 Special General Meetings

- 34.1 All general meetings of the Society other than Annual General Meetings shall be called "Special General Meetings".
- 34.2 The Board may, whenever it thinks fit, convene a Special General Meeting.
- 34.3 The Board shall, on a Members' requisition, convene a Special General Meeting as soon as practicable.

- 34.4 A Members' requisition is a requisition of 100 Members, each of whom are entitled to be present and vote at any general meeting of the Society. The requisition must:
- (a) State the objects of the meeting;
 - (b) Must be signed by the requisitioners; and
 - (c) Be deposited at the Registered Office.
- The requisition may consist of several Documents in similar form, each signed by one or more requisitioners.
- 34.5 If the Board does not convene a meeting within 28 days from the date of the deposit of the Members' requisition, the requisitioners (or any of them representing more than one half of all of them) may convene a Special General Meeting themselves on up to five months' notice.
- 34.6 A meeting convened by requisitioners under this Rule shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.
- 34.7 The Society shall reimburse the requisitioners for any reasonable expenses incurred by them as a result of the Board's failure to convene a meeting. In order to make the reimbursement, the Society shall retain any fees or other remuneration due to the Directors whose default led to the Board's failure to convene a meeting.
- 34.8 No business shall be conducted at any Special General Meeting except that determined by the Board 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.
- 34.9 Except where the requisitioners themselves convene a Special General Meeting, a Special General Meeting will be held at the hour, date and place determined by the Board.

Rule 35 Notice of Meetings

- 35.1 At least 21 days' notice of every general meeting of the Society shall be given to Members.
- 35.2 The notice shall specify:
- (a) The hour, date and place of the meeting;
 - (b) The nature of any resolution to be moved at the meeting and of the other business to be conducted at the meeting; and
 - (c) The full name of any candidate for election as a Director.
- 35.3 A Member present in person at any meeting of the Society shall be deemed to have received notice of the meeting and of the purposes for which it was called.
- 35.4 The notice shall state that:
- (a) A Member entitled to attend and vote at the general meeting may appoint a proxy to attend and, on a poll, vote at the meeting instead of him or her;
 - (b) That the proxy need not be a Member; and
 - (c) That the Member may direct the proxy how to vote at the meeting.
- 35.5 Instructions for the appointment of proxies shall be made available to Members by the Secretary from the Registered Office, if not enclosed with the notice of the meeting.

- 35.6 The Annual General Meeting shall be described as such in the notice of meeting.
- 35.7 Notice of a general meeting shall be sent to each Member who is entitled to vote at the meeting in accordance with Rule 2. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any eligible Member shall not invalidate the proceedings at that meeting.
- 35.8 For the purposes of the following paragraphs of this Rule the following expressions shall have the following meanings:
- (a) "Requisite Number" means 100; and
 - (b) "Members' Notice" means a notice given to the Society in writing (whether such notice consists of one or more Documents) by at least the Requisite Number of Members entitled to attend and vote at general meetings of the Society, of their intention to propose a resolution that is specified in the notice, either as a Special Resolution or an Ordinary Resolution, at an Annual General Meeting.
- 35.9 If the Society receives a Members' Notice the Board shall include in the notice of the Annual General Meeting:
- (a) A notice specifying the intention to propose the resolution in the Members' Notice at that meeting;
 - (b) If applicable, the intention to propose it as a Special Resolution; and
 - (c) At the request of the Members proposing the resolution, a copy of any statement of not more than 100 words about the proposed resolution (a "Resolution Statement").
- 35.10 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, if:
- (a) The Members' Notice and any Resolution Statement are received by the Society after the end of the month immediately preceding the Annual General Meeting at which the proposed resolution would be moved;
 - (b) If the Members' Notice and the Resolution Statement do not relate directly to the affairs of the Society; or
 - (c) If the resolution specified in the Members' Notice is similar to a resolution that has been defeated at a general meeting during any of the previous three financial years.
- 35.11 The Board shall also not be obliged to include a Members' Notice in the notice of an Annual General Meeting if the rights conferred by this Rule are being abused to seek needless publicity for a defamatory matter, or for frivolous or vexatious purposes.

Rule 36 Quorum at General Meetings

- 36.1 No business shall be considered at any Annual General Meeting or Special General Meeting unless a quorum is present. Unless the meeting is Special General Meeting by requisition, a quorum shall consist of 10 Members entitled to vote at the meeting, in person or by proxy. Where a person is present and has been appointed by one or more Members to act as their proxy at such a meeting, for the purpose of determining a quorum that person will be counted as being present in proportion to the number of Member's they will be representing.

- 36.2 If a meeting is a Special General Meeting by requisition, a quorum shall consist of 100 Members present in person or by proxy.
- 36.3 If a quorum is not present within half-an-hour of the time stated in the notice for the 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 by requisition, whereupon the chairman of the meeting shall dissolve it.

Rule 37 Procedures at General Meetings

- 37.1 The Chairman of the Board shall preside at any general meeting of the Society. If the Chairman is unavailable, the Vice-Chairman shall preside. If both the Chairman and the Vice-Chairman are unavailable such other person as the Board may select, shall preside.
- 37.2 If, within 15 minutes after the time appointed for holding the meeting, no person from the Board is present, the Members present and entitled to vote shall choose one of their numbers to be chairman of the meeting.
- 37.3 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 but no business shall be conducted at any adjourned meeting other than the business adjourned at the original meeting.
- 37.4 No business shall be conducted at any meeting of the Society after the meeting has been adjourned and if any business is attempted to be conducted at the meeting it shall be null and void.
- 37.5 Every adjourned meeting of the Society shall be deemed a continuation of the original meeting but any resolution passed at an adjourned meeting shall be treated for all purposes as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
- 37.6 When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be advertised as if it were a new meeting but, other than this requirement, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 37.7 Subject to the Relevant Legislation and these Rules, every question submitted to an Annual General Meeting or Special General Meeting shall be decided by a simple majority and votes shall be taken in the first instance by a show of hands.
- 37.8 A poll may (before or on the declaration of the result of the show of hands) be demanded by:
- (a) The chairman of the meeting; or
 - (b) By ten Members who are entitled to vote on the resolution and who are present in person, by proxy, by attorney or by representative.
- 37.9 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.
- 37.10 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.

- 37.11 If a Special Resolution is to be put to the vote or there is a contest for a post of Director or Auditor, a poll shall be deemed to have been demanded by the chairman of the meeting.
- 37.12 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.
- 37.13 The demand for a poll which is deemed to have been made by the chairman of the meeting under this Rule may not be withdrawn.
- 37.14 A poll duly demanded 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. 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 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.
- 37.15 Voting papers to be used on a poll shall be valid only if they are issued by the Society.
- 37.16 The Secretary shall ensure that minutes are kept of each general meeting of the Society and that they are available for inspection by any Member at all reasonable hours at the Registered Office.

Rule 38 Entitlement of Members to Attend and Vote at Meetings

- 38.1 Every Member aged 18 or over whose name was on the Register on the first day of the month before the month in which notice is given of a general meeting of the Society and who is not disqualified by arrears or otherwise as mentioned in these Rules, is entitled to attend at the general meeting and cast one vote on each resolution. When the votes are equal, the chairman of the meeting shall have an additional vote except on a resolution to appoint a Director.
- 38.2 The holder of a power of attorney given to him or her by a Member who is entitled to vote shall be entitled to vote in all circumstances as if the holder of a power of attorney were a Member and in the Member's place if the power of attorney is registered at the Registered Office and authorises the holder to exercise the rights of the Member under the Rules (whether or not expressly). A holder of a power of attorney shall not be entitled to appoint a proxy or an attorney.
- 38.3 A Member who is entitled to vote and in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote by the Member's receiver, curator bonis or other representative appointed by that court. Any such receiver, curator bonis or other representative may vote either on a show of hands or on a poll in person or by a proxy. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be deposited at the Registered Office not less than two clear days before the voting date, failing which the person may not vote.

Rule 39 Appointment of Proxies

- 39.1 A Member entitled to attend and vote at a general meeting of the Society may appoint one person (whether a Member or not) as the Member's proxy to attend and, on a poll, to vote at the meeting in the Member's place, and may direct the proxy how to vote at the meeting.

- 39.2 The instrument appointing a proxy or a representative shall be deposited at such Address within the United Kingdom as may be stipulated in the notice of the meeting (or, if no such Address is stipulated, at the Registered Office) not less than 48 hours before the day appointed for holding the meeting or adjourned meeting (for the purposes of this Rule the "final date"). Failure to comply with this Rule shall render the instrument invalid.
- 39.3 An instrument appointing a proxy shall be in such form (if any) as may be required by the Relevant Legislation and, subject to any such requirement, shall be in the form decided by the Board provided that such form shall not restrict the manner in which the person appointing the proxy may direct him or her to vote.
- 39.4 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.
- 39.5 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the appointor or revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Society at its Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used; and that since the final date the appointor has ceased to be entitled to attend and vote at the meeting.

Rule 40 Ballots

- 40.1 The provisions of paragraphs 8, 8A and 8B of Schedule 12 of the 1992 Act shall apply. The Board may make such regulations as it sees fit for the conduct of the postal, electronic or combined ballots.
- 40.2 The accidental omission to give notice to Members of such a ballot shall not invalidate the proceedings subject to the ballot.

Rule 41 Effective Date

The effective date of these Rules is 1 June 2015. All previous rules rescinded.

Secretary of the Society.....

Schedule 1 (Holloway Income Protection Policy)

Article 1 Income Membership

- (I) (a) Any Eligible Person may apply to become an Income Member under this schedule and, subject to the Board's approval of their application, Contribute towards Income Benefit insurance of 60p per week per Share and Unit granted. The minimum and maximum number of Shares and Units they may Contribute towards shall be determined by the Board from time-to-time. The Board can at its discretion specify different maxima for different occupational or insurance risk groups. At the Board's discretion, an Income Member can have their Income Benefit based solely on Shares or Units.
- (b) The requirements as to the form of the application an Applicant must complete to become an Income Member, and the due diligence process that they must complete before an offer of Income Membership can be made will be determined by the Board at its discretion from time-to-time. The Board may refuse to accept an application for Income Membership and will not be required to give a reason for any such refusal. At the Board's discretion, an Income Member can hold more than one Policy under this schedule.
- (c) Annual Contributions for Income Membership will fall due on the 1st January each Year and will be calculated in accordance with the Rates to this schedule. An Income Member joining or leaving the Society shall pay in their initial and final Year such proportion of their current annual Contribution as is appropriate according to the number of days they are in Income Membership in those Years. The Board at its discretion may specify the manner and the frequency of Contribution payments under this schedule from time-to-time.
- (d) Any arrears in Contributions outstanding at the end of the Year may, if the Board so decides, be deducted from the provisional balance standing to the credit of the Income Member's Profit Share Account.
- (e) The Rates for this schedule that will be used to determine the annual Contributions for Income Members will be determined by the Board from time-to-time. The Rates can be amended by the Board at its discretion.
- (f) When applying for Income Membership, the Applicant must inform the Society whether they wish to Contribute towards Reducing Income Benefit or Level Income Benefit, and whether or not they would like to select a Claim Deferment Period. If the Society is prepared to make an offer of Income Membership, but not on the Insurance Cover options selected by the Applicant, the Society can make its offer subject to the Applicant's acceptance of different Insurance Cover options.
- (g) When making an offer of Income Membership to an Applicant in accordance with this schedule, the Board can make this offer conditional on the Applicant's agreement to Special Conditions.
- (h) An Income Member shall not be entitled to any Income Benefit after they have reached their Policy Retirement Date.
- (II) (a) Each Income Member will be issued with a Policy Schedule that will confirm their Shares and Units, their long-term income benefit level for the purpose of Article 9 (IV), their Claim Deferment Period, the commencement date of their Income Membership, and their Policy Retirement Date.
- (b) If there is any subsequent change in an Income Members Insurance Cover, an updated Policy Schedule will be issued to confirm their updated Insurance Cover. The commencement date of the changes will be confirmed in the new Policy Schedule.
- (c) If the standard definition of incapacity that would apply to an Income Member in the event of a Declaration is not Own Occupation, then the definition that would apply must be stated in the Policy Schedule.

Article 2 Increased Insurance Cover

- (I) Applications from an eligible income Member for an increase in their cumulative holding of Shares or Units, a change in the mix of Shares and Units that determine their Income Benefit, a shorter Claim Deferment Period, or to change from Reducing Income Benefit to Level Income Benefit, may be made at any time but acceptance will be at the Board's discretion.
- (II) The application, due diligence, offer and acceptance process under this Article will follow the same process provided for under Article 1 unless the Board applies an alternative process.
- (III) An application for increased Insurance Cover will not be considered from an Income Member whilst making a Declaration.
- (IV) The Board can make the acceptance of an application under this Article subject to the Income Members agreement to Special Conditions.
- (V) The commencement date of an increase in Insurance Cover under this Article will be stated in the updated Policy Schedule issued in accordance with Article 1 (II)(b). The Board may refuse to allow an Income Member to increase their Insurance Cover under this schedule without giving any reason for such refusal.

Article 3 Reduction of Insurance Cover

- (I) An Income Member may reduce their cumulative holding of Shares or Units, lengthen their Claim Deferment Period, or change from Level Income Benefit to Reducing Income Benefit at any time by applying in the manner prescribed by the Board at its discretion.
- (II) A reduction in an Income Members Insurance Cover under this Article will take effect from the commencement date shown in the updated Policy Schedule issued under Article 1 (II)(b).

Article 4 Arrears in Contributions

- (I) If an Income Member is more than four months in arrears with their Contributions they shall be liable to expulsion from the Society, but if they are unable to pay their Contributions as a consequence of distressed circumstances they may apply to the Secretary in the manner prescribed by the Board for an extension; and the Secretary shall have the power, upon receiving satisfactory evidence of the reason for their inability to pay, to grant such an extension or agree a payment plan. Failure to comply with the extension granted, or the payment plan agreed, will make the Income Member liable to expulsion in the same manner under this paragraph as if no extension or payment plan had been agreed.
- (II) Should an Income Member not be more than fourteen days in arrears with their Contributions and desiring Income Benefit, they may make a Declaration and the Secretary shall be empowered to deduct from the payment of Income Benefit the amount of the arrears, but if they are more than fourteen days in arrears with their Contributions they will not be entitled to make a Declaration. Upon the payment of arrears of more than fourteen days, a period not exceeding 30 days shall elapse, subject to the discretion of the Board, before the Income Member shall be eligible to make a Declaration.
- (III) Any Income Member expelled from the Society under this Article will be treated as if they have voluntarily retired or resigned from Income Membership under Article 12. The Secretary is authorised to deduct and retain from the final balance of the Income Member's Profit Share Account, calculated in accordance with Article 12 (V), any arrears of Contributions.

Article 5 Distressed Income Members

Any Income Member who is unable to pay their Contributions in consequence of distressed circumstances, may apply in writing to the Secretary to have their Contributions paid from their Profit Share Account with the Society; and the Secretary shall have the discretion, upon receipt of what they deem to be satisfactory evidence, to allow such Contribution to be paid as aforesaid, provided always that after such remission the amount standing to the Income Member's credit is not reduced below the sum apportioned to them from the latest two years' dividends. The Secretary's view of what constitutes distressed circumstances and satisfactory evidence shall be final.

Article 6 Associate Membership

An Income Member holding Shares may at any time, with the consent of the Board, elect to discontinue as an Income Member, and continue as an Associate Member under Schedule 2 (Associate Holloway Policy) in the manner prescribed by the Board from time-to-time.

Article 7 Declaration On the Sick Fund

- (I) Every Income Member wishing to claim Income Benefit must make a Declaration on the Sick Fund of the Society in accordance with this Article. They must notify the Secretary of their intention to make a Declaration, complete and return a sickness claim form with evidence to support their claim to the Society within twenty-eight days from the date they became eligible to receive Income Benefit under this schedule. The form of the sickness claim form will be determined by the Board from time-to-time. While the Board can at its discretion specify otherwise, the supporting evidence they will be required to provide with the sickness claim form under this paragraph is certification by their attending medical physician confirming their incapacity in accordance with the relevant provision of Article 9 (VI).
- (II) If any Income Member fails to make a Declaration in accordance with paragraph (I) of this Article they shall, at the discretion of the Board, be liable to forfeit any Income Benefit that would have been due under this schedule up to and including the day before the Society received the completed sickness claim form and any required evidence to support their Declaration.
- (III) Income Benefit shall be payable from the date after the completion of the Income Members Claim Deferment Period. The Claim Deferment Period will begin to apply from the date they first met the relevant standard of incapacity in Article 9 (VI).
- (IV) While Declaring, every Income Member shall furnish evidence of incapacity or such other information as the Board may at its discretion request to aid the Society's assessment and monitoring of a Declaration. If they fail to provide such evidence or information within twenty-one days of the request, the terms of paragraph (II) with regards to forfeiture of Income Benefit will apply in the same manner as if their sickness claim form was late.
- (V) An Income Member travelling or residing outside their country of residence as shown in the Society's Register of Members, or if they are on any vacation, shall not be entitled to Declare (or continue to be Declared) from the first date concerned until they have returned to the country in the Register of Members, or completed their vacation, unless the Board at its discretion determines otherwise.
- (VI) If on the evidence available, the Board is satisfied that an Income Member has made an improper, false or fraudulent Declaration, the Board shall have the power at its discretion to expel them from the Society and to order forfeiture of all or any part of their Profit Share Account and all claims upon the funds of the Society. Furthermore, they may be required to reimburse to the Society, with interest at such rate as the Board may determine providing it does not exceed 3% above Base Rate, any Income Benefits which they have received but which were the subject of the improper, false or fraudulent Declaration concerned.

Article 8 Declaration Off the Sick Fund

If an Income Member ceases to be incapacitated in accordance with the relevant part of Article 9 (VI), or if they otherwise becomes ineligible under this schedule, they shall cease to be entitled to claim Income Benefit and must appropriately notify the Secretary, who shall then declare them off the Sick Fund. If they fail to notify the Secretary that they are no longer entitled to Income Benefit they must refund any Income Benefit paid to them after the date on which their eligibility ceased and will, at the Board's discretion, render himself liable to the provisions of Article 7 (VI).

Article 9 Sick Fund Assessment

- (I) An Income Member incapacitated in accordance with the relevant part of paragraph (VI) of this Article shall be entitled to Income Benefit. Providing they have complied with the terms of Article 7, and is not more than fourteen days in arrears in accordance with Article 4, they shall be entitled to receive Income Benefit from and including the date of commencement determined under Article 7 (III) until they Declare-Off.
- (II) In the event an Income Member's Income Benefit under paragraph (III) would exceed 70% of their Earnings when Declaring, or if they continue to receive any income from their occupation or from other sources of income (excluding any state benefits) while Declaring, the amount of Income Benefit they are entitled to receive shall be proportionately reduced to ensure the total Income Benefit payable, including any aforementioned continuing income, will not exceed 70% of their Earnings. If at the time of their last application for Income Benefit they were granted a level of Income Benefit based on a proportion of Earnings other than 70%, or on some other basis agreed with the Society, the other limit will be applied. They will not be entitled to any refund of premium if their Income Benefit is reduced under this paragraph, but they will be allowed to reduce their Income Benefit under Article 3 if they wish.
- (III) Income Benefit shall be at the rate prescribed in Article 1 for each week (beginning on a Monday and ending on the following Sunday) per Share and Unit the Income Member Contributes for. If Income Benefit is not due in respect of the whole of such a week, a proportion of one sixth of the weekly rate shall be paid to them for each day (subject to a maximum of six days) during that week that Income Benefit is due. At the Board's discretion, the proportion of the weekly rate can be divided by the number of days in the week they would normally work to support the Earnings their Income Benefit is based on.
- (IV) If an Income Member Contributes for Level Income Benefit, then Income Benefit will be paid in full throughout a Declaration. If they Contribute for Reducing Income Benefit, then throughout a Declaration, unless their Policy Schedule specifies otherwise for the stages that follow, Income Benefit shall be paid in full for an initial period of one hundred and four weeks (first stage); then at 30p per week per Share and Unit held for the following fifty-two weeks (second stage); and thereafter, at 18p per week per Share and Unit held (final stage). This provision will apply until they are Declared-Off or reaches their Policy Retirement Date.
- (V) In the case of an Income Member who received Income Benefit for less than six months before Declaring-Off then within three months makes a new Declaration, the second Declaration shall be deemed to be a continuation of the former for the purpose of paragraph (IV) of this Article. Alternatively, if they have received Income Benefit for six months or more before Declaring-Off, a second Declaration within nine months shall also be deemed to be a continuation of the former. In either case, if they provide the Board with appropriate medical evidence to demonstrate that the cause of the second Declaration arose from causes wholly unconnected with the first, the Board will waive this paragraph. However, nothing in this paragraph shall prohibit the Board from finding a second Declaration to be a continuation claim for the purpose of paragraph (IV) of this Article if it has reasonable grounds to

believe that an Income Member subscribing for Reducing Income Benefit has attempted to avoid or unreasonably delay the prescribed reduction in their Income Benefit. A Claim Deferment Period would not be applied to a Declaration that was determined to be a continuation of a previous claim under this paragraph.

- (VI) (a) Income Benefit shall be paid by the Society only in respect of the injury to, illness or disease of, the Income Member which results in their incapacity. "Incapacity" will be defined by sub-paragraph (b) unless, in accordance with Article 1 (II)(c), sub-paragraph (c) or sub-paragraph (d) are specified in the Income Member's Policy Schedule.

Own Occupation

- (b) In respect of an Income Member who is normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to their Declaration, "incapacity" shall mean their total inability to perform all of the essential duties of such occupations; and that they are not following any other occupation for profit or reward. If they were NOT normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to the Declaration, "incapacity" will be determined in accordance with sub-paragraph (d).

Any Suitable Occupation

- (c) In respect of an Income Member who is normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to their Declaration, "incapacity" shall mean their total inability to perform all of the essential duties of such occupations and the essential duties of such other occupations as their skills, training or qualifications would reasonably make them suitable for; and that they are not following any other occupation for profit or reward. If they were NOT normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to the Declaration, "incapacity" will be determined in accordance with sub-paragraph (d).

Activities of Daily Living

- (d) "Incapacity" under this sub-paragraph shall mean either the necessary permanent confinement of the Income Member to their normal place of residence, a hospital/ medical establishment, or to such other premises as may be agreed by the Board; or it shall mean their total inability to perform unaided three or more of the following activities of daily living: dressing and undressing; washing and bathing; eating and drinking; preparing and cooking food; cleaning and laundering clothes; climbing stairs; shopping. In the first part of this paragraph, "permanent" may, at the Board's discretion, be interpreted to include cases where recovery is possible but such a recovery is likely to be prolonged.
- (e) Without prejudice to the sub-paragraphs of this paragraph (VI), an Income Member who is only partially incapacitated may at the discretion of the Board be allowed to follow any employment, or occupation, or training to assist in procuring a livelihood or developing a suitable alternative career, whilst still receiving such proportion of the Income Benefit for which they Contribute towards as the Board may specify in the exercising of its discretion.
- (f) When interpreting "occupation" under this paragraph, the occupation or occupations an Income Member was normally and regularly engaged in for profit or reward will be defined objectively as "profession" or "professions". For instance "pharmacist", "accountant" etc. If when making a Declaration their profession or professions are difficult to ascertain, or if they can demonstrate to the Board's satisfaction that there are exceptional reasons why this definition of profession would be too broad and unreasonable to them, then the essential occupational duties they must be totally unable to perform will be those common to occupational roles similar to their own.

(VII) Any Income Member who is incapacitated by reason of:

- (a) Intentional self-injury;
- (b) Surgical procedures carried out solely for cosmetic purposes;
- (c) The misuse of alcohol or drugs (other than drugs taken as directed or administered by a registered medical or dental practitioner);
- (d) Any disorderly conduct, or criminal act or omission;
- (e) Wilful participation in riot or civil commotion;
- (f) By accidents arising from or during participation in any Hazardous Activity other than those declared to and accepted on risk by the Society;
- (g) War, invasion of or act of a foreign enemy or any enemy foreign to the country in which the incapacity was caused or civil war (in each case whether war is declared or not);
- (h) Any mental, nervous psychotic or psychoneurotic deficiencies or disorder, including all neurosis, depression or anxiety;
- (i) Reactive disorders consequent upon or arising from the illness, death, injury or other misfortune of whatsoever nature of another person; or
- (j) The direct or indirect effects of radiation or radioactive contamination;

shall not be entitled to Income Benefit in respect of such incapacity or any disease, illness or injury consequent thereon.

(VIII) Income Members shall not be entitled to Income Benefit during any illness or infirmity arising from

- (a) Pregnancy, although while the condition of pregnancy cannot be an illness under this schedule, complications arising from the pregnancy can be considered as an illness when considering a Declaration ; or
- (b) Abortion, fertilisation or sterilisation procedures.

(IX) The Society may require an Income Member who has made a Declaration to undergo an examination by a doctor or other appropriate examiner appointed by the Society and if they refuse to be so examined they shall be Declared-Off and will not be entitled to receive Income Benefit. The Society may at its discretion suspend payment of Income Benefit pending provision of the examination report. If, in the opinion of the Society's appointed doctor or examiner, the Income Member is not entitled to Declare, the Secretary shall have the power to decline their Declaration, or to treat them as Declared-Off as appropriate, and may require them to pay part or all of the cost of the examinations.

(X) Any Income Member who has made a Declaration and whose incapacity is subsequently found to have arisen from any of the causes specified in paragraphs (VII) or (VIII) of this Article may, at the discretion of the Board, be subject to Article 7 (VI) save that the Board shall only have the power to order any forfeiture if they knowingly claimed in respect of incapacity arising from any of the causes specified in paragraphs (VII) or (VIII) of this Article.

- (XI) If any Income Member whilst Declared does any work for profit or reward, whether in their own occupation or otherwise, except in accordance with the provisions of paragraph (VI)(e) of this Article, the Board shall have the power to order the repayment of part or all of the Income Benefit paid to them for the period they were working, together with interest thereon at such a rate as the Board may determine, though not to exceed 3% above Base Rate. Such an Income Member shall also at the discretion of the Board be subject to Article 7 (VI).
- (XII) The Board may at any time make such enquiries into the circumstances of any Declaration in whatever manner it deems appropriate including, but not limited to, authorising the Secretary to investigate such Declared Income Members as they may deem expedient. Investigation of such Income Members may be carried out by any lawful and reasonable means including, but not limited to, visits to an Income Member by an officer or agent or employee of the Society, or by another appropriate person instructed by the Secretary on behalf of the Society.
- (XIII) Any Income Member whilst Declared and during any relevant period prior to Declaring shall:
 - (a) Refrain from any behaviour likely to retard their recovery; and
 - (b) Comply with the advice or counsel of any qualified medical adviser entrusted with their care, and not to unreasonably refuse to undergo any treatment or surgery recommended by any such medical adviser.

Article 10 Division of Surplus

- (I) At every 31st December, the Board shall ascertain and set aside the sum of all Contributions received into the Revenue Account from Income Members under Schedule 1 (Holloway Income Protection Policy), Associate Members under Schedule 2 (Associate Holloway Policy), and Income Plus Members under Schedule 3 (Holloway Income Protection Plus Policy) during that Year, together with such proportion of interest yielded on the invested funds of the Society during that Year as the Board may deem equitable, less deductions during that Year for:
 - (a) All Income Benefit claims made by Income Members under Schedule 1 (Holloway Income Protection Policy) and Income Plus Members under Schedule 3 (Holloway Income Protection Plus Policy);
 - (b) The costs of management of the Society as met from the Revenue Account; and
 - (c) Any sum which the Board may consider prudent to transfer to a Reserve Fund.
- (II) The amount set aside under paragraph (I) of this Article (excluding any interest yielded on the invested funds of the Society that are to be distributed in accordance with paragraph (IV) below) shall be allocated as dividend to the credit of the Profit Share Account of each Income Member, Income Plus Member or Associate Member in the books of the Society in proportion to the number of Shares held by them during that Year ended 31st December.
- (III) An Income Member, Income Plus Member or Associate Member paying less than a full year's Contributions to the funds of the Society, or who varied their holding of Shares during that Year ended 31st December, shall be entitled to a part only of the dividends under paragraph (II) of this Article for the days in which the appropriate Contribution has been paid.
- (IV) Interest shall be calculated on the balance standing to an Income Member's, Income Plus Member's or Associate Member's credit in their Profit Share Account at the commencement of that Year. This interest shall be adjusted as appropriate in proportion to the number of days before and after any withdrawals or deductions made during the year from an Income Member's, Income Plus Member's or Associate Member's Profit Share Account. Interest shall be apportioned at such a rate as the Board shall decide at its discretion and shall be placed to the credit of each Income Member's, Income Plus Member's and Associate Member's Profit Share Account.

- (V) The division of surplus funds and interest calculations directed under this Article shall be made only provisionally and for the purpose of ascertaining the share in the surplus funds of the Society which an Income Member, Income Plus Member or Associate Member would be entitled to have paid to them upon their ceasing to belong to the Society in accordance with the relevant provisions of Schedule 1 (Holloway Income Protection Policy), Schedule 2 (Associate Holloway Policy) or Schedule 3 (Holloway Income Protection Plus Policy) respectively.
- (VI) Each Income Member, Income Plus Member and Associate Member will be entitled to an annual bonus statement confirming the interest and dividend declared for the 31st December under this Article by no later than the 30th June of the following Year.

Article 11 Loyalty Bonus

- (I) The Board may, if in its opinion the relevant funds of the Society so permit, declare a Loyalty Bonus on 1st May each year, or on such other date or dates as it may select, which will apply until the date of its next Loyalty Bonus declaration. A Loyalty Bonus shall be an amount calculated as a percentage addition to the amounts withdrawn by retiring Income Members under Article 12 (I)(a).
- (II) When determining the percentage level of a Loyalty Bonus the Board shall give consideration to the relationship of the balance of the Reserve Fund at the previous 31st December to the provisional total balances of all the Profit Share Accounts of Income Members, Income Plus Members and Associate Members as at the same date. For the purpose of this comparison the Board shall make such adjustments to the balance of the Reserve Fund as it thinks equitable, particularly with regard to the valuation of the Society's investments at that time.
- (III) The Board at its discretion may declare more than one Loyalty Bonus percentage under paragraph (I) of this Article based on objective criteria and the eligibility of an Income Member, an Income Plus Member or an Associate Member for a particular percentage level declared will be determined by that same criteria.
- (IV) If upon the death of an Income Member or an Income Plus Member the total final sum calculated in accordance with Article 12 is less than the sum the Board may declare from time to time, the Loyalty Bonus will be extended to cover the deficit. Furthermore, when making such a declaration the Board may also determine an additional Loyalty Bonus payable in the event of the death of an Income Member or Income Plus Member to those properly nominated in accordance with Article 13 and the period over which it will be paid.

Article 12 Termination of Income Membership and Withdrawals of Capital

- (I) (a) From their sixtieth birthday an Income Member may, and upon reaching their Policy Retirement Date shall, elect for Associate Membership under Article 6 or shall terminate their Policy and cease to Contribute to, or receive any Income Benefit from, the Society. They shall thereupon be entitled to receive the whole amount then standing to the credit of their Profit Share Account, calculated in accordance with paragraph (V) of this Article, subject however to such deduction (if any) as the Board may decide in respect of actual or anticipated losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.
- (b) An Income Member electing for Associate Membership under paragraph (I)(a) of this Article may elect to leave part or all of the amount standing to the credit of their Profit Share Account with the Society in accordance with Schedule 2 (Associate Holloway Policy).
- (c) Upon the death of an Income Member at any age, their Policy under this schedule will terminate from the date of their death in the same manner as if they retired under paragraph (I)(a) of this Article, save that payment of the final amount due shall be subject to the terms of paragraph (VII) of this Article.

- (II) If any Income Member is forced to retire from their occupation or occupations on ill health grounds before attaining their sixtieth birthday or Policy Retirement Date, they may with the consent of the Board, be permitted to retire under paragraph (I)(a) of this Article. To gain the consent of the Board the Income Member must produce reasonable evidence that they have ceased to be engaged in the work they had previously undertaken, is incapable of engaging in that kind of work by reason of ill health, and is likely to remain so incapable.
- (III) In the event of any Income Member wishing to terminate their Policy before attaining the age of sixty or their Policy Retirement Date, whichever is sooner, at the Board's discretion they shall give thirty days' notice to the Secretary in the form prescribed from time-to-time. If the Income Member resigns after less than two years of Membership from the date their Policy commenced they shall forfeit any funds accumulated in their Profit Share Account and any surplus Contributions made. Otherwise they will be entitled to the amount standing to the credit of their Profit Share Account calculated in accordance with paragraph (V) of this Article, subject to the deduction of the last two Years of dividend credited to their Profit Share Account and such deduction (if any) as the Board may decide in respect of actual or anticipated losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.
- (IV) Any Income Member may once a Year apply to the Secretary in the manner prescribed from time-to-time for a partial withdrawal from the funds provisionally allocated to their Profit Share Account under one or more of the circumstances listed below. Unless otherwise determined at the discretion of the Board, a withdrawal request from an Income Member under this paragraph can be for a maximum of five hundred pounds at any one time, subject always to the balance of their Profit Share Account, less the cumulative value of the last two dividends to their Profit Share Account substantiating their request.
- (a) Medical treatment: to meet exceptional expenditure incurred as a result of an operation or special treatment to an Income Member, their spouse or dependent child. Satisfactory medical evidence of the necessity for such operation or special treatment must be submitted to, and be approved by, the Secretary.
- (b) Necessitous circumstances: to alleviate the financial situation of an Income Member finding himself in necessitous circumstances and in need of urgent funds. Satisfactory evidence of the necessity and full details of the circumstances must be submitted to, and be approved by, the Secretary.
- (c) Death of spouse or relative: to meet the funeral or other costs arising upon the death of an Income Member's spouse, child, adopted child, stepchild, father, mother, brother, sister, nephew, niece or orphan ward. A certificate of death (and a marriage certificate or evidence of adoption when applicable) must be produced to, and be approved by, the Secretary before the sum can be withdrawn.
- (V) Upon termination of Income Membership in accordance with this Article, subject to any forfeiture or adjustment conditions that may be applicable under this schedule, there shall be paid the following:
- (a) The balance of the Income Member's Profit Share Account as at 31st December of the Penultimate Year, less any withdrawals from the Profit Share Account made since that time;
- (b) Interest calculated on the total of the balance under paragraph (V)(a), less a deduction calculated for the appropriate number of days for any withdrawals made since the 31st December of the Penultimate Year, plus a dividend in proportion to the Shares the Income Member Contributed towards since the 31st December of the Penultimate Year.

If an annual bonus declaration has not been made under Article 10 for the 31st December of the Penultimate Year at the time of the retirement or resignation, a declaration will be made in accordance with Article 10 at the interest and dividend levels declared for the Year prior to the Penultimate Year, and the interim interest and dividend calculated under this sub-paragraph will also be made on the interest and dividend levels declared for the Year before the Penultimate Year; and

- (c) If an Income Member qualifies for retirement in accordance with paragraph (l)(a), then a Loyalty Bonus will be applied in accordance with Article 11 on the cumulative amount of sub-paragraphs (a) and (b) of this paragraph.
- (VI) Prohibition of charges: An Income Member may not (other than to the Society) assign, mortgage, charge or otherwise dispose of their interest in their Profit Share Account or any part thereof. If an Income Member shall, or attempts to, assign, mortgage or charge their Profit Share Account or any part thereof; or if they becomes bankrupt or suffers anything whereby their Profit Share Account or any part thereof would, if belonging to them absolutely, be liable by operation or process of law to become vested in or payable to some other person; their Profit Share Account shall be forfeited, and the funds provisionally apportioned to that Profit Share Account may be applied by the Society for the benefit of any relative or dependant of the Income Member, or be transferred to the Reserve Fund or general funds of the Society, as the Board may decide at its discretion, subject to any abatement in respect of losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.
- (VII) Any sum due from the Society on the death of an Income Member in accordance with paragraph (l)(a) of this Article, less such amount as may be due under a valid nomination made under Article 13, shall be due to the person entitled once all proper legal requirements have been duly complied with. No money shall be paid by the Society (except as otherwise provided by legislation) upon the death of an Income Member until the Secretary is in receipt of an official certificate of death, and then receives either the Grant of Probate relating to their estate, or letters of administration to their estate, or of a certificate of confirmation to their estate.
- (VIII) In the event an Income Member has their membership of the Society terminated under Rule 8 of the Society's Rules, any Policy they hold under this schedule will be treated as a voluntary retirement or resignation under this Article unless the Board determines that the circumstances in which Rule 8 has been applied make the relevant provisions of Article 4, Article 7 or Article 14 the most suitable to ensure the Society's membership is not financially prejudiced by the adverse or irresponsible behaviour of the Income Member.

Article 13 Nomination of Persons to Receive Monies Payable on the Death of an Income Member

- (I) Any Income Member who has attained the age of sixteen may nominate a person or persons to whom the money payable by the Society on their death, or any part of the money so payable as they may specify, shall be paid following their death. The total amount which may be so nominated shall be limited to such sum as may be permitted by legislation.
- (II) A nomination, variation or revocation shall be in the form prescribed by the Secretary from time-to-time.
- (III) The person or persons so nominated must not at the date of the nomination be an officer or an employee of the Society, unless that officer or employee is the husband, wife, child, father, mother, brother, sister, nephew or niece of the Income Member.

- (IV) A nomination so made may be revoked or varied by a subsequent nomination in accordance with paragraph (II) of this Article, but a nomination will not be revoked by a subsequent will. A nomination will automatically be revoked if a nominee predeceases the Income Member.
- (V) The marriage or divorce of an Income Member shall operate as a revocation of any nomination previously made by them.
- (VI) The Society shall keep a record of every such nomination, revocation or variation.
- (VII) On receiving satisfactory proof of the death of an Income Member, the Society shall pay the amount due to the duly appointed nominees under this Article. Receipt by the persons so nominated shall be a complete discharge to the Society. The Society shall not be concerned with the application of the monies paid.

Article 14 Misrepresentations and Non-disclosure

- (I) An Income Member shall be under a duty to take reasonable care, before and during their time as an Income Member, not to fail to disclose or make any misrepresentations to the Society in response to a request for information.
- (II) If an Income Member is found to have failed in their duty under paragraph (I) of this Article, at the Society's discretion:
 - (a) Their Policy may be treated as either never having started, or they may be deemed to have retired or resigned in accordance with Article 12;
 - (b) They may be required to agree to Special Conditions as a condition of their Policy not being brought to an end under paragraph (II)(a); and/or
 - (c) They may be required to forfeit any Declaration they have made for Income Benefits.
- (III) If an Income Member receives any benefits as a result of a breach of paragraph (I) of this Article they can be ordered to repay such benefits to the Society. Unless an alternative repayment arrangement is agreed with the Board, the Income Member must repay such benefits within 8 Weeks of the Society's request.
- (IV) If the Income Member fails to repay benefits in accordance with paragraph (III) of this Article, they will make themselves liable to Article 7 (VI).

Article 15 General Administration Provisions and Definitions

- (I) Unless determined otherwise by the Board at its discretion, an Income Members Policy is subject to the Law of England and the exclusive jurisdiction of the English Legal System; all communications in connection with their Policy will be in English; and all Contributions, and any benefits payable under their Policy, are payable in English Sterling (£).
- (II) An Income Member must advise the Society of any change in their occupation or Earnings. If a new occupation is considered to be a greater insurance risk to the Society, the Society will have the right to either: require the Income Member to agree to Special Conditions in order to continue the Insurance Cover; or require the Income Member to elect for Associate Membership in accordance with Article 6, or resign in accordance with Article 12 (II). If an Income Member fails to inform the Society of a change in occupation the Society will not be obliged to accept a request from them to Declare.

- (III) In this schedule, unless the context requires otherwise, references to one gender shall include the other gender and references to the singular shall include the plural and vice versa.
- (IV) Unless the context requires otherwise, words and expressions which are defined by legislation or in the Appropriate Regulator Handbooks, shall have the same meanings in this schedule.
- (V) Headings in this schedule are for convenience only and shall not affect its interpretation.
- (VI) In the event of any discrepancy between the Society's Rules and an Income Members Policy, the Society's Rules will be applied. In the event any part of their Policy is found to be invalid, the rest of the Policy will continue to apply.
- (VII) The Board may make alterations to this schedule in accordance with Rule 4.2 of the Society's Rules, except that an adjustment made only to this schedule will not require the approval of the Membership at the next Annual General Meeting following the change.
- (VIII) In the event an Income Member is dissatisfied or finds himself in dispute with the Society, the provisions of Rule 12 and Rule 13 of the Society's Rules will apply.
- (IX) Rule 2 of the Society's Rules will apply with regards to the terms of any notices under this schedule, unless a provision under this schedule prescribes, or gives the Board or the Secretary the authority to prescribe, a different procedure for that purpose.
- (X) If an Income Member changes their country of residence from the one stated in the Register of Members, they must inform the Secretary at the earliest opportunity. At its discretion, the Board can require such an Income Member in these circumstances to either become an Associate Member in accordance with Article 6 or retire from Income Membership under Article 12 (I)(a).

(XI) In this schedule the following words and expressions have the following meanings:

Activities of Daily Living	describes the definition of incapacity described in Article 9 (VI)(d).
Any Suitable Occupation	describes the definition of incapacity described in Article 9 (VI)(c).
Applicant	means an individual who applies for Income Membership in accordance with Article 1.
Associate Member	an individual who becomes a member of the Society under Rule 7 of the Society's Rules in accordance with this schedule.
Base Rate	means the official dealing rate as defined in Article 2 of the Late Payment of Commercial Debts (Rate of Interest) Order 1998.
Board	means the Board of Directors of the Society.
Claim Deferment Periods	if selected under Article 1 (I)(f), means the number of days an Income Member must wait under Article 7 (III) until they become eligible to receive Income Benefit. The Board will at its discretion determine the range of Claim Deferment Periods available to Income Members and, in accordance with Article 1 (I)(e), may amend the Rates as considered appropriate.
Contributions	means the contributions or premiums payable by an Income Member in accordance with this schedule.
Declaration	(including Declare, Declared and Declaring) means an Income Member has applied for, and been accepted on to, the Sick Fund in accordance with Article 7.

Declared-Off	means an Income Member, in accordance with Article 8, is no longer eligible for Income Benefit.
Earnings	means the financial basis on which an Applicant or Income Member's maximum Income Benefit will be based on. Unless a different basis is determined by the Board, for self-employed occupations the financial basis will be their share of pre-tax profits in the last full UK tax year completed; for employed occupations the financial basis will be their pre-tax income for PAYE purposes.
Eligible Person	means an individual who meets the criteria defined by the Board from time-to-time for Income Membership at its discretion.
Hazardous Activities	means, but is not limited to, participating in (or practicing for) mountaineering, climbing, caving, pot-holing, powerboat racing, underwater diving, yacht racing, jet skiing, boxing, horse-racing, martial arts, off-piste skiing, any race, parachuting or flying (other than as a passenger on a scheduled flight), or any other activity which presents a similar risk of injury or disability.
Income Benefits	the sum payable to an Income Member if they are Declared on the Sick Fund in accordance with Article 7.
Income Member	an individual who becomes a member of the Society under Rule 7 in accordance with this schedule.
Income Plus Member	an individual who becomes a member of the Society under Rule 7 in accordance with Schedule 3 (Holloway Income Protection Plus Policy).
Insurance Cover	refers to the insurance benefits provided by an Income Member's Policy in accordance with the cover options stated in their Policy Schedule.
Own Occupation	means the definition of incapacity described in Article 9 (VI)(b).
Penultimate Year	means the calendar year preceding that of the Year concerned.
Policy	means the terms contained in this schedule, the accompanying Policy Schedule, any Special Conditions the Income Member agreed to in accordance with this schedule, and any declarations made as part of any application for Income Benefit.
Policy Retirement Date	means an Income Member's 65th birthday unless an alternative date is agreed and stated in the Income Member's Policy Schedule.
Policy Schedule	A document issued by the Society in accordance with Article 1 (II) confirming an Income Members Insurance Cover and such other information as the Board may, at its discretion, wish to include.
Profit Share Account	means Profit Share Account, the Policy mechanism into which funds provisionally apportioned to an Income Member in accordance with Article 10 are accumulated.

Rates	the pricing structure and methodology determined by the Board at its discretion for the purpose of calculating the annual Contributions for Income Members starting from 1st January each Year. Unless the Board determines otherwise, an Income Member's annual Contributions will be calculated based on their age as of each 1st January, their long-term benefit level (Reducing Income Benefit or Level Income Benefit), their Claim Deferment Period, their holding of Shares and Units, any loadings that apply to their insurance risk, and any other loadings or discounts that may apply.
Register of Members	means the membership register the Society is required to maintain in accordance with Rule 9 of the Society's Rules.
Reserve Fund	means any account or other allocation of the Society's funds established by the Board at its discretion to make funds available for a particular purpose.
Resignation	describes the circumstances of an Income Member who terminates their Policy under Article 12 (III).
Retirement	describes the circumstances of an Income Member who terminates their Policy in accordance with Article 12 (I)(a).
Revenue Account	means an account established by the Society for the purpose of receiving all revenue to the Society under Rule 32 of the Society's Rules.
Rules	means the Rules of the Society
Secretary	means the Secretary of the Society appointed under Rule 21.1 of the Society's Rules.
Shares and Units	each share and unit an Income Member Contributes towards will provide a level of Income Benefit in accordance with Article 1 (I)(a). Shares will also be the mechanism the Board will use when declaring dividends to the Profit Share Account's of Income Members under Article 10.
Sick Fund	means the list of Income Members currently Declared and entitled, under this schedule, to receive Income Benefits from the Society's Revenue Account, or from a Reserve Fund established for the payment of claims, or both.
Society	means Pharmaceutical and General Provident Society Limited.
Special Conditions	a special term or terms proposed by the Society, and accepted by an Income Member, as a condition of making an offer of Income Membership in accordance with Article 1, or increased Insurance Cover in accordance with Article 2. A special term can be, but is not limited to: loadings to the Income Member's Contributions towards their Insurance Cover (not the Income Member's Contribution towards the surplus of the Society); specified medical condition exclusions; an alternative Claim Deferment Period in respect to a specified medical condition; a duration limit on any Declaration made in respect to a specified medical condition; and an alternative definition of incapacity under Article 9 (VI) in respect to a specified medical condition.
Year	means the calendar year.

Article 16 Effective Dates and Previous Policies

- (l) This schedule will apply to all Income Members with effect from the 1st February 2018 and replaces any previous policy schedules or terms for Income Members.

Secretary of the Society.....

Schedule 2 (Associate Holloway Policy)

Article 1 Associate Membership

- (I) An Income Member or Income Plus Member shall become an Associate Member under this schedule if their election for such under Schedule 1 Article 6 or Schedule 3 (Holloway Income Protection Policy) Article 6 is accepted by the Board.
- (II) The annual Contribution of each Associate Member will fall due on the 1st January each Year and will be determined in accordance with the Rates for this schedule. At the discretion of the Board, an Associate Member may apply in the form prescribed from time-to-time to decrease or increase their Shares.
- (III) The Rates for this schedule will be determined by the Board from time-to-time. The Rates can be amended by the Board at its discretion.

Article 2 Arrears in Contributions

- (I) An Associate Member who is more than four months in arrears with their Contributions shall be liable to expulsion from the Society, but if they are unable to pay their Contributions as a consequence of distressed circumstances they may apply to the Secretary in the manner prescribed by the Board for an extension; and the Secretary shall have the power, upon receiving satisfactory evidence of the reason for their inability to pay, to grant such an extension or agree a payment plan. Failure to comply with the extension granted, or the payment plan agreed, will make him liable to expulsion in the same manner under this paragraph as if no extension or payment plan had been agreed.
- (II) An Associate Member expelled from the Society under this Article will be treated as if they had voluntarily retired or resigned from Associate Membership under Article 7. The Secretary is authorised to deduct and retain from the final balance of the Associate Member's Profit Share Account, calculated in accordance with Article 7 (V), any arrears of Contributions.

Article 3 Distressed Associate Members

Any Associate Member who is unable to pay their Contributions in consequence of distressed circumstances may apply in writing to the Secretary to have their Contribution paid from their Profit Share Account with the Society; and the Secretary shall have the discretion, upon receipt of what they deem to be satisfactory evidence, to allow such Contribution to be paid as aforesaid, provided always that after such remission the amount standing to their credit is not reduced below the sum apportioned to him from the latest two years' dividends. The Secretary's view of what constitutes distressed circumstances and satisfactory evidence shall be final.

Article 4 Income Membership and Income Plus Membership

An Associate Member at any time may, with the consent of the Board, apply to discontinue their Associate Membership under Schedule 2 (Associate Holloway Policy) and again become an Income Member or Income Plus Member in the same manner as an Applicant under Schedule 1 (Holloway Income Protection Policy) Article 1 or Schedule 3 (Holloway Income Protection Plus Policy) Article 1 respectively.

Article 5 Division of Surplus

- (I) At every 31st December, the Board shall ascertain and set aside the sum of all Contributions received into the Revenue Account from Income Members under Schedule 1 (Holloway Income Protection Policy), Associate Members under Schedule 2 (Associate Holloway Policy) and Income Plus Members under Schedule 3 (Holloway Income Protection Plus Policy) during that Year, together with such proportion of interest yielded on the invested funds of the Society during that Year as the Board may deem equitable, less deductions during that Year for:
 - (a) All Income Benefit claims made by Income Members under Schedule 1 (Holloway Income Protection Policy) and Income Plus Members under Schedule 3 (Holloway Income Protection Plus Policy);
 - (b) The costs of management of the Society as met from the Revenue Account; and
 - (c) Any sum which the Board may consider prudent to transfer to a Reserve Fund.
- (II) The amount set aside under paragraph (I) of this Article (excluding any interest yielded on the invested funds of the Society that are to be apportioned in accordance with paragraph (IV) below) shall be allocated as a dividend to the credit of the Profit Share Account of each Income Member, Income Plus Member or Associate Member in the books of the Society in proportion to the number of Shares held by him during that Year ended 31st December.
- (III) An Income Member, Income Plus Member or Associate Member paying less than a full year's Contributions to the funds of the Society, or who varied their holding of Shares during that Year ended 31st December, shall be entitled to a part only of the dividend under paragraph (II) of this Article for the days in which the appropriate Contribution has been paid.
- (IV) Interest shall be calculated on the balance standing to an Income Member's, Income Plus Member's or Associate Member's credit in their Profit Share Account at the commencement of that Year. This interest shall be adjusted as appropriate in proportion to the number of days before and after any withdrawals or deductions made during the year from an Income Member's, Income Plus Member's or Associate Member's Profit Share Account. Interest shall be apportioned at such a rate as the Board shall decide at its discretion and shall be placed to the credit of each Income Member's, Income Plus Member's and Associate Member's Profit Share Account.
- (V) The division of surplus funds and interest calculations directed under this Article shall be made only provisionally and for the purpose of ascertaining the share in the surplus funds of the Society which an Income Member, Income Plus Member or Associate Member would be entitled to have paid to them upon them ceasing to belong to the Society in accordance with the relevant provisions of Schedule 1 (Holloway Income Protection Policy), Schedule 2 (Associate Holloway Policy) or Schedule 3 (Holloway Income Protection Plus Policy) respectively.
- (VI) Each Income Member, Income Plus Member and Associate Member will be entitled to an annual bonus statement confirming the interest and dividend declared for the 31st December under this Article by no later than the 30th June of the following Year.

Article 6 Loyalty Bonus

- (I) The Board may, if in its opinion the relevant funds of the Society so permit, declare a Loyalty Bonus on 1st May each year, or on such other date or dates as it may select which will apply until the date of its next Loyalty Bonus declaration. A Loyalty Bonus shall be an amount calculated as a percentage addition to the amounts withdrawn by retiring Associate Members under Article 7 (I)(a).

- (II) When determining the percentage level of a Loyalty Bonus the Board shall give consideration to the relationship of the balance of the Reserve Fund at the previous 31st December to the provisional total balances of all the Profit Share Accounts of Income Members, Income Plus Members and Associate Members as at the same date. For the purpose of this comparison the Board shall make such adjustments to the balance of the Reserve Fund as it thinks equitable, particularly with regard to the valuation of the Society's investments at that time.
- (III) The Board at its discretion may declare more than one Loyalty Bonus percentage under paragraph (I) of this Article based on objective criteria and the eligibility of an Income Member, an Income Plus Member or an Associate Member for a particular percentage level declared will be determined by that same criteria.

Article 7 Termination of Associate Membership and Withdrawals of Capital

- (I) (a) From their sixtieth birthday an Associate Member may terminate their Policy and cease to Contribute to the Society. He shall thereupon be entitled to receive the whole amount then standing to the credit of their Profit Share Account, calculated in accordance with paragraph (V) of this Article, subject however to such deduction (if any) as the Board may decide in respect of actual or anticipated losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.

(b) Upon the death of an Associate Member at any age, their Policy under this schedule will terminate from the date of their death in the same manner as if they retired under paragraph (I)(a) of this Article, save that payment of the final amount due shall be subject to the terms of paragraph (VII) of this Article.
- (II) If any Associate Member is forced to retire from their occupation or occupations on ill health grounds before attaining their sixtieth birthday or Policy Retirement Date, they may with the consent of the Board, be permitted to retire under paragraph (I)(a) of this Article. To gain the consent of the Board the Associate Member must produce reasonable evidence that they has ceased to be engaged in the work they have previously undertaken, is incapable of engaging in that kind of work by reason of ill health, and is likely to remain so incapable.
- (III) In the event of any Associate Member wishing to terminate their Policy before attaining the age of sixty or their Policy Retirement Date, whichever is sooner, at the Board's discretion they shall give thirty days' notice to the Secretary in the form prescribed from time-to-time. If the Associate Member resigns after less than two years of Membership from the date their Policy commenced they shall forfeit any funds accumulated in their Profit Share Account and any surplus Contributions made. Otherwise they will be entitled to the amount standing to the credit of their Profit Share Account calculated in accordance with paragraph (V) of this Article, subject to the deduction of the last two Years of dividends credited to their Profit Share Account and such deduction (if any) as the Board may decide in respect of actual or anticipated losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.

(IV) Any Associate Member may once a Year apply to the Secretary in the manner prescribed from time-to-time for a partial withdrawal from the funds provisionally allocated to their Profit Share Account. If the Associate Member is sixty or older on the date of their request, they may specify the amount they wish to withdraw providing they do not withdraw all of the funds. If they have not yet reached their sixtieth birthday on the date of their request, they must apply under one or more of the circumstances listed below. Unless otherwise determined at the discretion of the Board, a withdrawal request from an Associate Member under this paragraph can be for a maximum of five hundred pounds at any one time, subject always to the balance of their Profit Share Account, less the cumulative value of the last two dividends to their Profit Share Account substantiating their request.

- (a) Medical treatment: to meet exceptional expenditure incurred as a result of an operation or special treatment to an Associate Member, their spouse or dependent child. Satisfactory medical evidence of the necessity for such operation or special treatment must be submitted to, and be approved by, the Secretary.
 - (b) Necessitous circumstances: to alleviate the financial situation of an Associate Member finding himself in necessitous circumstances and in need of urgent funds. Satisfactory evidence of the necessity and full details of the circumstances must be submitted to, and be approved by, the Secretary.
 - (c) Death of spouse or relative: to meet the funeral or other costs arising upon the death of an Associate Member's spouse, child, adopted child, stepchild, father, mother, brother, sister, nephew, niece or orphan ward. A certificate of death (and a marriage certificate or evidence of adoption when applicable) must be produced to, and be approved by, the Secretary before the sum can be withdrawn.
- (V) Upon termination of Associate Membership in accordance with this Article, subject to any forfeiture or adjustment conditions that may be applicable under this schedule, there shall be paid the following:
- (a) The balance of the Associate Member's Profit Share Account as at 31st December of the Penultimate Year, less any withdrawals from the Profit Share Account made since that time;
 - (b) Interest calculated on the total of the balance under sub-paragraph (a), less a deduction calculated for the appropriate number of days for any withdrawals made since the 31st December of the Penultimate Year, plus a dividend in proportion to the Shares the Associate Member Contributed towards since the 31st December of the Penultimate Year. If an annual bonus declaration has not been made under Schedule 1 Article 10 for the 31st December of the Penultimate Year at the time of the retirement or resignation, a declaration will be made in accordance with Article 5 at the interest and dividend levels declared for the Year prior to the Penultimate Year, and the interim interest and dividend calculated under this sub-paragraph will also be made on the interest and dividend levels declared for Year before the Penultimate Year; and
 - (c) If an Associate Member qualifies for retirement in accordance with paragraph (I)(a), then a Loyalty Bonus will be applied in accordance with Article 6 on the cumulative amount of sub-paragraphs (a) and (b) of this paragraph.
- (VI) Prohibition of charges: an Associate Member may not (other than to the Society) assign, mortgage, charge or otherwise dispose of their interest in their Profit Share Account or any part thereof. If an Associate Member shall, or attempts to, assign, mortgage or charge their Profit Share Account or any part thereof; or if they become bankrupt or suffers anything whereby their Profit Share Account or any part thereof would, if belonging to him absolutely, be liable by operation or process of law to become vested in or payable to some other person; their Profit Share Account shall be forfeited, and the funds provisionally apportioned to that Profit Share Account may be applied by the Society for the benefit of any relative or dependant of the Associate Member, or be transferred to the Reserve Fund or general funds of the Society, as the Board may decide at its discretion, subject to any abatement in respect of losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.
- (VII) Any sum due from the Society on the death of an Associate Member in accordance with paragraph (I)(a) of this Article, less such amount as may be due under a valid nomination made under Article 8, shall be due to the person entitled once all proper legal requirements have been duly complied with. No money shall be paid by the Society (except as otherwise provided by legislation) upon the death of an Associate Member until the Secretary is in receipt of an official certificate of death, and then receives either the Grant of Probate relating to their estate, or letters of administration to their estate, or of a certificate of confirmation to their estate.

(VII) In the event an Associate Member has their membership of the Society terminated under Rule 8 of the Society's Rules, any Policy they hold under this schedule will be treated as a voluntary retirement or resignation under this Article unless the Board determines that the circumstances in which Rule 8 has been applied make the relevant provisions of Article 2, Article 9 or Schedule 1 Article 7 the most suitable to ensure the Society's membership is not financially prejudiced by the adverse or irresponsible behaviour of the Associate Member.

Article 8 Nomination of persons to receive monies payable on death of Associate Member

- (I) Any Associate Member who has attained the age of sixteen may nominate a person or persons to whom the money payable by the Society on their death, or any part of the money so payable as the Associate Member may specify, shall be paid following their death. The total amount which may be so nominated shall be limited to such sum as may be permitted by legislation.
- (II) A nomination, variation or revocation shall be in the form prescribed by the Secretary from time-to-time.
- (III) The person or persons so nominated must not at the date of the nomination be an officer or an employee of the Society, unless that officer or employee is the husband, wife, child, father, mother, brother, sister, nephew or niece of the Associate Member.
- (IV) A nomination so made may be revoked or varied by a subsequent nomination in accordance with paragraph (I) of this Article, but a nomination will not be revoked by a subsequent will. A nomination will automatically be revoked if a nominee predeceases the Associate Member.
- (V) The marriage or divorce of an Associate Member shall operate as a revocation of any nomination previously made by him.
- (VI) The Society shall keep a record of every such nomination, revocation or variation.
- (VII) On receiving satisfactory proof of the death of an Associate Member, the Society shall pay the amount due to the duly appointed nominees under this Article. Receipt by the persons so nominated shall be a complete discharge to the Society. The Society shall not be concerned with the application of the monies paid.

Article 9 Misrepresentations and Non-disclosure

- (I) An Associate Member shall be under a duty to take reasonable care, before and during their time as an Associate Member, not to fail to disclose or make any misrepresentations to the Society in response to a request for information.
- (II) If an Associate Member is found to have failed in their duty under paragraph (I) of this Article, at the Society's discretion:
 - (a) Their Policy may be treated as either never having started, or they may be deemed to have retired or resigned in accordance with Article 7;
 - (b) They may be required to agree to Special Conditions as a condition of their Policy not being brought to an end under sub-paragraph (a).
- (III) If an Associate Member receives any benefits as a result of a breach of paragraph (I) of this Article they can be ordered to repay such benefits to the Society. Unless an alternative repayment arrangement is agreed with the Board, the Associate Member must repay such benefits within 8 Weeks of the Society's request.

- (IV) If the Associate Member fails to repay benefits in accordance with paragraph (III) of this Article, they will make themselves liable to Schedule 1 Article 7 (VI).

Article 10 General Administration Provisions and Definitions

- (I) Unless determined otherwise by the Board at its discretion, an Associate Members Policy is subject to the Law of England and the exclusive jurisdiction of the English Legal System; all communications in connection with their Policy will be in English; and all Contributions, and any benefits payable under their Policy, are payable in English Sterling (£).
- (II) In this schedule, unless the context requires otherwise, references to one gender shall include the other gender and references to the singular shall include the plural and vice versa.
- (III) Unless the context requires otherwise, words and expressions which are defined by legislation or in the Appropriate Regulator Handbooks, shall have the same meanings in this schedule.
- (IV) Headings in this schedule are for convenience only and shall not affect its interpretation.
- (V) In the event of any discrepancy between the Society's Rules and an Associate Members Policy, the Society's Rules will be applied. In the event any part of their Policy is found to be invalid, the rest of the Policy will continue to apply.
- (VI) The Board may make alterations to this schedule in accordance with Rule 4.2 of the Society's Rules, except that an adjustment made only to this schedule will not require the approval of the Membership at the next Annual General Meeting following the change.
- (VII) In the event an Associate Member is dissatisfied or finds himself in dispute with the Society, the provisions of Rule 12 and Rule 13 of the Society's Rules will apply.
- (VIII) Rule 2 of the Society's Rules will apply with regards to the terms of any notices under this schedule, unless a provision under this schedule prescribes, or gives the Board or the Secretary the authority to prescribe, a different procedure for that purpose.
- (IX) If an Associate Member changes their country of residence from the one stated in the Register of Members, they must inform the Secretary at the earliest opportunity. At its discretion, the Board can require such an Associate Member in these circumstances to retire from Associate Membership under Article 7 (I)(a).
- (X) In this schedule the following words and expressions have the following meanings:

Applicant	means an individual who applies for Income Membership in accordance with Schedule 1 (Holloway Income Protection Policy) Article 1 or Income Plus Membership under Schedule 3 (Holloway Income Protection Plus Policy) Article 1.
Associate Member	an individual who becomes a member of the Society under Rule 7 of the Society's Rules in accordance with Schedule 1 (Income Protection Policy) Article 6, or Schedule 3 (Income Protection Plus Policy) Article 6.
Base Rate	means the official dealing rate as defined in Article 2 of the Late Payment of Commercial Debts (Rate of Interest) Order 1998.
Board	means the Board of Directors of the Society.
Contributions	means the contributions or premiums payable by a Associate Member in accordance with this schedule

Income Benefits	the sum payable to an Income Member if they are Declared on the Sick Fund in accordance with Schedule 1 Article 7.
Income Member	an individual who becomes a member of the Society under Rule 7 of the Society's Rules in accordance with Schedule 1 (Holloway Income Protection Policy).
Income Plus Member	an individual who becomes a member of the Society under Rule 7 of the Society's Rules in accordance with Schedule 3 (Holloway Income Protection Plus Policy).
Penultimate Year	means the calendar year preceding that of the Year concerned.
Policy	means the terms contained in this schedule and any declarations made as part of any application for Associate Membership.
Profit Share Account	means Profit Share Account, the Policy mechanism into which funds provisionally apportioned to an Associate Member in accordance with Article 5 are accumulated.
Rates	the pricing structure and methodology determined by the Board at its discretion for the purpose of calculating the annual Contributions for Associate Members from each 1st January. Unless the Board determines otherwise, an Associate Member's annual Contributions will be calculated based on their holding of Shares.
Register of Members	means the membership register the Society is required to maintain in accordance with Rule 9 of the Society's Rules.
Reserve Fund	means any account or other allocation of the Society's funds established by the Board at its discretion to make funds available for a particular purpose.
Resignation	describes the circumstances of an Associate Member who terminates their Policy under Article 7 (III).
Retirement	describes the circumstances of an Associate Member who terminates their Policy in accordance with Article 7 (I)(a).
Revenue Account	means an account established by the Society for the purpose of receiving all revenue to the Society under Rule 32 of the Society's Rules.
Rules	means the Rules of the Society
Secretary	means the Secretary of the Society appointed under Rule 21.1 of the Society's Rules.
Shares	Shares will be the mechanism the Board will use when declaring dividends to the Profit Share Account's of Associate Members under Article 5.
Society	means Pharmaceutical and General Provident Society Limited.
Year	means the calendar year.

Article 11 Effective Dates and Previous Policies

- (l) This schedule will apply to all Associate Members with effect from the 1st February 2018 and replaces any previous policy schedules or terms for Associate Members.

Secretary of the Society.....

Schedule 3 (Holloway Income Protection Plus Policy)

Article 1 Income Plus Membership

- (I) (a) Any Eligible Person may apply to become an Income Plus Member under this schedule and, subject to the Board's approval of their application, Contribute towards Income Benefit insurance of 60p per week per Share and Unit granted. The minimum and maximum number of Shares and Units they may Contribute towards shall be determined by the Board from time-to-time. The Board can at its discretion specify different maxima for different occupational or insurance risk groups. At the Board's discretion, an Income Plus Member can have their Income Benefit based solely on Shares or Units.
- (b) The requirements as to the form of the application an Applicant must complete to become an Income Plus Member, and the due diligence process that they must complete before an offer of Income Plus Membership can be made will be determined by the Board at its discretion from time-to-time. The Board may refuse to accept an application for Income Plus Membership and will not be required to give a reason for any such refusal. At the Board's discretion, an Income Plus Member can hold more than one Policy under this schedule.
- (c) Annual Contributions for Income Plus Membership will fall due on the 1st January each Year and will be calculated in accordance with the Rates to this schedule. An Income Plus Member joining or leaving the Society shall pay in their initial and final Year such proportion of their current annual Contribution as is appropriate according to the number of days they are in Income Plus Membership in those Years. The Board at its discretion may specify the manner and the frequency of Contribution payments under this schedule from time-to-time.
- (d) Any arrears in Contributions outstanding at the end of the Year may, if the Board so decides, be deducted from the provisional balance standing to the credit of the Income Plus Member's Profit Share Account.
- (e) The Rates for this schedule that will be used to determine the annual Contributions for Income Plus Members will be determined by the Board from time-to-time. The Rates can be amended by the Board at its discretion.
- (f) When applying for Income Plus Membership, the Applicant must inform the Society whether they wishes to Contribute towards Standard Benefit or Premium Benefit, and whether or not they would like to select a Claim Deferment Period. If the Society is prepared to make an offer of Income Membership, but not on the Insurance Cover options selected by the Applicant, the Society can make its offer subject to the Applicant's acceptance of different Insurance Cover options.
- (g) When making an offer of Income Plus Membership to an Applicant in accordance with this schedule, the Board can make this offer conditional on the Applicant's agreement to Special Conditions.
- (h) An Income Plus Member shall not be entitled to any Income Benefit after they have reached their Policy Retirement Date.
- (II) (a) Each Income Plus Member will be issued with a Policy Schedule that will confirm their Shares and Units, their long-term income benefit level for the purpose of Article 9 (IV) of this schedule, their Claim Deferment Period, the commencement date of their Income Plus Membership, and their Policy Retirement Date.
- (b) If there is any subsequent change in an Income Plus Members Insurance Cover, an updated Policy Schedule will be issued to confirm their updated Insurance Cover. The commencement date of the changes will be confirmed in the new Policy Schedule.
- (c) If the standard definition of incapacity that would apply to an Income Plus Member in the event of a Declaration is not Own Occupation, then the definition that would apply must be stated in the Policy Schedule.

Article 2 Increased Insurance Cover

- (I) Applications from an eligible Income Plus Member for an increase in their cumulative holding of Shares or Units, a change in the mix of Shares and Units that determine their Income Benefit, a shorter Claim Deferment Period, or to change from Standard Benefit to Premium Benefit, may be made at any time but acceptance will be at the Board's discretion.
- (II) The application, due diligence, offer and acceptance process under this Article will follow the same process provided for under Article 1 of this schedule unless the Board applies an alternative process.
- (III) An application for increased Insurance Cover will not be considered from an Income Plus Member whilst making a Declaration.
- (IV) The Board can make the acceptance of an application under this Article subject to the Income Plus Members agreement to Special Conditions.
- (V) The commencement date of an increase in Insurance Cover under this Article will be stated in the updated Policy Schedule issued in accordance with Article 1 (II)(b) of this schedule. The Board may refuse to allow an Income Plus Member to increase their Insurance Cover under this schedule without giving any reason for such refusal.
- (VI) An application from an Income Member to become an Income Plus Member will be treated as an application for increased Insurance Cover under this Article.

Article 3 Reduction of Insurance Cover

- (I) An Income Plus Member may reduce their cumulative holding of Shares or Units, lengthen their Claim Deferment Period, or change from Premium Benefit to Standard Benefit at any time by applying in the manner prescribed by the Board at its discretion.
- (II) A reduction in an Income Plus Members Insurance Cover under this Article will take effect from the commencement date shown in the updated Policy Schedule issued under Article 1 (II)(b) of this schedule.

Article 4 Arrears in Contributions

- (I) If an Income Plus Member is more than four months in arrears with their Contributions they shall be liable to expulsion from the Society, but if they are unable to pay their Contributions as a consequence of distressed circumstances they may apply to the Secretary in the manner prescribed by the Board for an extension; and the Secretary shall have the power, upon receiving satisfactory evidence of the reason for their inability to pay, to grant such an extension or agree a payment plan. Failure to comply with the extension granted, or the payment plan agreed, will make the Income Plus Member liable to expulsion in the same manner under this paragraph as if no extension or payment plan had been agreed.
- (II) Should an Income Plus Member not be more than fourteen days in arrears with their Contributions and desiring Income Benefit, they may make a Declaration and the Secretary shall be empowered to deduct from the payment of Income Benefit the amount of the arrears, but if they are more than fourteen days in arrears with their Contributions they will not be entitled to make a Declaration. Upon the payment of arrears of more than fourteen days, a period not exceeding 30 days shall elapse, subject to the discretion of the Board, before the Income Plus Member shall be eligible to make a Declaration.
- (III) Any Income Plus Member expelled from the Society under this Article will be treated as if they have voluntarily retired or resigned from Income Plus Membership under Article 12 of this schedule. The Secretary is authorised to deduct and retain from the final balance of the Income Plus Member's Profit Share Account, calculated in accordance with Article 12 (V) of this schedule, any arrears of Contributions.

Article 5 Distressed Income Plus Members

Any Income Plus Member who is unable to pay their Contributions in consequence of distressed circumstances, may apply in writing to the Secretary to have their Contributions paid from their Profit Share Account with the Society; and the Secretary shall have the discretion, upon receipt of what they deem to be satisfactory evidence, to allow such Contribution to be paid as aforesaid, provided always that after such remission the amount standing to the Income Plus Member's credit is not reduced below the sum apportioned to them from the latest two years' dividends. The Secretary's view of what constitutes distressed circumstances and satisfactory evidence shall be final.

Article 6 Associate Membership

An Income Plus Member holding Shares may at any time, with the consent of the Board, elect to discontinue as an Income Plus Member, and continue as an Associate Member under Schedule 2 (Associate Holloway Policy) in the manner prescribed by the Board from time-to-time.

Article 7 Declaration On the Sick Fund

- (I) Every Income Plus Member wishing to claim Income Benefit must make a Declaration on the Sick Fund of the Society in accordance with this Article. They must notify the Secretary of their intention to make a Declaration, complete and return a sickness claim form with evidence to support their claim to the Society within twenty-eight days from the date they became eligible to receive Income Benefit under this schedule. The form of the sickness claim form will be determined by the Board from time-to-time. While the Board can at its discretion specify otherwise, the supporting evidence they will be required to provide with the sickness claim form under this paragraph is certification by their attending medical physician confirming their incapacity in accordance with the relevant provision of Article 9 (VI) of this schedule.
- (II) If any Income Plus Member fails to make a Declaration in accordance with paragraph (I) of this Article they shall, at the discretion of the Board, be liable to forfeit any Income Benefit that would have been due under this schedule up to and including the day before the Society received the completed sickness claim form and any required evidence to support their Declaration.
- (III) Income Benefit shall be payable from the date after the completion of the Income Plus Members Claim Deferment Period. The Claim Deferment Period will begin to apply from the date they first met the relevant standard of incapacity in Article 9 (VI) of this schedule.
- (IV) While Declaring, every Income Plus Member shall furnish evidence of incapacity or such other information as the Board may at its discretion request to aid the Society's assessment and monitoring of a Declaration. If they fail to provide such evidence or information within twenty-one days of the request, the terms of paragraph (I) with regards to forfeiture of Income Benefit will apply in the same manner as if their sickness claim form was late.
- (V) An Income Plus Member travelling or residing outside their country of residence as shown in the Society's Register of Members, or if they are on any vacation, shall not be entitled to Declare (or continue to be Declared) from the first date concerned until they have returned to the country in the Register of Members, or completed their vacation, unless the Board at its discretion determines otherwise.
- (VI) If on the evidence available, the Board is satisfied that an Income Plus Member has made an improper, false or fraudulent Declaration, the Board shall have the power at its discretion to expel them from the Society and to order forfeiture of all or any part of their Profit Share Account and all claims upon the funds of the Society. Furthermore, they may be required to reimburse to the Society, with interest at such rate as the Board may determine providing it does not exceed 3% above Base Rate, any Income Benefits which they have received but which were the subject of the improper, false or fraudulent Declaration concerned.

Article 8 Declaration Off the Sick Fund

If an Income Plus Member ceases to be incapacitated in accordance with the relevant part of Article 9 (VI) of this schedule, or if they otherwise become ineligible under this schedule, they shall cease to be entitled to claim Income Benefit and must appropriately notify the Secretary, who shall then declare them off the Sick Fund. If they fail to notify the Secretary that they are no longer entitled to Income Benefit they must refund any Income Benefit paid to them after the date on which their eligibility ceased and will, at the Board's discretion, render himself liable to the provisions of Article 7 (VI) of this schedule.

Article 9 Sick Fund Assessment

- (I) An Income Plus Member incapacitated in accordance with the relevant part of paragraph (VI) of this Article shall be entitled to Income Benefit. Providing they have complied with the terms of Article 7 of this schedule, and is not more than fourteen days in arrears in accordance with Article 4 of this schedule, they shall be entitled to receive Income Benefit from and including the date of commencement determined under Article 7 (III) of this schedule until they Declare-Off.
- (II) In the event an Income Plus Member's Income Benefit under paragraph (III) would exceed 70% of their Earnings when Declaring, or if they continue to receive any income from their occupation or from other sources of income (excluding any state benefits) while Declaring, the amount of Income Benefit they are entitled to receive shall be proportionately reduced to ensure the total Income Benefit payable, including any aforementioned continuing income, will not exceed 70% of their Earnings. If at the time of their last application for Income Benefit they were granted a level of Income Benefit based on a proportion of Earnings other than 70%, or on some other basis agreed with the Society, the other limit will be applied. They will not be entitled to any refund of premium if their Income Benefit is reduced under this paragraph, but they will be allowed to reduce their Income Benefit under Article 3 of this schedule if they wish.
- (III) Income Benefit shall be at the rate prescribed in Article 1 of this schedule for each week (beginning on a Monday and ending on the following Sunday) per Share and Unit the Income Plus Member Contributes for. If Income Benefit is not due in respect of the whole of such a week, a proportion of one sixth of the weekly rate shall be paid to them for each day (subject to a maximum of six days) during that week that Income Benefit is due. At the Board's discretion, the proportion of the weekly rate can be divided by the number of days in the week they would normally work to support the Earnings their Income Benefit is based on.
- (IV) If an Income Plus Member Contributes for Premium Benefit, then Income Benefit will be paid in full throughout a Declaration. If they Contribute for Standard Benefit, then throughout a Declaration, unless their Policy Schedule specifies otherwise for the stages that follow, Income Benefit shall be paid in full for an initial period of one hundred and four weeks (first stage); then at 30p per week per Share and Unit held for the following fifty-two weeks (second stage); and thereafter, at 18p per week per Share and Unit held (final stage). This provision will apply until they are Declared-Off or reaches their Policy Retirement Date.
- (V) In the case of an Income Plus Member who received Income Benefit for less than six months before Declaring-Off then within three months makes a new Declaration, the second Declaration shall be deemed to be a continuation of the former for the purpose of paragraph (IV) of this Article. Alternatively, if they receive Income Benefit for six months or more before Declaring-Off, a second Declaration within nine months shall also be deemed to be a continuation of the former. In either case, if they provide the Board with appropriate medical evidence to demonstrate that the cause of the second Declaration arose from causes wholly unconnected with the first, the Board will waive this paragraph.

However, nothing in this paragraph shall prohibit the Board from finding a second Declaration to be a continuation claim for the purpose of paragraph (IV) of this Article if it has reasonable grounds to believe that an Income Plus Member subscribing for Standard Income Benefit has attempted to avoid or unreasonably delay the prescribed reduction in their Income Benefit. A Claim Deferral Period would not be applied to a Declaration that was determined to be a continuation of a previous claim under this paragraph.

- (VI) (a) Income Benefit shall be paid by the Society only in respect of the injury to, illness or disease of, the Income Plus Member which results in their incapacity. "Incapacity" will be defined by sub-paragraph (b) unless, in accordance with Article 1 (II)(c) of this schedule, sub-paragraph (c) or sub-paragraph (d) below are specified in the Income Plus Member's Policy Schedule.

Own Occupation

- (b) In respect of an Income Plus Member who is normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to their Declaration, "incapacity" shall mean their total inability to perform all of the essential duties of such occupations; and that they are not following any other occupation for profit or reward. If they were NOT normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to the Declaration, "incapacity" will be determined in accordance with sub-paragraph (d).

Any Suitable Occupation

- (c) In respect of an Income Plus Member who is normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to their Declaration, "incapacity" shall mean their total inability to perform all of the essential duties of such occupations and the essential duties of such other occupations as their skills, training or qualifications would reasonably make them suitable for; and that they are not following any other occupation for profit or reward. If they were NOT normally and regularly engaged for profit or reward in an occupation or occupations immediately prior to the Declaration, "incapacity" will be determined in accordance with sub-paragraph (d).

Activities of Daily Living

- (d) "Incapacity" under this sub-paragraph shall mean either the necessary permanent confinement of the Income Plus Member to their normal place of residence, a hospital/ medical establishment, or to such other premises as may be agreed by the Board; or it shall mean their total inability to perform unaided three or more of the following activities of daily living: dressing and undressing; washing and bathing; eating and drinking; preparing and cooking food; cleaning and laundering clothes; climbing stairs; shopping. In the first part of this paragraph, "permanent" may, at the Board's discretion, be interpreted to include cases where recovery is possible but such a recovery is likely to be prolonged.
- (e) Without prejudice to the sub-paragraphs of this paragraph (VI), an Income Plus Member who is only partially incapacitated may at the discretion of the Board be allowed to follow any employment, or occupation, or training to assist in procuring a livelihood or developing a suitable alternative career, whilst still receiving such proportion of the Income Benefit for which they Contribute towards as the Board may specify in the exercising of its discretion.
- (f) When interpreting "occupation" under this paragraph, the occupation or occupations an Income Plus Member was normally and regularly engaged in for profit or reward will be defined objectively as "profession" or "professions". For instance "pharmacist", "accountant" etc. If when making a Declaration their profession or professions are difficult to ascertain, or if they can demonstrate to the Board's satisfaction that there are exceptional reasons why this definition of profession would be too broad and unreasonable to them, then the essential occupational duties they must be totally unable to perform will be those common to occupational roles similar to their own.

(VII) Any Income Plus Member who is incapacitated by reason of:

- (a) Intentional self-injury;
- (b) Surgical procedures carried out solely for cosmetic purposes;
- (c) The misuse of alcohol or drugs (other than drugs taken as directed or administered by a registered medical or dental practitioner);
- (d) Any disorderly conduct, or criminal act or omission;
- (e) Wilful participation in riot or civil commotion;
- (f) By accidents arising from or during participation in any Hazardous Activity other than those declared to and accepted on risk by the Society;
- (g) War, invasion of or act of a foreign enemy or any enemy foreign to the country in which the incapacity was caused or civil war (in each case whether war is declared or not);
- (h) The direct or indirect effects of radiation or radioactive contamination;

shall not be entitled to Income Benefit in respect of such incapacity or any disease, illness or injury consequent thereon.

An Income Plus Member will not be entitled to receive Income Benefit for at least the first twenty eight days of any incapacity caused by a Mental Health condition. If a Claim Deferment Period greater than twenty eight days applies to an Income Plus Member's Policy, the minimum waiting period before a claim for Income Benefit caused by a Mental Health condition can be eligible will be the Claim Deferment Period.

(VIII) Income Plus Members shall not be entitled to Income for:

- (a) Pregnancy, although while the condition of pregnancy cannot be an illness under this schedule, complications arising from the pregnancy can be considered as an illness when making a Declaration; or
- (b) Abortion, fertilisation or sterilisation procedures.

(IX) The Society may require an Income Plus Member who has made a Declaration to undergo an examination by a doctor or other appropriate examiner appointed by the Society and if they refuse to be so examined they shall be Declared-Off and will not be entitled to receive Income Benefit. The Society may at its discretion suspend payment of Income Benefit pending provision of the examination report. If, in the opinion of the Society's appointed doctor or examiner, the Income Plus Member is not entitled to Declare, the Secretary shall have the power to decline their Declaration, or to treat them as Declared-Off as appropriate, and may require them to pay part or all of the cost of the examinations.

(X) Any Income Plus Member who has made a Declaration and whose incapacity is subsequently found to have arisen from any of the causes specified in paragraphs (VII) or (VIII) of this Article may, at the discretion of the Board, be subject to Article 7 (VI) save that the Board shall only have the power to order any forfeiture if they knowingly claimed in respect of incapacity arising from any of the causes specified in paragraphs (VII) or (VIII) of this Article.

- (XI) If any Income Plus Member whilst Declared does any work for profit or reward, whether in their own occupation or otherwise, except in accordance with the provisions of paragraph (VI)(e) of this Article, the Board shall have the power to order the repayment of part or all of the Income Benefit paid to them for the period they were working, together with interest thereon at such a rate as the Board may determine, though not to exceed 3% above Base Rate. Such an Income Plus Member shall also at the discretion of the Board be subject to Article 7 (VI).
- (XII) The Board may at any time make such enquiries into the circumstances of any Declaration in whatever manner it deems appropriate including, but not limited to, authorising the Secretary to investigate such Declared Income Plus Members as they may deem expedient. Investigation of such Income Plus Members may be carried out by any lawful and reasonable means including, but not limited to, visits to an Income Plus Member by an officer or agent or employee of the Society, or by another appropriate person instructed by the Secretary on behalf of the Society.
- (XIII) Any Income Plus Member whilst Declared and during any relevant period prior to Declaring shall:
 - (a) Refrain from any behaviour likely to retard their recovery; and
 - (b) Comply with the advice or counsel of any qualified medical adviser entrusted with their care, and not to unreasonably refuse to undergo any treatment or surgery recommended by any such medical adviser.

Article 10 Division of Surplus

- (I) At every 31st December, the Board shall ascertain and set aside the sum of all Contributions received into the Revenue Account from Income Members under Schedule 1 (Holloway Income Protection Policy), Associate Members under Schedule 2 (Associate Holloway Policy), and Income Plus Members under Schedule 3 (Holloway Income Protection Plus Policy) during that Year, together with such proportion of interest yielded on the invested funds of the Society during that Year as the Board may deem equitable, less deductions during that Year for:
 - (a) All Income Benefit claims made by Income Members under Schedule 1 (Holloway Income Protection Policy) and Income Plus Members under Schedule 3 (Holloway Income Protection Plus Policy);
 - (b) The costs of management of the Society as met from the Revenue Account; and
 - (c) Any sum which the Board may consider prudent to transfer to a Reserve Fund.
- (II) The amount set aside under paragraph (I) of this Article (excluding any interest yielded on the invested funds of the Society that are to be apportioned in accordance with paragraph (IV) below) shall be allocated as dividends to the credit of the Profit Share Account of each Income Member, Income Plus Member or Associate Member in the books of the Society in proportion to the number of Shares held by them during that Year ended 31st December.
- (III) An Income Member, Income Plus Member or Associate Member paying less than a full year's Contributions to the funds of the Society, or who varied their holding of Shares during that Year ended 31st December, shall be entitled to a part only of the dividend under paragraph (II) of this Article for the days in which the appropriate Contribution has been paid.
- (IV) Interest shall be calculated on the balance standing to an Income Member's, Income Plus Member's or Associate Member's credit in their Profit Share Account at the commencement of that Year. This interest shall be adjusted as appropriate in proportion to the number of days before and after any withdrawals or deductions made during the year from an Income Member's, Income Plus Member's or Associate Member's Profit Share Account. Interest shall be apportioned at such a rate as the Board shall decide at its discretion and shall be placed to the credit of each Income Member's, Income Plus Member's and Associate Member's Profit Share Account.

- (V) The division of surplus funds and interest calculations directed under this Article shall be made only provisionally and for the purpose of ascertaining the share in the surplus funds of the Society which an Income Member, Income Plus Member or Associate Member would be entitled to have paid to them upon their ceasing to belong to the Society in accordance with the relevant provisions of Schedule 1 (Holloway Income Protection Policy), Schedule 2 (Associate Holloway Policy), or Schedule 3 (Holloway Income Protection Plus Policy) respectively.
- (VI) Each Income Member, Income Plus Member and Associate Member will be entitled to an annual bonus statement confirming the interest and dividend declared for the 31st December under this Article by no later than the 30th June of the following Year.

Article 11 Loyalty Bonus

- (I) The Board may, if in its opinion the relevant funds of the Society so permit, declare a loyalty bonus on 1st May each year, or on such other date or dates as it may select which will apply until the date of its next loyalty bonus declaration. A Loyalty Bonus shall be an amount calculated as a percentage addition to the amounts withdrawn by retiring Income Plus Members under Article 12 (I)(a).
- (II) When determining the percentage level of a Loyalty Bonus the Board shall give consideration to the relationship of the balance of the Reserve Fund at the previous 31st December to the provisional total balances of all the Profit Share Accounts of Income Members, Income Plus Members and Associate Members as at the same date. For the purpose of this comparison the Board shall make such adjustments to the balance of the Reserve Fund as it thinks equitable, particularly with regard to the valuation of the Society's investments at that time.
- (III) The Board at its discretion may declare more than one Loyalty Bonus percentage under paragraph (I) of this Article based on objective criteria and the eligibility of an Income Member, an Income Plus Member or an Associate Member for a particular percentage level declared will be determined by that same criteria.
- (IV) If upon the death of an Income Member or an Income Plus Member the total final sum calculated in accordance with Article 12 is less than the sum the Board may declare from time to time, the loyalty bonus will be extended to cover the deficit. Furthermore, when making such a declaration the Board may also determine an additional loyalty bonus payable in the event of the death of an Income Member or Income Plus Member to those properly nominated in accordance with Article 13 and the period over which it will be paid.

Article 12 Termination of Income Plus Membership and Withdrawals of Capital

- (I) (a) From their sixtieth birthday an Income Plus Member may, and upon reaching their Policy Retirement Date shall, elect for Associate Membership under Article 6 or shall terminate their Policy and cease to Contribute to, or receive any Income Benefit from, the Society. They shall thereupon be entitled to receive the whole amount then standing to the credit of their Profit Share Account, calculated in accordance with paragraph (V) of this Article, subject however to such deduction (if any) as the Board may decide in respect of actual or anticipated losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.
- (b) An Income Plus Member electing for Associate Membership under paragraph (I)(a) of this Article may elect to leave part or all of the amount standing to the credit of their Profit Share Account with the Society in accordance with Schedule 2 (Associate Holloway Policy).
- (c) Upon the death of an Income Plus Member at any age, their Policy under this schedule will terminate from the date of their death in the same manner as if they retired under paragraph (I)(a) of this Article, save that payment of the final amount due shall be subject to the terms of paragraph (VII) of this Article.

- (II) If any Income Plus Member is forced to retire from their occupation or occupations on ill health grounds before attaining their sixtieth birthday or Policy Retirement Date, they may with the consent of the Board, be permitted to retire under paragraph (I)(a) of this Article. To gain the consent of the Board the Income Member must produce reasonable evidence that they have ceased to be engaged in the work they had previously undertaken, is incapable of engaging in that kind of work by reason of ill health, and is likely to remain so incapable.
- (III) In the event of any Income Plus Member wishing to terminate their Policy before attaining the age of sixty or their Policy Retirement Date, whichever is sooner, at the Board's discretion they shall give thirty days' notice to the Secretary in the form prescribed from time-to-time. If the Income Plus Member resigns after less than two years of Membership from the date their Policy commenced they shall forfeit any funds accumulated in their Profit Share Account and any surplus Contributions made. Otherwise they will be entitled to the amount standing to the credit of their Profit Share Account calculated in accordance with paragraph (V) of this Article, subject to the deduction of the last two Years of dividends credited to their Profit Share Account and such deduction (if any) as the Board may decide in respect of actual or anticipated losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.
- (IV) Any Income Plus Member may once a Year apply to the Secretary in the manner prescribed from time-to-time for a partial withdrawal from the funds provisionally allocated to their Profit Share Account under one or more of the circumstances listed below. Unless otherwise determined at the discretion of the Board, a withdrawal request from an Income Plus Member under this paragraph can be for a maximum of five hundred pounds at any one time, subject always to the balance of their Profit Share Account, less the cumulative value of the last two dividends to their Profit Share Account substantiating their request.
- (a) Medical treatment: to meet exceptional expenditure incurred as a result of an operation or special treatment to an Income Plus Member, their spouse or dependent child. Satisfactory medical evidence of the necessity for such operation or special treatment must be submitted to, and be approved by, the Secretary.
- (b) Necessitous circumstances: to alleviate the financial situation of an Income Plus Member finding himself in necessitous circumstances and in need of urgent funds. Satisfactory evidence of the necessity and full details of the circumstances must be submitted to, and be approved by, the Secretary.
- (c) Death of spouse or relative: to meet the funeral or other costs arising upon the death of an Income Plus Member's spouse, child, adopted child, stepchild, father, mother, brother, sister, nephew, niece or orphan ward. A certificate of death (and a marriage certificate or evidence of adoption when applicable) must be produced to, and be approved by, the Secretary before the sum can be withdrawn.
- (V) Upon termination of Income Plus Membership in accordance with this Article, subject to any forfeiture or adjustment conditions that may be applicable under this schedule, there shall be paid the following:
- (a) The balance of the Income Plus Member's Profit Share Account as at 31st December of the Penultimate Year, less any withdrawals from the Profit Share Account made since that time;
- (b) Interest calculated on the total of the balance under paragraph (V)(a), less a deduction calculated for the appropriate number of days for any withdrawals made since the 31st December of the Penultimate Year, plus a dividend in proportion to the Shares the Income Plus Member Contributed towards since the 31st December of the Penultimate Year.

If an annual bonus declaration has not been made under Article 10 for the 31st December of the Penultimate Year at the time of the retirement or resignation, a declaration will be made in accordance with Article 10 at the interest and dividend levels declared for the Year prior to the Penultimate Year, and the interim interest and dividends calculated under this sub-paragraph will also be made on the interest and dividend levels declared for the Year before the Penultimate Year; and

(c) If an Income Plus Member qualifies for retirement in accordance with paragraph (l)(a), then a Loyalty Bonus will be applied in accordance with Article 11 on the cumulative amount of sub-paragraphs (a) and (b) of this paragraph.

- (VI) Prohibition of charges: An Income Plus Member may not (other than to the Society) assign, mortgage, charge or otherwise dispose of their interest in their Profit Share Account or any part thereof. If an Income Plus Member shall, or attempts to, assign, mortgage or charge their Profit Share Account or any part thereof; or if they become bankrupt or suffers anything whereby their Profit Share Account or any part thereof would, if belonging to them absolutely, be liable by operation or process of law to become vested in or payable to some other person; their Profit Share Account shall be forfeited, and the funds provisionally apportioned to that Profit Share Account may be applied by the Society for the benefit of any relative or dependant of the Income Member, or be transferred to the Reserve Fund or general funds of the Society, as the Board may decide at its discretion, subject to any abatement in respect of losses on the realisation of investments not fully covered by any Reserve Fund set up for the purpose of meeting such losses.
- (VII) Any sum due from the Society on the death of an Income Plus Member in accordance with paragraph (l)(a) of this Article, less such amount as may be due under a valid nomination made under Article 13, shall be due to the person entitled once all proper legal requirements have been duly complied with. No money shall be paid by the Society (except as otherwise provided by legislation) upon the death of an Income Plus Member until the Secretary is in receipt of an official certificate of death, and then receives either the Grant of Probate relating to their estate, or letters of administration to their estate, or of a certificate of confirmation to their estate.
- (VIII) In the event an Income Plus Member has their membership of the Society terminated under Rule 8 of the Society's Rules, any Policy they hold under this schedule will be treated as a voluntary retirement or resignation under this Article unless the Board determines that the circumstances in which Rule 8 has been applied make the relevant provisions of Article 4, Article 7 or Article 14 the most suitable to ensure the Society's membership is not financially prejudiced by the adverse or irresponsible behaviour of the Income Plus Member.

Article 13 Nomination of Persons to Receive Monies Payable on the Death of an Income Plus Member

- (I) Any Income Plus Member who has attained the age of sixteen may nominate a person or persons to whom the money payable by the Society on their death, or any part of the money so payable as they may specify, shall be paid following their death. The total amount which may be so nominated shall be limited to such sum as may be permitted by legislation.
- (II) A nomination, variation or revocation shall be in the form prescribed by the Secretary from time-to-time.
- (III) The person or persons so nominated must not at the date of the nomination be an officer or an employee of the Society, unless that officer or employee is the husband, wife, child, father, mother, brother, sister, nephew or niece of the Income Plus Member.

- (IV) A nomination so made may be revoked or varied by a subsequent nomination in accordance with paragraph (I) of this Article, but a nomination will not be revoked by a subsequent will. A nomination will automatically be revoked if a nominee predeceases the Income Plus Member.
- (V) The marriage or divorce of an Income Plus Member shall operate as a revocation of any nomination previously made by them.
- (VI) The Society shall keep a record of every such nomination, revocation or variation.
- (VII) On receiving satisfactory proof of the death of an Income Plus Member, the Society shall pay the amount due to the duly appointed nominees under this Article. Receipt by the persons so nominated shall be a complete discharge to the Society. The Society shall not be concerned with the application of the monies paid.

Article 14 Misrepresentations and Non-disclosure

- (I) An Income Plus Member shall be under a duty to take reasonable care, before and during their time as an Income Plus Member, not to fail to disclose or make any misrepresentations to the Society in response to a request for information.
- (II) If an Income Plus Member is found to have failed in their duty under paragraph (I) of this Article, at the Society's discretion:
 - (a) Their Policy may be treated as either never having started, or they may be deemed to have retired or resigned in accordance with Article 12;
 - (b) They may be required to agree to Special Conditions as a condition of their Policy not being brought to an end under paragraph (II)(a); and/or
 - (c) They may be required to forfeit any Declaration they have made for Income Benefits.
- (III) If an Income Plus Member receives any benefits as a result of a breach of paragraph (I) of this Article they can be ordered to repay such benefits to the Society. Unless an alternative repayment arrangement is agreed with the Board, the Income Plus Member must repay such benefits within 8 Weeks of the Society's request.
- (IV) If the Income Plus Member fails to repay benefits in accordance with paragraph (III) of this Article, they will make themselves liable to Article 7 (VI).

Article 15 General Administration Provisions and Definitions

- (I) Unless determined otherwise by the Board at its discretion, an Income Plus Members Policy is subject to the Law of England and the exclusive jurisdiction of the English Legal System; all communications in connection with their Policy will be in English; and all Contributions, and any benefits payable under their Policy, are payable in English Sterling (£).
- (II) An Income Plus Member must advise the Society of any change in their occupation or Earnings. If a new occupation is considered to be a greater insurance risk to the Society, the Society will have the right to either: require the Income Plus Member to agree to Special Conditions in order to continue the Insurance Cover; or require the Income Plus Member to elect for Associate Membership in accordance with Article 6, or resign in accordance with Article 12 (II). If an Income Plus Member fails to inform the Society of a change in occupation the Society will not be obliged to accept a request from them to Declare.

- (III) In this schedule, unless the context requires otherwise, references to one gender shall include the other gender and references to the singular shall include the plural and vice versa.
- (IV) Unless the context requires otherwise, words and expressions which are defined by legislation or in the Appropriate Regulator Handbooks, shall have the same meanings in this schedule.
- (V) Headings in this schedule are for convenience only and shall not affect its interpretation.
- (VI) In the event of any discrepancy between the Society's Rules and an Income Plus Members Policy, the Society's Rules will be applied. In the event any part of their Policy is found to be invalid, the rest of the Policy will continue to apply.
- (VII) The Board may make alterations to this schedule in accordance with Rule 4.2 of the Society's Rules, except that an adjustment made only to this schedule will not require the approval of the Membership at the next Annual General Meeting following the change.
- (VIII) In the event an Income Plus Member is dissatisfied or finds himself in dispute with the Society, the provisions of Rule 12 and Rule 13 of the Society's Rules will apply.
- (IX) Rule 2 of the Society's Rules will apply with regards to the terms of any notices under this schedule, unless a provision under this schedule prescribes, or gives the Board or the Secretary the authority to prescribe, a different procedure for that purpose.
- (X) If an Income Plus Member changes their country of residence from the one stated in the Register of Members, they must inform the Secretary at the earliest opportunity. At its discretion, the Board can require such an Income Plus Member in these circumstances to either become an Associate Member in accordance with Article 6 or retire from Income Plus Membership under Article 2(l)(a).
- (XI) In this schedule the following words and expressions have the following meanings:

Activities of Daily Living	describes the definition of incapacity described in Article 9 (VI)(d).
Any Suitable Occupation	describes the definition of incapacity described in Article 9 (VI)(c).
Applicant	means an individual who applies for Income Plus Membership in accordance with Article 1.
Associate Member	an individual who becomes a member of the Society under Rule 7 of the Society's Rules in accordance with this schedule.
Base Rate	means the official dealing rate as defined in Article 2 of the Late Payment of Commercial Debts (Rate of Interest) Order 1998.
Board	means the Board of Directors of the Society.
Claim Deferment Periods	if selected under Article 1 (l)(f), means the number of days an Income Member must wait under Article 7 (III) until they become eligible to receive Income Benefit. The Board will at its discretion determine the range of Claim Deferment Periods available to Income Plus Members and, in accordance with Article 1 (l)(e), may amend the Rates as considered appropriate.
Contributions	means the contributions or premiums payable by an Income Plus Member in accordance with this schedule.
Declaration	(including Declare, Declared and Declaring) means an Income Plus Member has applied for, and been accepted on to, the Sick Fund in accordance with Article 7.

Declared-Off	means an Income Plus Member, in accordance with Article 8, is no longer eligible for Income Benefit.
Earnings	means the financial basis on which an Applicant or Income Plus Member's maximum Income Benefit will be based on. Unless a different basis is determined by the Board, for self-employed occupations the financial basis will be their share of pre-tax profits in the last full UK tax year completed; for employed occupations the financial basis will be their pre-tax income for PAYE purposes.
Eligible Person	means an individual who meets the criteria defined by the Board from time-to-time for Income Plus Membership at its discretion.
Hazardous Activities	means, but is not limited to, participating in (or practicing for) mountaineering, climbing, caving, pot-holing, powerboat racing, underwater diving, yacht racing, jet skiing, boxing, horse-racing, martial arts, off-piste skiing, any race, parachuting or flying (other than as a passenger on a scheduled flight), or any other activity which presents a similar risk of injury or disability.
Income Benefits	the sum payable to an Income Plus Member if they are Declared on the Sick Fund in accordance with Article 7.
Income Member	an individual who becomes a member of the Society under Rule 7 in accordance with this schedule.
Income Plus Member	an individual who becomes a member of the Society under Rule 7 in accordance with Schedule 3 (Holloway Income Protection Plus Policy).
Insurance Cover	refers to the insurance benefits provided by an Income Member's Policy in accordance with the cover options stated in their Policy Schedule.
Mental Health	means any mental disorder including but not limited to depression, mood disorder, stress, anxiety, or any behavioral disorder, psychotic or any functional somatic disorder including, but not limited to, chronic pain syndrome, chronic fatigue or myalgic encephalomyelitis.
Own Occupation	means the definition of incapacity described in Article 9 (VI)(b).
Penultimate Year	means the calendar year preceding that of the Year concerned.
Policy	means the terms contained in this schedule, the accompanying Policy Schedule, any Special Conditions the Income Plus Member agreed to in accordance with this schedule, and any declarations made as part of any application for Income Benefit.
Policy Retirement Date	means an Income Plus Member's 65th birthday unless an alternative date is agreed and stated in the Income Member's Policy Schedule.
Policy Schedule	A document issued by the Society in accordance with Article 1 (II) confirming an Income Plus Members Insurance Cover and such other information as the Board may, at its discretion, wish to include.

Premium Benefit	means Income Benefit will be paid at the insured level throughout a Declaration.
Profit Share Account	means Profit Share Account, the Policy mechanism into which funds provisionally apportioned to an Income Plus Member in accordance with Article 10 are accumulated.
Rates	the pricing structure and methodology determined by the Board at its discretion for the purpose of calculating the annual Contributions for Income Plus Members starting from 1st January each Year. Unless the Board determines otherwise, an Income Plus Member's annual Contributions will be calculated based on their age as of each 1st January, their long-term benefit level (Standard Benefit or Premium Benefit), their Claim Deferment Period, their holding of Shares and Units, any loadings that apply to their insurance risk, and any other loadings or discounts that may apply.
Register of Members	means the membership register the Society is required to maintain in accordance with Rule 9 of the Society's Rules.
Reserve Fund	means any account or other allocation of the Society's funds established by the Board at its discretion to make funds available for a particular purpose.
Resignation	describes the circumstances of an Income Plus Member who terminates their Policy under Article 12 (III).
Retirement	describes the circumstances of an Income Plus Member who terminates or commutes their Policy in accordance with Article 12 (I)(a).
Revenue Account	means an account established by the Society for the purpose of receiving all revenue to the Society under Rule 32 of the Society's Rules.
Rules	means the Rules of the Society.
Secretary	means the Secretary of the Society appointed under Rule 21.1 of the Society's Rules.
Shares and Units	each share and unit an Income Plus Member Contributes towards will provide a level of Income Benefit in accordance with Article 1 (I)(a). Shares will also be the mechanism the Board will use when declaring dividends to the Profit Share Account's of Income Plus Members under Article 10.
Standard Benefit	means Income Benefit will be reduced in accordance with Article 9 (IV) over the course of a Declaration.
Sick Fund	means the list of Income Plus Members currently Declared and entitled, under this schedule, to receive Income Benefits from the Society's Revenue Account, or from a Reserve Fund established for the payment of claims, or both.
Society	means Pharmaceutical and General Provident Society Limited.
Special Conditions	a special term or terms proposed by the Society, and accepted by an Income Plus Member, as a condition of making an offer of Income Plus Membership in accordance with Article 1, or increased Insurance Cover in accordance with Article 2. A special term can be, but is not limited to:

loadings to the Income Plus Member's Contributions towards their Insurance Cover (not the Income Plus Member's Contribution towards the surplus of the Society); specified medical condition exclusions; an alternative Claim Deferment Period in respect to a specified medical condition; a duration limit on any Declaration made in respect to a specified medical condition; and an alternative definition of incapacity under Article 9 (VI) in respect to a specified medical condition.

Year means the calendar year.

Article 16 Effective Dates and Previous Policies

- (I) This schedule will apply to all Income Members with effect from the 1st February 2018 and replaces any previous policy schedules or terms for Income Members.

Secretary of the Society.....



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