

# **FINANCE ACT 2010**

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

#### ***Section 64: Fscs Intervention in Relation to Insurance Contracts***

##### **Background Note**

7. The Financial Services Compensation Scheme (FSCS) is an independent body established by Part 15 of the Financial Services and Markets Act 2000. It is the UK's statutory fund of last resort for customers of authorised financial services firms, including insurers, banks, building societies and investment firms.
8. The FSCS protect policyholders of insurance companies authorised by the Financial Services Authority that are unable, or likely to be unable, to meet claims made against them.
9. Insurance companies offer a range of products which are protected by the FSCS, including life insurance policies, life annuity contracts, and permanent health insurance policies.
10. This section provides the power to make regulations adapting the tax treatment applicable where the FSCS intervenes to protect insurance policyholders.
11. These regulations will address unintended tax consequences arising from FSCS interventions and provide broadly the same tax treatment that would have applied had the FSCS not intervened
12. This section will primarily affect the tax impacts for non-pension related savings and investments. Similar powers to make regulations addressing tax impacts arising from FSCS interventions for pension saving with insurers were introduced by section 74 of the Finance Act 2009.