



# Pension Schemes (Northern Ireland) Act 1993

## 1993 CHAPTER 49

### PART VII

#### INSOLVENCY OF EMPLOYERS

#### CHAPTER I

#### INDEPENDENT TRUSTEES

<sup>F1</sup>115 .....

#### Textual Amendments

**F1** Ss. 115-118 repealed (6.4.1997) by S.I. 1995/3213 (N.I. 22), arts. 119, 168, Sch. 1 para. 22, **Sch. 5 Pt. I** (with art. 118(5)(6)); S.R. 1997/192, **art. 2(b)**

<sup>F2</sup>116 .....

#### Textual Amendments

**F2** Ss. 115-118 repealed (6.4.1997) by S.I. 1995/3213 (N.I. 22), arts. 119, 168, Sch. 1 para. 22, **Sch. 5 Pt. I** (with art. 118(5)(6)); S.R. 1997/192, **art. 2(b)**

<sup>F3</sup>117 .....

*Status: Point in time view as at 01/10/2009.*

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**Textual Amendments**

**F3** Ss. 115-118 repealed (6.4.1997) by S.I. 1995/3213 (N.I. 22), arts. 119, 168, Sch. 1 para. 22, **Sch. 5 Pt. I** (with art. 118(5)(6)); S.R. 1997/192, **art. 2(b)**

**F4** 118

**Textual Amendments**

**F4** Ss. 115-118 repealed (6.4.1997) by S.I. 1995/3213 (N.I. 22), art. 119, 168, Sch. 1 para. 22, **Sch. 5 Pt. I** (with art. 118(5)(6)); S.R. 1997/192, **art. 2(b)**

## CHAPTER II

### PAYMENT BY THE DEPARTMENT OF UNPAID SCHEME CONTRIBUTIONS

#### 119 Interpretation of Chapter II.

(1) For the purposes of this Chapter, an employer shall be taken to be insolvent if, but only if, in Northern Ireland—

- (a) he has been adjudged bankrupt or has made a composition or arrangement with his creditors;
- (b) he has died and his estate falls to be administered in accordance with an order under Article 365 of the Insolvency (Northern Ireland) Order 1989; or
- (c) where the employer is a company—
  - (i) a winding-up order <sup>F5</sup>... is made or a resolution for voluntary winding up is passed with respect to it [<sup>F6</sup> or the company enters administration],
  - (ii) a receiver or manager of its undertaking is duly appointed,
  - (iii) possession is taken, by or on behalf of the holders of any debentures secured by a floating charge, of any property of the company comprised in or subject to the charge, or
  - (iv) a voluntary arrangement proposed for the purpose of Part II of the <sup>M1</sup>Insolvency (Northern Ireland) Order 1989 is approved under that Part.

(2) In this Chapter—

“contract of employment”, “employee” and “employer” and other expressions which are defined in the [<sup>F7</sup>Employment Rights (Northern Ireland) Order 1996 have the same meaning as in that Order];

“holiday pay” means—

- (a) pay in respect of a holiday actually taken; or
- (b) any accrued holiday pay which under the employee’s contract of employment would in the ordinary course have become payable to him in respect of the period of a holiday if his employment with the employer had continued until he became entitled to a holiday;

<sup>F8</sup> ...

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<sup>F9</sup>(3) .....

- (4) Any reference in this Chapter to the resources of a scheme is a reference to the funds out of which the benefits provided by the scheme are from time to time payable.

#### Textual Amendments

- F5** Words in s. 119(1)(c)(i) repealed (27.3.2006) by [The Insolvency \(Northern Ireland\) Order 2005 \(S.I. 2005/1455\)](#), art. 1(3), [Sch. 2 para. 53\(a\)](#), [Sch. 9](#); S.R. 2006/21, art. 2 (subject to S.R. 2006/22, arts. 2-7)
- F6** Words in s. 119(1)(c)(i) added (27.3.2006) by [The Insolvency \(Northern Ireland\) Order 2005 \(S.I. 2005/1455\)](#), art. 1(3), [Sch. 2 para. 53\(b\)](#); S.R. 2006/21, art. 2 (subject to S.R. 2006/22, arts. 2-7)
- F7** Words in definition of “contract of employment” in s. 119(2) substituted (24.9.1996) by [S.I. 1996/1919 \(N.I. 16\)](#), arts. 1(2), 255, [Sch. 1](#) (with art. 256, Sch. 2)
- F8** Words in s. 119(2) repealed (22.9.2005) by [The Pensions \(Northern Ireland\) Order 2005 \(S.I. 2005/255 \(N.I. 1\)\)](#), art. 1(2), [Sch. 10 para. 15\(a\)](#), [Sch. 11](#); S.R. 2005/411, art. 2(3)
- F9** S. 119(3) repealed (22.9.2005) by [The Pensions \(Northern Ireland\) Order 2005 \(S.I. 2005/255 \(N.I. 1\)\)](#), art. 1(2), [Sch. 10 para. 15\(b\)](#), [Sch. 11](#); S.R. 2005/411, art. 2(3)

#### Modifications etc. (not altering text)

- C1** S. 119 applied (6.4.1997) by [S.I. 1995/3213 \(N.I. 22\)](#), [art. 79\(8\)](#) (with art. 118(5)(6)); S.R. 1997/192, [art. 2\(b\)](#)

#### Marginal Citations

- M1** [S.I. 1989/2405 \(N.I. 19\)](#).

## 120 Duty of Department to pay unpaid contributions to schemes.

- (1) If, on an application made to it in writing by the persons competent to act in respect of an occupational pension scheme or a personal pension scheme, the Department is satisfied—

- (a) that an employer has become insolvent; and  
(b) that at the time he did so there remained unpaid relevant contributions falling to be paid by him to the scheme,

then, subject to the provisions of this section and section 121, the Department shall pay into the resources of the scheme the sum which in its opinion is payable in respect of the unpaid relevant contributions.

- (2) In this section and section 121 “relevant contributions” means contributions falling to be paid by an employer to an occupational pension scheme or a personal pension scheme, either on his own account or on behalf of an employee; and for the purposes of this section a contribution shall not be treated as falling to be paid on behalf of an employee unless a sum equal to that amount has been deducted from the pay of the employee by way of a contribution from him.

- (3) [<sup>F10</sup>Subject to subsection (3A),]The sum payable under this section in respect of unpaid contributions of an employer on his own account to an occupational pension scheme or a personal pension scheme shall be the least of the following amounts—

- (a) the balance of relevant contributions remaining unpaid on the date when he became insolvent and payable by the employer on his own account to the scheme in respect of the 12 months immediately preceding that date;

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- (b) the amount certified by an actuary to be necessary for the purpose of meeting the liability of the scheme on dissolution to pay the benefits provided by the scheme to or in respect of the employees of the employer;
- (c) an amount equal to 10 per cent. of the total amount of remuneration paid or payable to those employees in respect of the 12 months immediately preceding the date on which the employer became insolvent.

[<sup>F11</sup>(3A) Where the scheme in question is a money purchase scheme, the sum payable under this section by virtue of subsection (3) shall be the lesser of the amounts mentioned in paragraphs (a) and (c) of that subsection.]

(4) For the purposes of subsection (3)(c), “remuneration” includes holiday pay, statutory sick pay, statutory maternity pay under Part VI of the <sup>M2</sup>Social Security (Northern Ireland) Order 1986 or Part XII of the <sup>M3</sup>Social Security Contributions and Benefits (Northern Ireland) Act 1992 and any such payment as is referred to in [<sup>F12</sup>Article 229(2) of the Employment Rights (Northern Ireland) Order 1996] (guarantee payments, etc.).

(5) Any sum payable under this section in respect of unpaid contributions on behalf of an employee shall not exceed the amount deducted from the pay of the employee in respect of the employee’s contributions to the scheme during the 12 months immediately preceding the date on which the employer became insolvent.

(6) [<sup>F13</sup>In this section “on his own account”, in relation to an employer, means on his own account but to fund benefits for, or in respect of, one or more employees.]

#### Textual Amendments

- F10** Words in s. 120(3) inserted (19.12.1995) by S.I. 1995/3213 (N.I. 22), **art. 88** (with art. 118(5)(6)); S.R. 1995/477, art. 2(a), **Sch. Pt. I**
- F11** S. 120(3A) inserted (19.12.1995) by S.I. 1995/3213 (N.I. 22), **art. 88** (with art. 118(5)(6)); S.R. 1995/477, art. 2(a), **Sch. Pt. I**
- F12** Words in s. 120(4) substituted (24.9.1996) by S.I. 1996/1919 (N.I. 16), arts. 1(2), 255, **Sch. 1** (with art. 256, Sch. 2)
- F13** S. 120(6) added (22.9.2005) by The Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1)), art. 1(2), **Sch. 10 para. 16**; S.R. 2005/411, art. 2(3)

#### Marginal Citations

- M2** S.I. 1986/1888 (N.I. 18).  
**M3** 1992 c. 7.

## 121 Certification of amounts payable under s. 120 by insolvency officers.

- (1) This section applies where one of the officers mentioned in subsection (2) (“the relevant officer”) is acting or has been or is required to be appointed in connection with an employer’s insolvency.
- (2) The officers referred to in subsection (1) are—
  - (a) the official receiver; or
  - (b) any such person as is referred to in paragraph (1) or (2) of Article 3 of the <sup>M4</sup>Insolvency (Northern Ireland) Order 1989 (insolvency practitioners), as read with paragraphs (3) and (4) of that Article.

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- (3) Subject to subsection (5), where this section applies the Department shall not make any payment under section 120 in respect of unpaid relevant contributions until it has received a statement from the relevant officer of the amount of relevant contributions which appear to have been unpaid on the date on which the employer became insolvent and to remain unpaid; and the relevant officer shall on request by the Department provide it as soon as reasonably practicable with such a statement.
- (4) Subject to subsection (5), an amount shall be taken to be payable, paid or deducted as mentioned in subsection (3)(a) or (c) or (5) of section 120 only if it is so certified by the relevant officer.
- (5) If the Department is satisfied—
- (a) that it does not require a statement under subsection (3) in order to determine the amount of relevant contributions that was unpaid on the date on which the employer became insolvent and remains unpaid, or
  - (b) that it does not require a certificate under subsection (4) in order to determine the amounts payable, paid or deducted as mentioned in subsection (3)(a) or (c) or (5) of section 120,
- it may make a payment under that section in respect of the contributions in question without having received such a statement or, as the case may be, such a certificate.

#### Marginal Citations

M4 [S.I. 1989/2405 \(N.I. 19\)](#).

## 122 Complaint to industrial tribunal.

- (1) Any persons who are competent to act in respect of an occupational pension scheme or a personal pension scheme and who have applied for a payment to be made under section 120 into the resources of the scheme may present a complaint to an industrial tribunal that—
- (a) the Department has failed to make any such payment; or
  - (b) any such payment made by the Department is less than the amount which should have been paid.
- (2) Such a complaint must be presented within the period of three months beginning with the date on which the decision of the Department on that application was communicated to the persons presenting it or, if that is not reasonably practicable, within such further period as is reasonable.
- (3) Where an industrial tribunal finds that the Department ought to make a payment under section 120, it shall make a declaration to that effect and shall also declare the amount of any such payment which it finds that the Department ought to make.

## 123 Transfer to Department of rights and remedies.

- (1) Where in pursuance of section 120 the Department makes any payment into the resources of an occupational pension scheme or a personal pension scheme in respect of any contributions to the scheme, any rights and remedies in respect of those contributions belonging to the persons competent to act in respect of the scheme shall, on the making of the payment, become rights and remedies of the Department.

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(2) Where—

- (a) the Department makes any such payment as is mentioned in subsection (1); and
- (b) the sum (or any part of the sum) falling to be paid by the employer on account of the contributions in respect of which the payment is made constitutes a preferential debt within the meaning of the <sup>M5</sup>Insolvency (Northern Ireland) Order 1989 for the purposes of any provision of that Order (including any such provision as applied by an order made under that Order [<sup>F14</sup> or any provision of the Companies Acts (as defined in section 2(1) of the Companies Act 2006)])  
<sup>F15</sup>

...,

then, without prejudice to the generality of subsection (1), there shall be included among the rights and remedies which become rights and remedies of the Department in accordance with that subsection any right arising under any such provision by reason of the status of that sum (or that part of it) as a preferential or preferred debt.

- (3) In computing for the purposes of any provision referred to in subsection (2)(b) the aggregate amount payable in priority to other creditors of the employer in respect of—
  - (a) any claim of the Department to be so paid by virtue of subsection (2); and
  - (b) any claim by the persons competent to act in respect of the scheme,
 any claim falling within paragraph (a) shall be treated as if it were a claim of those persons; but the Department shall be entitled, as against those persons, to be so paid in respect of any such claim of the Department (up to the full amount of the claim) before any payment is made to them in respect of any claim falling within paragraph (b).

**Textual Amendments**

- F14** Words in s. 123(2)(b) inserted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 145(2)** (with art. 10)
- F15** Words in s. 123(2)(b) omitted (6.4.2008) by virtue of [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 195(2)** (with arts. 6, 11, 12)

**Marginal Citations**

- M5** [S.I. 1989/2405 \(N.I. 19\)](#).

## CHAPTER III

### PRIORITY IN BANKRUPTCY

#### 124 Priority in bankruptcy, etc.

Schedule 3 shall have effect for affording priority in cases of insolvency to liabilities in respect of contributions to occupational pension schemes and in respect of state scheme premiums.

**Status:**

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