

Memorandum and Rules

effective from 23rd May 2015



**MEMORANDUM
OF
Health Shield Friendly Society Limited
(A FRIENDLY SOCIETY)
All previous Rules rescinded.**

1. Definitions and Interpretation

1.1 In this Memorandum:

Act: the Friendly Societies Act 1992;

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;

Board of Management: the committee of management of the Society;

Relevant Legislation: the Act, the Financial Services and Markets Act 2000, the Financial Services Act 2012, all regulations made thereunder, the handbooks of both the Prudential Regulation Authority and Financial Conduct Authority (or any successors) and any other enactment or regulation relating to friendly societies.

Society: Health Shield Friendly Society Limited.

- 1.2 Expressions defined in the Act, when used in this memorandum, have the same meaning as they have in the Act.
- 1.3 Unless the context otherwise requires words in the singular shall include the plural and in the plural shall include the singular; and a reference to one gender shall include a reference to the other genders.
- 1.4 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision.

2. Name

The Society is an incorporated friendly society. It is called "Health Shield Friendly Society Limited".

3. Registered Office

The Registered Office of the Society is to be situated in England and Wales. The current address of the Registered Office is: Electra Way, Crewe Business Park, Crewe, Cheshire, CW1 6HS

4. Purposes

- 4.1 The purposes of the Society shall be the carrying on of the following classes of business or other activity:
- (a) long-term insurance business of all or any of the classes falling within Head A of Schedule 2 to the Act;
 - (b) general insurance business of classes 1 and, 2 falling within Head B of Schedule 2 to the Act;
 - (c) business falling within Head C of Schedule 2 to the Act; and
 - (d) activities falling within Head D of Schedule 2 to the Act, subject always to any restrictions to combinations of insurance business contained in the Relevant Legislation.
- 4.2 In addition, the purposes of the Society may include the carrying on of:
- (a) social or benevolent activities which are not inconsistent with the other purposes of the Society;
 - (b) group insurance business; and
 - (c) reinsurance of risks for any other registered friendly society or any other incorporated friendly society.

- 4.3 Any business or activity referred to in 4.1 and 4.2 above:
- (a) may be carried on subject to having or obtaining (as the case may be) appropriate permission from the Appropriate Regulator;
 - (b) 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 Society's Rules of insurance and other benefits; and
 - (c) is to be funded by voluntary subscriptions from Members of the Society, with or without donations.
- 4.4 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.
- 4.5 Any of the purposes set out in 4.1 and 4.2 above may be carried on by the Society within or outside the United Kingdom.

5. Powers

- 5.1 The Society may invest its funds in accordance with Rule 21.
- 5.2 The Society may carry on any activity falling within Schedule 5 of the Act.
- 5.3 Without prejudice to the power of the Society to invest its funds in property, the Society may acquire and hold land (for purposes other than investment):
- (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; or
 - (c) for the purpose of acquiring a business; and
 - (d) may dispose of, or otherwise deal with, any land so held by it.
- 5.4 The Society may borrow money with or without security and on such terms as to interest and repayment as the Board of Management thinks fit to:
- (a) fulfil the purposes set out in 4 above; or
 - (b) carry on the activities of the Society falling within Schedule 5 of the Act.
- 5.5 The Society may provide any of its subsidiaries or jointly controlled bodies 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.
- 5.6 The Society may make payments towards the discharge of the liabilities of any of its subsidiaries or jointly controlled bodies.
- 5.7 The Society shall, subject to the provisions of the Act, its Memorandum and its Rules, have any other power which is incidental or conducive to the carrying out of its purposes or for doing anything which falls within Schedule 5 of the Act.
- 5.8 In addition to the powers set out in this memorandum, the Society shall have all other powers specified in Part II of the Act, but no such power may be exercised by the Society except for carrying out the Society's purposes.

6. Limitation of Liabilities of Members

- 6.1 The liability of a Member of the Society is limited to the amount of any subscription or amounts owed to the Society which is and/or are outstanding.
- 6.2 No subscription of a Member of the Society shall be recoverable at law except on the winding up of the Society.

ALL PREVIOUS RULES RESCINDED
RULES OF
Health Shield Friendly Society Limited
REGISTERED AND INCORPORATED UNDER THE FRIENDLY SOCIETIES ACT 1992
REGISTER NO: 50F

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1. Definitions and Interpretation

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

Act: the Friendly Societies Act 1992;

Actuary: the person or persons appointed by the Board of Management to be the holder of the Society's actuarial function and/or any other actuarial appointment required by the Relevant Legislation from time to time.

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

Annual General Meeting: the Annual General Meeting of the Society.

Appropriate Regulator: the Prudential Regulation Authority and/or the Financial Conduct Authority as the context requires or their successors from time to time.

Approved Employer: any employing organisation approved by the Board of Management and some or all of whose employees are eligible for Membership of the Society.

Arbitrator: such person as may be appointed in accordance with s. 80 of the Act and Rule 22.

Benefit Table (table of Contributions and benefits): the table separate to the Scheme Terms and Conditions that illustrates the contribution and benefit rates payable at different levels for each Scheme.

Board Member: a Member of the Board of Management.

Board of Management: the committee of management of the Society.

Chairman: a non-executive Director who acts as Chairman of the Board of Management.

Chief Executive: a person employed by the Society who is responsible under the immediate authority of the Board of Management for the conduct of the business of the Society and also means, if the office is vacant or, for any other reason no Chief Executive is capable of acting, a person authorised by the Board of Management to act as a deputy or assistant to or instead of the Chief Executive.

Contribution(s): the amounts paid by Members or Approved Employers in respect of Membership of a Scheme.

Delegate: a Delegate appointed to attend an Annual General Meeting under Rule 10.5.

Deputy Chairman: a non-executive Director who acts as Deputy to the Chairman of the Board of Management

Director: a Member of the Board of Management.

Executive Director: a Director who holds an executive office with the Society.

Member(s): a Member or Members of the Society.

Membership Plan: the Society's healthcare Membership plan.

Non-Executive Director: a Director who is a Member of the Board of Management but who is not an Executive Director.

Plan Terms and Conditions: the terms and conditions applicable to each Scheme.

Region: a geographical area or other grouping of Members (by age, policy type, size, employer classification) or any other criteria at the discretion of the Board of Management and set up under the powers in Rule 10.

Relevant Legislation: the Act, the Financial Services and Markets Act 2000, the Financial Services Act 2012, all regulations made thereunder, the handbooks of both the Prudential Regulation Authority and Financial Conduct Authority (or any successors) and any other enactment or regulation relating to friendly societies.

Rules: these Rules and all alterations made thereto in accordance with these Rules from time to time.

Scheme: one of the various financial products that facilitates Membership of the Society.

Secretary: the officer appointed by the Board of Management to be the Secretary of the Society and also means, if the office is vacant or, for any other reason no Secretary is capable of acting, a person authorised by the Board of Management to act as the deputy or assistant or instead of the Secretary.

Senior Independent Director: the person appointed to that role by Rule 9.4(a)

Society: Health Shield Friendly Society Limited.

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

Subsidiary: any body corporate within section 13 of the Act.

- 1.2 Expressions defined in the Act, when used in these Rules, have the same meaning as they have in the Act unless otherwise defined in these Rules.
- 1.3 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.4 Rule headings shall not affect the interpretation of the Rules.
- 1.5 In applying the Rules or terms of a Membership Plan to business transacted in a country or territory other than the United Kingdom, words and expressions used in a Membership Plan shall bear such meanings as the Society shall determine as being appropriate to the country or territory concerned.
- 1.6 Unless the context otherwise requires words in the singular shall include the plural and in the plural shall include the singular; and a reference to one gender shall include a reference to the other genders.

2. Membership

- 2.1 Membership of the Society shall not be limited by number and shall be open to new Members between the ages of sixteen (16) and seventy (70) years. A Member may continue to contribute to the Society under an existing plan after reaching his 65th birthday in accordance with the applicable Membership Plan terms and conditions from time to time and while Contributions continue that person shall retain all rights as a Member.
- 2.2 Membership shall consist of five categories. These shall be as follows:
 - (a) Voluntary Members - Members who are employees of an Approved Employer whose Membership Contributions are paid solely by the Member on a voluntary basis.
 - (b) Individual Members – Members whose Membership Contributions are paid by the Member directly to the Society without the involvement of an Approved Employer.
 - (c) Company Sponsored Members - Members whose Membership Contributions are paid (at least) in part on their behalf by an Approved Employer.
 - (d) Life Members - Members who have paid a single Contribution to the Society. This class of Membership is now closed. Life Members shall not be eligible to hold any office in the Society; and
 - (e) Honorary Members - Members who have been granted Honorary Membership of the Society by the Board of Management.
- 2.3 The conditions upon which benefits are paid to a Member and the procedure to be followed to make a claim against the Society shall be specified in the Plan Terms and Conditions.
- 2.4 Before a person is admitted as a Member he may be required to complete such application forms and satisfy the Board of Management as to his general health and the health of those to be covered under his Membership.
- 2.5 The Board of Management shall have the power to refuse or decline Membership pursuant to an application made by prospective Members.

3. Membership Variation

- 3.1 New Schemes or categories of Member may be created, or existing Schemes varied by the Board of Management at any time.
- 3.2 The Board of Management may vary the Plan Terms and Conditions and the Benefit Table as it sees fit at any time.
- 3.3 The Society shall as soon as practicable notify relevant Members of any variation of a Scheme and in any variation of Contributions and/or benefits.

- 3.4 Applicants for transfer to a different Scheme or contribution level within a Scheme may be asked to disclose any material condition from which they or their dependants have previously suffered or from which they are suffering together with all relevant material facts in relation thereto.

4. Membership Cancellation

- 4.1 No refund of Contributions shall be made to a Member on cessation of Membership unless obliged to do so in Law or at the discretion of the Board of Management.
- 4.2 A Health Shield Individual Member whose Contributions shall be more than twenty eight (28) days in arrears shall no longer have any right to benefit from the Society and shall cease to be a Member. The Board of Management shall have the discretion to reinstate such a Member upon payment of all arrears and upon a suitable declaration of health being produced in the form required by the Board of Management and after any applicable waiting period.
- 4.3 A Health Shield Voluntary Member whose Contributions shall be more than twenty eight (28) days in arrears, shall no longer have any right to benefit from the Society and shall cease to be a Member. If such a person wishes to re-join the Society he must re-join as a new Member subject to any applicable waiting period and completing such application forms as the Society may require. If Contributions are unpaid due to circumstances beyond the control of the Member, the Board of Management shall have the discretion to reinstate such a Member upon payment of all arrears and upon a suitable declaration of health being produced in the form required by the Board of Management and after any applicable waiting period.
- 4.4 A Health Shield Company Sponsored Member whose employer withdraws support from the Scheme (or otherwise ceases to pay Contributions) shall no longer have any right to benefit from the Society after the date to which the Contributions already paid provide cover and their Membership shall cease on the same date. If such a person wishes to re-join the Society he must re-join as a new Member subject to any applicable waiting period and completing such application forms as the Society may require.
- 4.5 A Health Shield Voluntary Member whose employer ceases to be an Approved Employer shall no longer have any right to benefit from the Society after the date to which the Contributions already paid provide cover and their Membership shall cease on the same date. If such a person wishes to re-join the Society he must re-join as a new Member subject to any applicable waiting period and completing such application forms as the Society may require.

5. Termination of Membership

- 5.1 A Membership may be terminated without notice if, in its absolute discretion, the Board of Management considers that:
- (a) the Member is or has been in breach of any of the Rules or any of the Plan Terms and Conditions applicable to the Member; or
 - (b) the person's continued Membership of the Society is or may be detrimental or prejudicial to the interests of the Members generally.
- 5.2 Upon termination of a person's Membership under Rule 5.1, no refund of Contributions shall be made.
- 5.3 If any Member shall in the opinion of the Board of Management have failed to act with utmost good faith the Board of Management may, in its absolute discretion, immediately terminate the Membership of such Member.
- 5.4 The decision of the Board of Management on any question as to whether a person is or is not entitled to be a Member shall be conclusive for all purposes.
- 5.5 Any Member who has had their Membership ended under any condition in these Rules shall have the right of appeal directly to the Board of Management against that decision in accordance with regulations.

6. Register of Names and Addresses

- 6.1 The Society shall maintain a register, which may be an electronic register, of the names and addresses of the Members of the Society.
- 6.2 The register shall be kept at the registered office of the Society or at such other place as the Board of Management thinks fit.

- 6.3 Where it appears to the Society that the address or where relevant any electronic address shown in the register for a Member is no longer accurate, the Society:
- (a) may remove that address or electronic address from the register; and
 - (b) need not enter in the register an address for that Member while it has no address for him and his whereabouts are unknown.
- 6.4 Members who change their residence or electronic address should notify the Society.

7. Contributions and Benefits

Every Member of the Society (other than Honorary Members or Life Members) shall pay Contributions (or have Contributions paid on their behalf) and receive benefits as determined by the Board of Management in accordance with the appropriate Scheme.

8. Plan Terms and Conditions and Benefit Table

- 8.1 The Society shall publish and make available to Members the Plan Terms and Conditions and Benefit Table free of charge.
- 8.2 Each Scheme Terms and Conditions in conjunction with the applicable Benefit Table shall specify the conditions and terms upon which benefits are paid to a Member or any relevant class of Members under such Scheme and the procedure to be followed to make a claim against the Society.
- 8.3 Should the Society have cause to change the Plan Terms and Conditions or the Benefit Table, copies of the revised documents will be published and distributed as appropriate.

9. Governance of the Society

- 9.1 The Board of Management: Powers and Duties:
- (a) The Board of Management shall be the directing body of the Society. The members of the Board of Management shall be known as and shall be Directors of the Society (and references in these Rules to “Directors” or “Director” shall be construed accordingly).
 - (b) 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 of Management who may exercise all the powers of the Society that are not, by these Rules or by the Act, required to be exercised by the Society in general meeting.
 - (c) Neither any alteration in these Rules nor any direction which is referred to in Rule 9.1(b) shall invalidate any prior act of the Board of Management which would have been valid if that alteration had not been made or that direction had not been given.
 - (d) The Board of Management shall have power to act notwithstanding any vacancy or vacancies on the Board of Management. If at any time the number of Directors falls below the number prescribed by Rule 9.2(a) the Board of Management may act by a majority of its members, even though its members may be insufficient to form a quorum, for a maximum period of twelve months. The Board of Management may fill any vacancy on the Board of Management provided that any person appointed as a Director shall resign at the next AGM (but shall be eligible for re-election).
 - (e) The Board of Management may delegate any of its powers to a sub-committee consisting of two or more Directors or other persons it considers appropriate. It may also delegate such of its powers as it considers desirable to any Director. Any such delegation may:
 - (i) be made subject to any conditions the Board of Management may impose; or
 - (ii) be revoked or altered, and may either give the sub-committee exclusive powers within its terms of reference or may retain the right of the Board of Management itself to continue to exercise its own powers within the terms of reference of the sub-committee.

Subject to any such conditions, the proceedings of any such sub-committee with two or more members shall be governed, as far as they are applicable, by the rules regulating the proceedings of Directors.

- (f) Without prejudice to the generality of Rules 9.1 (a) to (e), the Board of Management:
- (i) may pay, out of the funds of the Society, the Society's expenses and such other sums as the Board of Management may consider necessary or expedient to be paid in the interests of the Society. No Non-executive Director shall receive any payment except in accordance with these Rules;
 - (ii) may make, vary or revoke regulations for the conduct of all affairs and business of the Society (and for the conduct of business at meetings of the Board of Management) provided that the regulations are not, or do not become, inconsistent with the Society's Memorandum, these Rules or with the Relevant Legislation;
 - (iii) may purchase or lease in the name of the Society any land, and may sell, exchange, mortgage, lease or build upon such land (with power to alter and pull down buildings and rebuild), and no purchaser, assignee, mortgagee or tenant shall be bound to inquire as to the authority for any sale, exchange, mortgage or lease by the Society;
 - (iv) shall order and direct how and when the funds of the Society shall be invested;
 - (v) may, in relation to any separate fund or otherwise, establish reserves which may or may not be allocated for a specific purpose and may transfer to or from such reserves such sums as the Board of Management shall from time to time think fit;
 - (vi) may exercise the borrowing powers of the Society as the Board of Management sees fit;
 - (vii) 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 Actuary, of any risks against which persons are or are to be insured by the Society in accordance with s 12(3) of the Act;
 - (viii) 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 s 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);
 - (ix) 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 s 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
 - (x) may create, subdivide, amalgamate or close Regions within the Society in order to enable Members to meet locally and or to promote the interests of the Society. The Board of Management may make such contributions to the costs of such Regions as it considers appropriate.
 - (xi) may create new, or vary existing, Membership plans or categories of Membership including rates of Contributions and/or Benefits as and when the Board of Management considers appropriate.

9.2 Membership of the Board of Management:

- (a) The Board of Management shall consist of such number of individuals as the Board of Management may determine from time to time and no more than 50% shall be Executive Directors;
- (b) nobody aged seventeen (17) or below shall be appointed as a Director;
- (c) the normal retirement age for a Director shall be seventy (70) and the provisions of Schedule 11 of the Act shall apply; and
- (d) a person does not need to be a Member in order to be a Director.

9.3 Term of Appointment:

No Non-executive Director shall be appointed or reappointed for a term expiring later than the date of the third Annual General Meeting following his appointment (or reappointment) up to a maximum of nine years. A Non-executive Director may be re-elected at the Annual General Meeting for a further term of one, two or three years if he cannot be easily replaced and the loss of his skills, knowledge and experience would be detrimental to the Board of Management.

9.4 Appointment of Chairman, Deputy Chairman and Senior Independent Director:

- (a) the Directors shall from time to time appoint one of their member (who shall not be an Executive Director) to each of the following: Chairman of the Board of Management; Deputy Chairman of the Board of Management, and Senior Independent Director, each to hold office in that post for a maximum term of three years (subject to re-appointment). The Board of Management may remove either person from such office at any time. The Chairman or, in his absence, the Deputy Chairman or Senior Independent Director, shall preside at every meeting of the Board of Management at which he is present;
- (b) if the Chairman, Deputy Chairman and the Senior Independent Director are all absent from a meeting of the Board of Management or each decline to preside at a meeting, the Directors present at that meeting shall appoint a Non-executive Director to be chairman for the purposes of that meeting; and
- (c) in addition to chairing meetings of the Board of Management the Chairman, Deputy Chairman and the Senior Independent Director shall fulfil the functions described for them in the Annotated Combined Code.

9.5 Interest in Contracts:

- (a) subject to a Director complying with the Relevant Legislation:
 - (i) requiring him to declare to the Board of Management any direct or indirect interest he might have, or be treated as having, in any contract to which the Society is a party;
 - (ii) prohibiting particular contracts;
 - (iii) requiring a contract to be approved by a resolution of a general meeting; or
 - (iv) requiring him to furnish the Society with particulars of any related business he may enter into or be interested in contracts with the Society, irrespective of whether such interest is direct or indirect,

he shall not be disqualified from office thereby, nor shall he be liable to account to the Society for any profit arising out of any such contract to which he is a party or in which he is interested by reason of being a Director at the time of such contract. 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 made in accordance with Rule 9.1(f)(ii);

- (b) no Director may vote as a Director in relation to any contract, or proposed contract, in which he is interested, or upon any matter arising out of it. If he 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 9.5 shall not apply in any case where the only applicable interest of the Director in question is any interest he may have as a director or officer of a Subsidiary company, jointly controlled body or other associated body of the Society;
- (c) notwithstanding anything contained in this Rule 9.5, but subject always to the Relevant Legislation, the prohibition contained in Rule 9.5 may at any time be suspended or relaxed to any extent by resolution at a general meeting of the Society;
- (d) in this Rule 9.5 the term "contract" includes any transaction or arrangement;
- (e) for the purposes of these Rules, no interest:
 - (i) in any Membership Plan provided by the Society; or
 - (ii) in any other financial services or other product provided, or arranged, by the Society, or by any subsidiary of the Society;

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

9.6 Remuneration of Directors:

- (a) the Board of Management shall delegate all decisions relating to the remuneration of the Chairman, the Chief Executive, and any other Executive Directors to a Committee, to be called the Remuneration Committee. The Remuneration Committee shall consist of Non-executive Directors;
- (b) subject to Rule 9.6(a), each Director shall be entitled to such remuneration as the Board of Management may from time to time determine;
- (c) a Non-executive Director may, in addition, be paid:
 - (i) reasonable travelling, hotel and other expenses he may incur while attending the business of the Society; and
 - (ii) reasonable expenses he may incur in obtaining independent legal advice in relation to the performance of his duties as a Director.
- (d) subject to the limit on the number of Executive Directors in Rule 9.2(a), a Director may hold any office, employment or position of profit with the Society simultaneously with his office of Director and may be appointed by the Board of Management 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;
- (e) a Director appointed to an office or position of profit with a body corporate in accordance with Rule 9.6(d) shall disclose any benefit he derives from any such office or position to the Board of Management in the financial year in which it is received;
- (f) where the Board of Management is considering proposals concerning:
 - (i) the appointment of one or more Directors to hold any office or position of profit with the Society or with any body corporate in which the Society is, or will be, interested;
 - (ii) the arrangement of the terms of any such appointment, such proposals shall be divided and considered in relation to each Director separately;a Director shall absent himself from any meeting of the Board of Management and shall not be counted in the quorum present at that meeting while his own appointment or the arrangement of the terms of that appointment are under consideration. Subject to this restriction, the prohibition in Rule 9.5 shall not apply and a Director may be counted in the quorum present at the meeting at which such proposals are under consideration and may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms of that appointment.
- (g) every annual balance sheet and income and expenditure account of the Society 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.

9.7 Appointment of officers, employees and others:

- (a) the Society shall have a Chief Executive and a Secretary whose appointment and termination of appointment shall be governed by the Board of Management. 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 but the Chief Executive shall be an ex officio member of the Board of Management with one vote. Both they and all other officers of the Society must be over the age of eighteen (18) years;
- (b) the Chief Executive shall be responsible under the immediate authority of the Board of Management for the conduct of the business of the Society;
- (c) the duties of the Secretary shall be those conferred upon him by the Rules and by the Relevant Legislation together with any additional duties that the Board of Management may determine from time to time;
- (d) the Board of Management may appoint such employees, advisers and agents as it may at any time determine and may terminate their appointment;

- (e) the Board of Management may appoint a person to more than one office, employment or position, subject to the exception that neither the Chief Executive nor the Secretary may simultaneously hold the office of Chairman; and
- (f) the powers and duties of persons appointed under this Rule 9.7 shall be those given to them from time to time by the Board of Management which may pay them such salaries, wages, commissions and bonuses, compensation for loss of office or of employment, fees and other remuneration as it may consider desirable.

9.8 Indemnity of Directors, officers and employees:

- (a) every Director 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, his duties. Such indemnification shall cover any liability incurred by him in defending any proceedings whatsoever, whether civil or criminal, which arises out of his duties in relation to the Society and under which judgment is given in his favour or under which he is 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 he might be guilty in relation to the Society; and
- (b) the Society may take out a policy of insurance to cover any such indemnity or liability as is mentioned in Rule 9.8(a).

9.9 Vacation of office and disqualification:

- (a) a Director shall cease to hold office:
 - (i) if he resigns his office by notice in writing to the Secretary;
 - (ii) if a request is made to that Director in writing, by at least 75% of the other Directors (save the Director in question), that he should resign forthwith;
 - (iii) if he absents himself for a period of more than six consecutive months from meetings of the Board of Management held during that period, without permission of the Board of Management, and the Board of Management passes a resolution that he has vacated office;
 - (iv) if he becomes bankrupt or is subject to sequestration, or compounds or makes any arrangements with his creditors generally;
 - (v) if he is, or might be, suffering from mental disorder and either:
 - (A) he 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
 - (B) an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) for his detention in matters concerning mental disorder or for the appointment of a receiver, curator bonis, or other person to exercise powers with respect to his property or affairs.
 - (vi) upon a resolution that he shall cease to be a Director, where that resolution has been passed by a majority of the votes cast on a poll at a general meeting of the Society of which notice has been given under Rule 13.
 - (vii) if, whilst a Director and without the prior consent of the other Directors, he accepts the office of a director in (or Member of the Board of Management of) any other organisation, company or body deemed by the Board of Management to be in direct competition with the business of the Society;
 - (viii) if, while an Executive Director, he ceases for any reason to hold an executive office with the Society;
 - (ix) if he becomes prohibited by law from being a Member of the committee of management of a friendly society; or
 - (x) if he contravenes Rule 9.5(a) by knowingly or recklessly failing to declare an interest and the Board of Management passes a resolution that he has vacated office.

- (b) in the absence of any formal resignation being received by the Society the Secretary shall give not less than fourteen (14) clear days' notice in writing to all Directors (including the director in question) of a meeting of the Board of Management at which it is intended to move a resolution that that Director has vacated office. The notice shall set out the proposed resolution and require at least 75% of the Directors (except the Director in question) to resolve that he has vacated office. If the requirements of this Rule have not all been complied with, the resolution, even if passed, shall be of no effect. Rule 26 shall apply to any such notice.

9.10 Appointment to the Board of Management:

- (a) the Board of Management shall establish a Nomination Committee. The principal purpose of the Nomination Committee shall be to advise the Board of Management and make recommendations to Members on the appointment (or re-appointment) of Non-executive Directors in accordance with the Annotated Combined Code;
- (b) the Board of Management may appoint an individual as a Director to fill any vacancy. The Board of Management may also appoint an individual as a Non-executive Director who has ceased to be an Executive Director under Rule 9.9(a)(viii)
- (c) the Board of Management shall only, under this Rule 9.10, appoint an individual who:
 - (i) appears to it to be fit and proper to be a Director;
 - (ii) is qualified under Rule 9.2(b); and
 - (iii) is not a person who, having been nominated for election as a Non-executive Director at any election held within the preceding twelve (12) months, was not elected as a Non-executive Director.
- (d) a Non-executive Director appointed under this Rule 9.10 shall hold office until the conclusion of the Annual General Meeting immediately following his appointment; and
- (e) a Non-executive Director appointed under this Rule and retiring under Rule 9.11 shall be eligible for reappointment at the Annual General Meeting referred to in Rule 9.11(d) in the same way as a retiring Non-executive Director and shall be similarly eligible for reappointment for the purposes of Rule 9.11(c).

9.11 Retirement of Non-executive Directors and reappointment:

- (a) in addition to the provisions governing the retirement of Non-executive Directors in Rule 9.9(a) and Rule 9.10(d), a Non-executive Director shall retire at the third Annual General Meeting following his appointment;
- (b) at the ninth Annual General Meeting after a Non-executive Director was first elected as a Director and at each subsequent Annual General Meeting, he shall retire;
- (c) a Non-executive Director retiring at an Annual General Meeting under this Rule 9.11:
 - (i) shall retain office until the conclusion of the Annual General Meeting; and
 - (ii) shall be eligible for reappointment at the same Annual General Meeting provided, first, that he is not ineligible and, secondly, that he is nominated by the Board of Management for reappointment (with his consent) at least 14 days before the giving of the notice for the Annual General Meeting in accordance with Rule 11.
- (d) appointments of Non-executive Directors shall, unless made under Rules 9.10(b) or 9.10(c), be made at Annual General Meetings upon a resolution being passed that a candidate shall be appointed as a Non-executive 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:
 - (i) the voting papers shall include the number of vacancies on the Board of Management, the full names of all the candidates, any declarations required by the Act and any recommendations made by the Nomination Committee;

- (ii) subject to Rule 9.11(d)(i), the Board of Management may prescribe or approve the form of the voting paper and may include such other declarations and denoting of retiring Non-executive Directors as it thinks fit. If proposing a person for election as a Non-executive Director, the Board of Management shall give its reasons for doing so in papers accompanying the voting papers;
 - (iii) the voting shall be effected by the placing of an X after the names of the candidates for whom the votes are to be cast;
 - (iv) the voting papers shall be void if a Delegate votes for more candidates than there are vacancies to be filled;
 - (v) each Delegate who is qualified to vote under Rule 16 shall have one vote in respect of each vacancy to be filled;
 - (vi) no Delegate shall be required to cast all or any of the votes given to him by Rule 16 and
 - (vii) in the event of two or more candidates for appointment as a Non-executive Director receiving the same number of votes in a poll, such candidate or candidates (if any) who received the smallest number of votes shall withdraw from the election and a new poll shall be conducted in accordance with Rule 9.11 of the candidates so remaining, 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.
- (e) an individual may be nominated for appointment at an Annual General Meeting as a Non-executive Director if:
- (i) he is nominated by:
 - (A) the Board of Management (acting on the advice of the Nomination Committee); or
 - (B) a notice given to the Society in writing signed by at least 10 Delegates (each of whom is over the age of 18 years) and the Delegates' nomination is given to the Society not later than the last day in the month of December preceding the Annual General Meeting at which it is proposed that the candidate should be appointed as a Non-executive Director.
 - (ii) he will be qualified under Rule 9.2(b) at the date of the Annual General Meeting; and
 - (iii) before the Annual General Meeting he supplies in writing (in such form as the Board of Management may require) evidence that he is fit and proper to be a Director, including evidence as to his qualifications, financial and managerial experience, creditworthiness, competence and character and (if the Board of Management thinks fit) completes in draft any form or questionnaire that, if appointed a Director, he would be required to submit to any regulatory authority under the Relevant Legislation.

9.12 Pensions and other schemes and funds:

- (a) the Board of Management 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:
 - (i) past, present or future officers and employees of the Society (not including any Director who does not hold and has not held any executive position in the Society in addition to that of Director);
 - (ii) past and present officers and employees of any society with which the Society might amalgamate or from which it might accept a transfer of engagements in the future; and
 - (iii) any spouses, children and dependants of persons referred to in Rules 9.12(a)(i) or 9.12(a)(ii).
- (b) in addition to the above powers the Board of Management may grant, on such terms as it thinks fit, other pensions, allowances, gratuities, donations and bonuses to and for the benefit of:
 - (i) past or present officers and employees of the Society;
 - (ii) past officers and employees of a society with which the Society has amalgamated or from which the Society has accepted a transfer of engagements; and
 - (iii) any spouses, children or dependants of such officers and employees mentioned in Rules 9.12(b)(i) or 9.12(b)(ii).

- (c) Subject to Rule 9.12(a), the Board of Management may make, vary and revoke the rules of any fund or scheme mentioned in Rule 9.12(a) and may constitute any trust and may from time to time exercise, at its discretion, any powers reserved to the Society under any trust constituted by the Society, including the power of modifying or discontinuing the terms of such trust or any rules or regulations that may be or may have been made pursuant to it.

9.13 Accounts:

- (a) the Board of Management shall cause accounting records of the Society, and those of any subsidiary company, to be kept. The Board of Management shall establish and maintain systems of control and of inspection and report of its business and records in accordance with the Relevant Legislation;
- (b) the Board of Management shall establish and maintain separate accounts for any subsidiary companies and jointly controlled bodies which identify their separate assets;
- (c) in each financial year the Board of Management shall send two copies (or as required by the Relevant Legislation) of:
- (i) the Annual Accounts for the last financial year;
 - (ii) the Board of Management's Report for that year; and
 - (iii) the Auditor's report on those accounts
- to the Appropriate Regulator not later than 30 June or fourteen (14) days before the Annual General Meeting, whichever is earlier.
- (d) the Secretary shall supply copies of:
- (i) the Annual Accounts for the last financial year;
 - (ii) the Board of Management's Report for that year; and
 - (iii) the Auditor's report on those accounts.
- to any Member on demand, free of charge.

9.14 The procedures of the Board of Management:

- (a) the Board of Management may determine the number of Directors as set out in Rule 9.2(a) and may otherwise, subject to the provisions of these Rules and to the Relevant Legislation, regulate its proceedings as it thinks fit;
- (b) a Director may, and the Secretary at the request of a Director shall, call a meeting of the Board of Management. Notice of such meeting shall be given to Directors in accordance with Rule 26. Whenever practicable not less than seven days' notice of any meeting of the Board of Management shall be given, but, subject to Rule 9.1(c), no acts of any meeting of the Board of Management shall be invalid merely because less than seven days' notice of any meeting was given;
- (c) questions arising at a meeting of the Board of Management shall be decided by a majority of votes and, if the votes are equal, the chairman of the meeting shall have a second or casting vote;
- (d) the quorum for the transaction of the business of the Directors shall be a minimum of five Directors present in person of whom at least 50 % shall be Non-executive Directors.
- (e) all acts done by a meeting of the Board of Management, or of a Committee of the Board of Management, or by a person acting as a Director shall, even though it may later be discovered that there was a defect in the appointment of any Director or:
- (i) that any of them were disqualified from holding office;
 - (ii) had vacated office; or
 - (iii) 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.

- (f) a resolution in writing signed by all the persons entitled to receive notice of a meeting of the Board of Management or of a Committee of the Board of Management shall be valid and effectual as if it had been passed at a meeting of the Board of Management or (as the case may be) a Committee of the Board of Management duly convened and held, and may consist of several documents in similar form each signed by one or more persons. For the purposes of this Rule, a signature may be affixed to a facsimile 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 facsimile transmission.
- (g) the Secretary shall keep a minute book to record the proceedings and resolutions passed at each meeting of the Board of Management.

10. Delegates

- 10.1 The Society shall have an Annual General Meeting which shall be convened in accordance with the provisions of Rule 13 and which shall be composed of Delegates from the Regions as provided in these Rules. Each delegate shall have one vote.
- 10.2 The Regions for Health Shield Members shall be designated as follows:
- (a) Scottish;
 - (b) North West;
 - (c) North East;
 - (d) Central;
 - (e) South East;
 - (f) South Wales and West.
 - (g) Individual
- or such other Regions as the Board of Management may stipulate.
- 10.3 Members may appoint Delegates. Where the appointment of Delegates is impracticable, the Board of Management shall have power to make arrangements it considers appropriate.
- 10.4 Every Member shall be entitled to attend one Regional meeting per annum.
- 10.5 Each Region shall meet annually and appoint up to twenty five Delegates to attend the AGM.

11. Annual General Meetings

- 11.1 The Society shall hold an Annual General Meeting in each financial year, at such hour, date and place as the Board of Management shall determine.
- 11.2 Not more than fifteen (15) months shall elapse between the date of one Annual General Meeting and that of the next.
- 11.3 The Board of Management shall lay before the Members at the Annual General Meeting the Annual Accounts and any other reports required by or under the Act or Relevant Legislation.
- 11.4 A copy of the Annual Accounts shall be made available to all Members and to each Member who would be eligible to vote at the Annual General Meeting together with the notice of the Annual General Meeting.
- 11.5 In these Rules "Annual Accounts" means the classes of document (including the notes to them) which the Society is required (unless otherwise exempted) by or under the Act or Relevant Legislation to prepare by way of accounts for itself individually and, if it has controlled bodies, by way of group accounts for itself and those controlled bodies.
- 11.6 The report of the Auditors on:
- (a) the Annual Accounts laid before the Annual General Meeting, and
 - (b) the Board of Management's Report
- shall be laid before that meeting and shall be available for inspection by any member.
- 11.7 No business shall be transacted at an Annual General Meeting, and no resolution shall be brought forward at any such meeting, except as may arise upon:
- (a) the Annual Accounts laid before the meeting;
 - (b) the Board of Management's report submitted to the meeting;

- (c) the report of the Auditors;
- (d) the election and re-election of Board Members;
- (e) the appointment or re-appointment of Auditors;
- (f) a motion for a resolution contained in a Members' Notice received by the Society in accordance with the provisions of Rule 13.5;
- (g) business (including a motion for a resolution, whether special or ordinary, or a motion to add to, alter or rescind any of the Rules) brought before the meeting by the Board of Management; and
- (h) any other urgent business brought to the meeting by its chairman.

12. Special General Meetings

- 12.1 All general meetings other than Annual General Meetings shall be called Special General Meetings.
- 12.2 The Board of Management may, whenever it thinks fit, convene a Special General Meeting.
- 12.3 The Board of Management shall convene a Special General Meeting on the requisition of not less than 10% of Members qualified under Rule 12.7. The requisition shall state the objects of the meeting (which must not however include the election of a Board Member) and shall be signed by the requisitioners and deposited at the Registered Office and may consist of several documents in like form each signed by one or more requisitioners.
- 12.4 If the Board of Management does not within twenty eight (28) days after the date of deposit of the sole requisition, or the date of deposit of the last requisition sufficient to comply with the requirements of Rule 12.3, proceed to despatch notices convening a meeting to be held within sixty three (63) days after that date, the requisitioners or any proportion of them exceeding one-half may themselves convene a Special General Meeting. Any meeting so convened shall not be held after the expiration of five months from the date of the deposit of the sole or last requisition. The meeting so convened by the requisitioners shall be convened in the same manner, as nearly as possible, as that in which meetings are convened by the Board of Management and notices shall be sent by post to those persons entitled under Rule 13. Any reasonable expenses incurred by the requisitioners by reason of the failure of the Board of Management duly to convene a meeting shall be paid to those requisitioners by the Society. Any sum so paid shall be recovered by the Society from the defaulting Board Member (whether by way of retention of fees or other remuneration in respect of services, or otherwise). The Board of Management or, as the case may be, the requisitioners, shall give the Delegates notice of any resolution the requisitioners propose to move at the meeting at the same time and in the same manner as notice is given of the meeting.
- 12.5 No business shall be entertained at any Special General Meeting except such as shall be stated in the notice convening the meeting.
- 12.6 Except where the requisitioners themselves convene a Special General Meeting under Rule 12.4, Special General Meetings shall be held at such hour, date and place as the Board of Management shall determine.
- 12.7 A Member shall be qualified for the purposes of Rule 12.3 if he:
 - (a) has been a Member of the Society for a continuous period of not less than two years prior to the date of the requisition; and
 - (b) is a Delegate entitled to vote at a general meeting of the Society on the date of the requisition.

13. Notice of Meetings

- 13.1 At least 14 days' notice, in writing of every general meeting of the Society whether an Annual General Meeting or Special General Meeting, specifying the hour, date and place of the meeting shall be given to Members as provided in Rule 13.4.
- 13.2 The notice shall specify:
 - (a) the nature of any resolution to be moved at the meeting and of the other business to be transacted thereat;
 - (b) the full name of each candidate for the office of Board Member, or Auditor, unless the nomination has been made, or in the case of an Auditor his nomination has been received too late for his candidature to be included in, or to accompany, the notice; and

- (c) that a Delegate entitled to vote may appoint a proxy to attend and, on a poll, vote at the meeting instead of him. This proxy may only be the Chairman of the Society, a Board Member or another Delegate. The Delegate may direct the proxy how to vote at the meeting.
- 13.3 The Annual General Meeting shall be described as such in the notice of meeting.
- 13.4 Notice of a meeting shall be sent to every Delegate who would be eligible to vote at the meeting if the meeting were held on the date of the notice.
- 13.5 If at least the requisite number of qualified Members, as specified in Rule 12.3, give notice to it in writing (whether in one or more documents) of their intention to have moved on their behalf at an Annual General Meeting of the Society a resolution which is specified in the notice, the Board of Management shall:
- (a) include in the notice of that meeting a notice specifying the intention of those Members to have the resolution moved on their behalf at the meeting and, where applicable, the intention to move it as a special resolution;
 - (b) at the request of the qualified Members intending to have the resolution moved on their behalf, include in the notice of that meeting to each Delegate entitled to receive notice of that meeting a copy of any statement of not more than 100 words with respect of the matter referred to in the resolution and for the purposes of this Rule:
 - (i) the “requisite number” is 10% of Members qualified under Rule 12.7;
 - (ii) a “qualified Member” is one who has been a Member of the Society for a continuous period of not less than two years prior to the date of the requisition and is a Delegate entitled to attend and vote at a general meeting of the Society on the date of the requisition.
- 13.6 The Board of Management shall be under no duty:
- (a) to include a motion for a resolution in the notice of the Annual General Meeting; or
 - (b) to include in the notice such a statement as is mentioned in Rule 13.5(b)(ii) if:
 - (i) written notice complying with the requirements of Rule 13.5 and, if submitted, any statement given (of the kind mentioned in Rule 13.5(b)(ii)) are given to or lodged with the Society later than 31st March in the year in which the Annual General Meeting at which it is intended to move the resolution is to take place;
 - (ii) the resolution and, if submitted, any such statement does not relate directly to the affairs of the Society;
 - (iii) the rights conferred by Rule 13.5 are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes; or
 - (iv) the resolution is in substantially the same terms as any resolution that has been defeated at a meeting during the three calendar years prior to the year in which the Annual General Meeting at which it is intended to move the resolution is to take place.
- 13.7 The Agenda for the Annual General Meeting stating the nature of any resolution to be moved at the meeting and of the other business to be transacted thereat, shall be prepared by or on behalf of the Board of Management not less than fourteen (14) days before the date of the meeting and distributed as soon as possible thereafter to every Delegate.
- 13.8 Subject to the provisions of Rule 13.6, the Board of Management shall include in the Agenda any resolution or business properly notified in accordance with Rule 13.5.
- 13.9 A notice of a general meeting (including a general meeting adjourned for thirty (30) days or more) shall be given by the Society by post to the registered postal address or registered electronic address of every Delegate.
- 13.10 The accidental omission to send a notice of a meeting or to send any document required by the Act or these Rules to be sent with the notice or otherwise before the meeting to, or the non-receipt of notice of a meeting or any such document as aforesaid by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

- 13.11 The sending of a notice of a meeting to any person not entitled to be given notice thereof shall not entitle him to attend or vote at that meeting nor invalidate the proceedings at that meeting.
- 13.12 Notwithstanding the provision of the Rules regarding notices to Members there shall be no requirement to send a notice to a Delegate where the Society does not have a current postal or electronic address for the Delegate, or where the Board of Management have reason to believe that a notice sent to the registered address will not come to the attention of the Delegate.

14. Quorum at General Meetings

- 14.1 No business shall be considered at any Annual General Meeting or Special General Meeting unless a quorum of Delegates is present, and a quorum shall be constituted for all purposes by twenty five (25) Delegates present in person or by proxy and entitled to vote.
- 14.2 If no quorum shall be present within half an hour after the time appointed for the Annual General Meeting or Special General Meeting, or if during such meeting a quorum ceases to be present, the Chairman of the meeting shall adjourn it to such hour, date and place as he shall direct, unless it is a Special General Meeting requisitioned under Rules 12.3 or 12.4 whereupon the Chairman of the meeting shall dissolve it.

15. Procedures at General Meetings

- 15.1 The Chairman of the Board of Management or, in his absence the Deputy Chairman or, in his absence the Senior Independent Director, will preside at every general meeting of the Society. If there is no such Chairman, Deputy Chairman or Senior Independent Director, or if neither the Chairman, Deputy Chairman nor Senior Independent Director is present within fifteen minutes after the time appointed for the meeting or if the Chairman, Deputy Chairman and Senior Independent Director are unwilling to act, the Board Members present shall elect one of their number to be chairman of the meeting. If at any meeting no Board Member is willing to act as chairman, or if no Board Member is present within fifteen minutes after the time appointed for the meeting, the Delegates present and entitled to be included in the quorum for the meeting shall choose one of their number who is present to be the chairman of the meeting.
- 15.2 The chairman of the meeting may, notwithstanding the presence of a quorum (and shall, if so directed by a resolution of the meeting), adjourn the meeting from time to time and from place to place, but except as provided in Rule 15.10 no business shall be transacted at any adjourned meeting other than the business left unfinished or not reached at the meeting from which the adjournment took place.
- 15.3 Every adjourned meeting shall be deemed a continuation of the original meeting and any resolution passed at an adjourned meeting shall for all purposes be treated 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.
- 15.4 When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting but otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 15.5 Subject to the Act and these Rules every question submitted to an Annual General Meeting or Special General Meeting shall be decided by a simple majority and such votes shall be taken in the first instance by a show of hands.
- 15.6 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) twenty-five (25) Delegates who are entitled to vote at the meeting and are present in person or by proxy, and in the event of such a demand, a poll shall be taken in accordance with Rule 15.10, but no poll shall be permitted upon a resolution to appoint a Chairman.
- 15.7 Unless a poll be so demanded, a declaration by the chairman that a resolution on a show of hands has been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of, or against, such resolution.
- 15.8 If a motion for a Special Resolution is to be put to the vote of the meeting or there is a contest for the office or appointment of a Board Member or Auditor, a poll shall be deemed to have been demanded by the chairman.

- 15.9 Except in the case of a motion for a Special Resolution or of a contest for the office or appointment of a Board Member or Auditor, the demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 15.10 If a poll is duly demanded in accordance with Rule 15.6, it shall be taken at the meeting at which it is demanded or, if the chairman so decides, at an adjourned meeting and in either case in such manner, subject to Rule 15.12, as the chairman directs and the result of the poll, shall, notwithstanding Rule 15.3, be deemed to be the resolution of the meeting or adjourned meeting at which the poll was taken. The chairman may, in the event of a poll, appoint the scrutineers and may adjourn the meeting or adjourned meeting to some hour, date and place fixed by him for the purpose of declaring the result of the poll.
- 15.11 A poll demanded on a question of adjournment shall be taken forthwith and the result declared immediately upon the conclusion of the taking of the poll. A poll demanded on any other question shall not prevent the continuance of a meeting for the transaction of any business other than that upon which the poll has been demanded.
- 15.12 Voting papers to be used on a poll shall be valid only if they are issued by the Society.

16 . Entitlement of Delegates to Vote on Resolutions

- 16.1 Every Delegate present in person or voting by proxy (and not disqualified by arrears or otherwise as mentioned in the Rules) shall have one vote, and when the votes are equal the chairman shall have an additional or casting vote.

17. Appointment of Proxies

- 17.1 A Delegate entitled to attend and vote at a meeting of the Society:
- (a) may appoint, as his proxy, the Chairman, a Board Member or a fellow Delegate to attend and, on a poll, to vote at the meeting instead of him; and
 - (b) may direct the proxy how to vote at the meeting.
- 17.2 The instrument appointing a proxy or a representative shall be deposited at the Registered Office not less than forty eight (48) hours before the day appointed for holding the meeting, or adjourned meeting, and in default the instrument shall not be treated as valid
- 17.3 An instrument appointing a proxy shall be in such form as may be required by the Act.
- 17.4 The Society may add to any instrument issued by it any explanatory notes it may think fit to assist appointers.
- 17.5 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll, but, save as provided by this Rule, a proxy shall have no right to speak at the meeting.
- 17.6 If a Delegate who, at the final date for the receipt of proxy instruments determined under Rule 17.2, is entitled to attend and vote at the meeting appoints a person as proxy to vote instead of him at that meeting and then ceases after that date to be so entitled, that person may act as the Delegate's proxy at that meeting.
- 17.7 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding:
- (a) the previous death or mental disorder of the appointer 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 as aforesaid 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
 - (b) that since the last date specified for the deposit of instruments of proxy the appointer has ceased to be entitled to attend and vote at the meeting.

18. Auditors

- 18.1 At each Annual General Meeting the Society shall appoint an Auditor to audit its Annual Accounts who is a person eligible for appointment as Auditor of a Friendly Society. The Society shall, within one week of the date of the meeting, notify the Appropriate Regulator if no Auditor has been appointed or re-appointed.

- 18.2 None of the following shall be appointed as Auditor of the Society:
- (a) an officer or employee of the Society;
 - (b) a person who has, or whose immediate associates have, connections with the Society, or any of its controlled bodies; or
 - (c) a person who is ineligible by virtue of section 27(1) (a) or (b) of the Companies Act 1989 or article 20(1) of the Companies (Northern Ireland) Order 1990.
- 18.3 The Board of Management may appoint an Auditor to fill any casual vacancy occurring between general meetings of the Society.
- 18.4 The remuneration, including any sums in respect of expenses, to be paid to the Auditor shall be fixed by the Board of Management or in such manner as the Society shall determine at a general meeting.
- 18.5 Where the Society receives from an Auditor, on cessation of his office, a statement of any circumstances which he considers should be brought to the attention of the Members and creditors of the Society, the Secretary shall, unless on application the court directs otherwise, send a copy of such statement to the Members.
- 18.6 Where the Auditor, with a notice referred to in Rule 18.5, requisitions the convening of a Special General Meeting of the Society for the purpose of considering an explanation of the circumstances connected with his resignation, the Secretary shall within twenty one (21) days convene such a meeting for a day not more than twenty eight (28) days after the date on which notice of the meeting is given and the Society will, unless on application the court directs otherwise, comply with the requirements set out in Rule 13 of Schedule 14 to the Act.

19. Actuary and Valuations

- 19.1 The Society shall have an Actuary who shall be appointed and whose appointment may be terminated by the Board. The Board shall arrange for the Actuary to conduct an investigation and report accordingly into the financial condition of the Society in respect of its long term business, in accordance with the Act.
- 19.2 The Society shall keep adequate records to enable the Actuary to conduct such an investigation.

20. Application of Funds

- 20.1 All moneys received on account of Contributions in accordance with the Rules and any Membership Plans or on account of donations or otherwise, shall be applied in carrying out the purposes of the Society in accordance with the Rules.
- 20.2 Both moneys received and interest on investments, shall be credited to the appropriate funds in accordance with Relevant Legislation.
- 20.3 Any transfer of assets between the Society and any Subsidiary shall be at arm's length and for a proper market value consideration and there shall be a proper apportionment of all items of money and expenses between the Society and its Subsidiaries.

21. Investment of Funds

- 21.1 So much of the funds of the Society as may not be wanted either for immediate use, or to meet the usual accruing liabilities, shall with the consent of the Board of Management be applied or invested in the purchase of or at interest upon the security of such stocks, funds, shares, securities or other investments or property of whatsoever nature and wheresoever situate and whether involving liability or not as the Board of Management shall in their absolute discretion think fit to the intent that the Board of Management shall have the same power of investing and/or transposing of investments in all respects as if they were absolute beneficial owners thereof.
- 21.2 Without prejudice to the power of the Society to invest its funds in property, the Society may acquire and hold premises:
- (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 the Society, to conduct its business and may dispose of any premises so held.

22. Disputes

- 22.1 If any dispute shall arise between a Member or 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, and the Society, or any officer of the Society, it shall be decided by reference to the Society's disputes procedures, set out at Rule 22.2.
- 22.2 A single Arbitrator shall be appointed by agreement of both parties to the dispute or, where agreement cannot be reached, by the General Secretary of the Association of Financial Mutuals.
- 22.3 In this Rule the expression "dispute" includes any dispute arising on the question whether a Member or person aggrieved is entitled to be or to continue to be a Member or to be reinstated as a Member but, save as aforesaid, in the case of a person who has ceased to be a Member, does not include:
- (a) any dispute other than a dispute on a question which arose whilst he was a Member or arises out of his Membership; and
 - (b) any dispute which has arisen as a result of and incidentally to a dispute between a Member, or person aggrieved who has ceased to be a Member, and a person claiming through him or under the Rules of the Society.

23. Complaints

- 23.1 The Board of Management 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 of Management considers to have a sufficient interest in the Society's business or activities to justify the investigation of the complaint. Such complaints may relate to any aspect of the Society's business or activities. Nothing in this Rule 23 shall prevent a Member who makes a complaint to the Society utilising the disputes procedure set out in Rule 22 or from referring a complaint to the Financial Ombudsman Service.
- 23.2 The Board of Management shall provide, free of charge, written details of any procedure or scheme from time to time in force under this Rule 23 to any Member or other person requesting them, provided that any such other person has an interest as specified in Rule 23.1.

24. Voluntary Dissolution

The Society may at any time be dissolved by an instrument of dissolution approved by a special resolution of the Society.

25. Distribution of Surplus Assets on Dissolution

Upon the dissolution of the Society by consent any surplus remaining, after payment in full of the Society's creditors, shall be divided among those Members who were Members at the date that the Special Resolution was approved, so that the amount of remaining surplus which each Member receives will be the same proportion thereof as that Member's financial interest in the Society bears to the Society's total assets.

26. Notices

All summonses and notices shall be deemed to have been duly served if delivered at or sent by post (or such electronic address as a Member or Delegate may have notified to the Society) addressed to the last known address of the Member or person for whom they are intended.

27. Copies of the Memorandum and Rules

The Secretary shall give a copy of the Memorandum and the Rules to any person who requests them.

28. Alteration of Memorandum and Rules

Subject to Sec 13.6 of the Act and subject to any prohibition or requirement in any Relevant legislation the Memorandum and Rules may be altered by an ordinary resolution at a General meeting at which a majority of the Delegates vote in favour.

29. Applicable Law

Subject to the mandatory requirements of the law of a Member state, or part thereof, the applicable law in respect of contracts of insurance entered into by virtue of these Rules, and any other contracts of insurance entered into with the Society, shall be English law and subject to the jurisdiction of the English courts.



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Established in 1877. Authorised by the Prudential Regulation Authority and regulated by the
Financial Conduct Authority and the Prudential Regulation Authority.
As part of our on-going quality control programme, calls may be monitored or recorded.

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