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## EXPLANATORY NOTE

*(This note is not part of the Regulations.)*

These Regulations amend the Occupational Pension Schemes (Pensions Compensation Provisions) Regulations (Northern Ireland) 1997 (“the 1997 Regulations”) which make provision in relation to the payment of compensation, by the Pensions Compensation Board under Articles 79 to 83 (“the compensation provisions”) of the Pensions (Northern Ireland) Order 1995 (“the Order”), to occupational pension schemes whose assets have been reduced in value as a result of certain acts or omissions. These amendments are made in consequence of changes made to the compensation provisions by Article 16 of the Welfare Reform and Pensions (Northern Ireland) Order 1999 (“the 1999 Order”) in connection with the criteria which must be met when an occupational pension scheme seeks compensation from the Board, and with the maximum amount of compensation payable.

In particular, the 1997 Regulations are amended to specify the class of members in respect of whom liabilities of the scheme are included among the liabilities by reference to which “the protection level” is calculated under Article 79(2A) of the Order (regulation 2(2)), and to remove the 90 per cent. limit by reference to which the maximum amount of compensation, and the amount of interest and of payments made in anticipation, are calculated (regulation 2(3) and (4)). Equivalent amendments are also made in regulation 10 of the 1997 Regulations, which modifies Articles 79 and 81 of the Order, and other provisions of those Regulations, in their application to money purchase schemes and “ear-marked schemes” (where money purchase benefits may be provided) (regulation 2(5)).

As these Regulations make in relation to Northern Ireland only provision corresponding to provision contained in regulations made by the Secretary of State for Social Security in relation to Great Britain, the requirement for consultation under Article 117(1) of the Order does not apply by virtue of paragraph (2)(e) of that Article.

Articles 79(2A)(a) and 81(3)(a) of the Order, some of the enabling provisions under which these regulations are made, were inserted and amended respectively by Article 16(2) and (4) of the 1999 Order. Article 2 of the Welfare Reform and Pensions (1999 Order) (Commencement No. 8) Order (Northern Ireland) 2001 ([S.R. 2001 No. 137 \(C. 7\)](#)) provides for the coming into operation of Article 16 of the 1999 Order, in so far as not already in operation, on 23rd April 2001.