

## THE PROVIDENT INSURANCE SOCIETIES ACT, 1912.

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(Preliminary.)

ACT No. V OF 1912.<sup>1</sup>

[18th March, 1912.]

An Act to provide for the regulation of Provident Insurance Societies.

WHEREAS it is expedient to provide for the regulation of Provident Insurance Societies; It is hereby enacted as follows:—

*Preliminary.*

Short title and extent.

1. (1) This Act may be called the Provident Insurance Societies Act, 1912; and

(2) It extends to the whole of British India, inclusive of British Baluchistan, the Sonthal Parganas and the Pargana of Spiti.<sup>2</sup>

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

(1) "Court" means the principal Civil Court of original jurisdiction in a district, and includes the High Court in the exercise of its ordinary original civil jurisdiction :

(2) "financial year" means each period of twelve months at the end of which the balance of the accounts of any Provident Insurance Society is struck, or, if no such balance is struck, then the calendar year :

(3) "life assurance business" means the issue of, or the undertaking of liability under, policies of assurance upon human life, or the granting of annuities upon human life :

(4) "policy of assurance on human life" means any instrument by which the payment of money is assured on death (except death by accident only) or the happening of any contingency dependent on human life, or any instrument evidencing a contract which is subject to payment of premiums for a term dependent on human life :

(5) "policy-holder" means the person who for the time being is the legal holder of the policy for securing the contract with the Provident Insurance Society :

<sup>1</sup> For Statement of Objects and Reasons, see Gazette of India, 1911, Pt. V, p. 184; for Report of Select Committee, see *ibid*, 1912, Pt. V, p. 49; and for Proceedings in Council, see *ibid*, 1911, Pt. VI, p. 696, and *ibid*, 1912, Pt. VI, pp. 7, 152 and 457.

<sup>2</sup> The Act has been declared to be in force in the Arakan Hill District by s. 2 of Regulation 1 of 1915, see Burma Code, Vol. I.

*(Preliminary. General.)*

(6) where a Provident Insurance Society grants annuities upon human life, "policy" includes the instrument evidencing the contract to pay such an annuity, and "policy-holder" includes annuitant :

(7) "prescribed" means prescribed by rules made under this Act :

(8) "Provident Insurance Society" means any person who, or body of persons whether corporate or unincorporate which, receives premiums or contributions for insuring money to be paid on the birth, marriage or death of any person or on the happening of such other contingency or class of contingency as may be prescribed : and

(9) "Registrar" means any person who may be appointed<sup>1</sup> by the Local Government to perform the duties of the Registrar under this Act.

3. Nothing in this Act shall apply to any Provident Insurance Society carrying on life assurance business, which undertakes to pay on any life assurance policy or series of life assurance policies on any one life, an annuity exceeding fifty rupees or a gross sum exceeding five hundred rupees, or which receives or undertakes to receive by way of premium or contribution for life assurance on any one life any sum exceeding two hundred and fifty rupees where the said premiums or contributions are payable for one year or a limited number of years, or exceeding twenty-five rupees in any one year where the premiums or contributions are unlimited in number and terminable on death or the occurrence of an uncertain event :

*Application of Act.*

Provided that, in determining whether this Act applies to any Provident Insurance Society carrying on life insurance business, contracts entered into by the society before the commencement of this Act shall not be taken into consideration.

*General.*

4. No Provident Insurance Society shall receive any premium or contribution for insuring money to be paid on the death of any person

*Insurable interest.*

<sup>1</sup> For notification appointing the Deputy Commissioner of Delhi to perform the duties of the Registrar, see Gazette of India, 1912, Pt. I, p. 1106.

For notification appointing 2nd Assistant to the Agent to the Governor General and Chief Commissioner of Baluchistan to perform the duties of Registrar, see Gazette of India, 1912, Pt. II, p. 1669.

For similar notification in Madras, see Madras Local Rules and Orders, 1923, Vol. I, p. 439.

## (General.)

other than the person paying such premium or contribution or the wife, husband, child, parent, brother or sister of such person.

Provision to be made by rules.

5. Every Provident Insurance Society shall, by its rules—

- (a) specify the object, name and registered office of the society ;
- (b) prescribe the proportion of the annual income of the society derived from premiums or contributions which may be disbursed for the expenses of management of the society ;
- (c) in the case of a society which by rule or practice divides any part of the funds thereof, provide for the payment of all debts due by the society existing at the time of division before any such division has taken place ; and
- (d) provide for any other matters which may be prescribed.

Registration of Provident Insurance Societies.

6. (1) Every Provident Insurance Society shall, within three months from the commencement of this Act, or, if established after the commencement of this Act, before it receives any premium or contribution, apply to the Registrar for that part of British India in which the office of the society is situate for registration under this Act, and shall deliver to him a copy of the rules of the society.

(2) The Registrar shall, on being satisfied that such rules comply with the provisions of this Act, acknowledge the receipt of the rules and register the society and its rules.

(3) If the Registrar is not satisfied that the rules or any of them comply with the provisions of this Act, he shall send to the Provident Insurance Society a notice by post stating in what respect such rule or rules is or are not in accordance with the provisions of this Act, and calling upon such society to deliver to him an amended rule or rules within sixty days.

(4) On receipt of a notice under sub-section (3), the Provident Insurance Society may within sixty days deliver to the Registrar an amended rule or rules in conformity with this Act, and the Registrar shall thereupon acknowledge the receipt of the rules and register the society and its rules as hereinbefore provided.

Unregistered society not to receive premium or contribution,

7. No Provident Insurance Society shall receive any premium or contribution, unless it is registered in accordance with the provisions of this Act :

(General.)

Provided that this prohibition shall only apply to a society established before the commencement of this Act—

- (a) when such society has applied for registration in accordance with the provisions of section 6, sub-section (1)—from the date of the order of the Registrar refusing registry :
- (b) when such society has not applied as aforesaid—after three months from the commencement of this Act.

8. (1) No amendment of any rule of a Provident Insurance Society shall be valid until the same has been registered under this Act, for which purpose a copy of the amended rule shall be sent to the Registrar. Amendment of rules.

(2) The Registrar shall, on being satisfied that any amendment of a rule is not contrary to the provisions of this Act, issue to the society an acknowledgment of the registration of the same.

9. Every Provident Insurance Society shall, on demand, deliver free of cost to any member of the society a copy of the rules of the society, and to any person other than a member a copy of such rules on the payment of a sum not exceeding one rupee. Right to supply of copies of rules.

10. Every Provident Insurance Society which is not registered under the <sup>1</sup>Indian Companies Act, 1882, shall cause to be kept in the prescribed form a register of the names and addresses of its members. Register of members.

11. Where any notice, advertisement or other official publication of a Provident Insurance Society contains a statement of the amount of the authorized capital of the society, the publication shall also contain a statement of the amount of the capital which has been subscribed and the amount paid up. Publication of authorized subscribed and paid-up capital.

12. Every Provident Insurance Society which is not registered under the <sup>1</sup>Indian Companies Act, 1882, shall have an office on the outside of which it shall display and keep displayed its name in a conspicuous position in legible letters, to which all communications and notices may be addressed, and shall give notice to the Registrar of the situation of such office and of any change therein. Office.

13. Every Provident Insurance Society shall, at the expiration of each financial year, prepare a revenue-account and balance-sheet in the prescribed form and verified in the prescribed manner, and shall cause Revenue-account and balance-sheet.

<sup>1</sup> See now the Indian Companies Act, 1913 (7 of 1913).

(General.)

them to be audited by an auditor possessing the prescribed qualifications.

Delivery and publication of revenue-account, etc.

14. Every Provident Insurance Society shall, within six months of the expiration of each financial year, deliver to the Registrar the revenue-account and balance-sheet required by section 13, and shall publish them in the prescribed manner.

Record of insurances effected on life other than life of person insuring.

15. Every Provident Insurance Society shall maintain in the prescribed form a record of every insurance effected on a life other than the life of the person insuring, and shall deliver a copy of such record to the Registrar, together with the balance-sheet and revenue-account.

Inspection of books.

16. The books of every Provident Insurance Society shall at all reasonable hours be open to inspection by the Registrar, or by any person appointed by him in this behalf or by any member of the society.

Inquiry.

17. (1) The Registrar may, if he thinks fit, of his own motion, and shall, upon the application of ten or more members or policy-holders of a Provident Insurance Society, hold or direct an inquiry to be held by an actuary possessing the prescribed qualifications appointed by him by order in writing in this behalf as to the solvency of any Provident Insurance Society or as to the manner in which the business of any such society is conducted.

(2) An application to the Registrar under sub-section (1) shall be supported by such evidence as the Registrar may require for the purpose of showing that the applicants have good reason for applying for an inquiry.

(3) The Registrar may require the applicants under sub-section (1) to give such security as he thinks fit for the costs of the proposed inquiry before such an inquiry is held.

(4) All expenses of, and incidental to or preliminary to, any inquiry, made on application as aforesaid shall be defrayed by the applicants therefor or out of the funds of the society or by the members or officers of the society in such proportions as the Registrar may direct by order in writing.

(5) An order made under sub-section (4) shall on application be enforced by any Civil Court having local jurisdiction in the same manner as a decree of such Court.

## (General.)

(6) A person holding an inquiry under this section shall have access to all the books and documents of the society, and shall have power to call upon the society and the officers of the society to furnish such statements and other information in relation to its business as he may direct.

(7) The result of the inquiry shall be communicated to the society and to the applicants (if any).

18. When an inquiry has been held under section 17, the Registrar may, if he is satisfied— Cancellation  
of registry.

(a) that the society is insolvent, or must necessarily become so, or

(b) that the business of any such society is conducted fraudulently or not in accordance with the rules thereof,

after giving previous notice in writing in such manner as he thinks fit specifying briefly the grounds of the proposed cancellation, cancel the registry of the society.

19. (1) Where the registry of a Provident Insurance Society is cancelled in accordance with the provisions of section 18, the Registrar may appoint a liquidator to wind up the society. Liquidators.

(2) A liquidator appointed under sub-section (1) shall have power—

(a) to institute or defend any legal proceedings on behalf of the society by his name of office;

(b) to determine the contribution to be made by members of the society, respectively, to the assets of the society;

(c) to investigate all claims against the society and to decide questions of priority arising between claimants;

(d) to determine by what persons and in what proportions the costs of the liquidation are to be borne; and

(e) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society.

(3) Subject to any rules of procedure made under this Act, a liquidator appointed under this section shall, in so far as such powers are necessary to carry out the purposes of this section, have power to summon and enforce the attendance of witnesses and to compel the

*(General. Appeals. Offences and Procedure.)*

production of documents by the same means and as far as may be in the same manner as is provided in the case of a Civil Court by the Code of Civil Procedure, 1908.

V of 1908

(4) Orders made under this section shall on application be enforced as follows :—

- (a) when made by a liquidator, by any Civil Court having local jurisdiction in the same manner as a decree of such Court ;
- (b) when made by the Court on appeal, in the same manner as a decree of the Court.

*Appeals.*

Appeals.

20. (1) An appeal shall lie to the Court within thirty days—

- (a) from an order of the Registrar refusing to register a Provident Insurance Society or any rules or amendments of rules of such society ;
- (b) from an order of the Registrar cancelling the registry of a society ;
- (c) from an order made by a liquidator appointed under section 19.

(2) Save as hereinbefore expressly provided, orders made under this Act shall be final and conclusive.

*Offences and Procedure.*

Penalty for non-compliance with Act.

21. Any Provident Insurance Society which makes default in complying with any of the requirements of this Act, and every director, manager or secretary or other officer or agent of the society, who is knowingly a party to the default, shall be punishable with fine which may extend to five hundred rupees, or, in the case of a continuing default, with fine which may extend to two hundred and fifty rupees for every day during which the default continues.

Penalty for falsifying documents.

22. If any register, account, balance-sheet or other document required by this Act is false in any particular to the knowledge of any person who signs it, such person shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

Cognizance of offences.

23. No Court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any offence against this Act.



*(Rules. Miscellaneous.)**Rules.*

24. (1) The Local Government may make rules to carry out the purposes of this Act. <sup>Rules.</sup>

(2) In particular and without prejudice to the generality of the foregoing power, such rules may prescribe—

- (a) contingencies or classes of contingencies and thereby extend the application of this Act to the receipt of premiums or contributions for insuring money to be paid on the happening of such contingencies or class of contingencies;
- (b) the matters in respect of which a society shall make rules;
- (c) the form of any account, return or register required by this Act, and the manner in which any such account, return or register shall be verified;
- (d) the fees to be charged for matters transacted under this Act, and the manner in which the same are to be collected;
- (e) the qualifications of auditors and actuaries under this Act;
- (f) the manner in which any document required to be published by this Act shall be published; and
- (g) the procedure to be followed by liquidators under this Act.

(3) The power to make rules conferred by this Act is subject to the condition of the rules being made after previous publication.

(4) All rules made under this Act shall be published in the local official Gazette, and on such publication shall have effect as if enacted therein.

*Miscellaneous.*

25. No policy effected before the commencement of this Act with a Provident Insurance Society shall be deemed to be void by reason only that the insurance is not authorized by this Act. <sup>Saving of existing policies.</sup>

26. The Local Government may, by notification in the local official Gazette, and subject to such conditions and restrictions as it thinks fit, exempt any Provident Insurance Society or class of Provident Insurance Societies from all or any of the provisions of this Act. <sup>Power of Local Government to exempt from provisions of the Act.</sup>