

## 1977 No. 214

## INSURANCE

**Insurance Companies (Accounts and Forms) (Amendment) Regulations  
(Northern Ireland) 1977**

*Made* . . . . . 25th July 1977

*Coming into operation* . . . . . 3rd October 1977

The Department(a) of Commerce, in exercise of the powers conferred upon it by Articles 17, 20, 21, 55 and 93 of the Insurance Companies (Northern Ireland) Order 1976(b) and of every other power enabling it in that behalf, hereby makes the following regulations:

*Citation and commencement*

1. These regulations may be cited as the Insurance Companies (Accounts and Forms) (Amendment) Regulations (Northern Ireland) 1977 and shall come into operation on 3rd October 1977.

*Interpretation*

2. In these regulations—

“the Order” means the Insurance Companies (Northern Ireland) Order 1976;

“the principal regulations” means the Insurance Companies (Accounts and Forms) Regulations (Northern Ireland) 1969(c);

“the Valuation Regulations 1977” means the Insurance Companies (Valuation of Assets) Regulations (Northern Ireland) 1977(d).

*Application*

3. These regulations apply to the accounts of every insurance company to which the principal regulations apply, being accounts prepared in respect of any financial year of the company ending on or after 31st December 1977.

*Amendment of regulation 4 of the principal regulations*

4. Paragraph (1) of regulation 4 of the principal regulations is amended by inserting therein:

(a) after the definition of “the Act of 1960”, the following definition—  
““the Order” means the Insurance Companies (Northern Ireland) Order 1976;”;

(b) after the definition of “unit trust scheme”, the following definition—  
““the Valuation Regulations 1977” means the Insurance Companies (Valuation of Assets) Regulations (Northern Ireland) 1977;”.

(a) Formerly Ministry; see 1973 c. 36 s. 40 and Sch. 5 para. 8(1)

(b) S.I. 1976/59 (N.I. 3) [brought into operation by S.R. 1976 No. 56 (C. 2)]

(c) S.R. & O. (N.I.) 1969 No. 242 (p. 1071)

(d) S.R. 1977 No. 72

*Amendment of regulation 7 of the principal regulations***5. Regulation 7 of the principal regulations is amended—**

- (a) in paragraph (1), by substituting for the words “The accounts” the words “Subject to paragraph (3), the accounts”, and by deleting the proviso thereto;
- (b) in paragraph (2)(i), by inserting immediately after “December 1969,” the words “and in the case of any balance sheet heading (or heading in a statement or report annexed) relating to assets other than the heading in the balance sheet which shows the total assets,”;
- (c) by inserting at the end thereof the following paragraphs—

“(3) The value of every asset of the company shall be determined in accordance with the Valuation Regulations 1977 and, save as otherwise provided in these regulations—

- (a) there shall be left out of account for the purposes of these regulations—
  - (i) any asset to which the Valuation Regulations 1977 do not apply by virtue of regulation 3(2) thereof, and
  - (ii) any asset which is required to be left out of account for the purposes for which the Valuation Regulations 1977 apply; and
- (b) subject to paragraph (4), the value of any asset which is required to be taken into account only to a specified extent under the Valuation Regulations 1977 shall be taken into account for the purposes of these regulations only to the extent so specified;

and any reference in these regulations to the value or the amount of any asset of a company shall, unless the context otherwise requires, be construed as a reference to the value or (as the case may be) the amount of the asset as determined in accordance with this paragraph:

Provided that nothing in this paragraph shall apply in relation to the value or amount of any asset to be shown for the purposes of, or in any form in, Schedules 2 to 5.

(4) Where the company carries on long-term business but does not carry on general business and has assets which are not long-term business assets within the meaning of the Valuation Regulations 1977, sub-paragraph (3)(b) shall not apply to those assets for the purposes of the application of these Regulations to the company.”

*Amendment of regulation 8 of the principal regulations***6. Regulation 8 of the principal regulations is amended—**

- (a) by substituting for the words which appear after “a certificate signed” and before the words “and such certificate shall state—”, the words “by the persons specified in Article 22(3)(a) of the Order.”;
- (b) in paragraph (a)—
  - (i) by inserting after the words “company’s assets” the words “(including any asset referred to in regulation 7(3)(a)(i))”; and
  - (ii) by substituting for all the words which appear after the words “balance sheet” the words “and that such value has been determined in accordance with the Valuation Regulations 1977 or otherwise determined in the case of assets to which those regulations do not apply by virtue of regulation 3(2) thereof.”;

- (c) in paragraph (b), by substituting for the words "market values" and "market value" wherever they appear therein, the words "values, as determined in accordance with the Valuation Regulations 1977 or otherwise determined in the case of assets to which those regulations do not apply by virtue of regulation 3(2) thereof,";
- (d) in paragraph (c)(iii), by inserting after the words "company's assets" the words "(including any asset referred to in regulation 7(3)(a)(i))".

*Amendment of regulation 11 of the principal regulations*

7. Regulation 11 of the principal regulations is amended by substituting for all the words which appear after the words "signing the certificate" the words "the provisions of Article 27 (and, where applicable, of any regulations made thereunder) and of Article 28 of the Order, have been complied with."

*Amendment of Schedule 1 to the principal regulations*

8. Schedule 1 to the principal regulations is amended by renumbering paragraph 1 as paragraph 1(1) thereof and by inserting at the end thereof the following sub-paragraph—

"(2) Notwithstanding the provisions of regulation 4, the words and expressions used in this Schedule shall, unless the context otherwise requires, have the meanings assigned to them in the Valuation Regulations 1977."

9. Part I of Schedule 1 to the principal regulations is amended—

(a) by substituting for paragraph 3 the following paragraph—

"3. Where the amount of any liabilities shown in the balance sheet or in any statement or report annexed thereto includes an amount of indebtedness of the company (whether on account of a loan or otherwise) to any dependent, in showing the amount of those liabilities such part of that amount as represents indebtedness to dependents shall be separately distinguished.";

(b) by deleting paragraph 5;

(c) by substituting for sub-paragraph (1) of paragraph 10 the following sub-paragraph—

"(1) There shall be shown in tabular form in a statement or report annexed to the balance sheet the value of each of the following assets—

(a) land;

(b) fixed interest securities issued by, or guaranteed by, any government or public authority;

(c) other fixed interest securities (including debenture options) except those in dependents (which must be included under paragraphs (f) and/or (g)) in the following categories—

(i) quoted,

(ii) unquoted debentures,

(iii) other unquoted;

(d) equity shares (including share options) except those in dependents (which must be included under paragraphs (f) and/or (g)) in the following categories—

(i) quoted,

(ii) unquoted;

- (e) holdings in unit trust schemes authorised for the purposes of the Prevention of Fraud (Investments) Act (Northern Ireland) 1940(e) or the Prevention of Fraud (Investments) Act 1958(f);
- (f) investment in dependents which are insurance companies:
  - (i) value of any shares held,
  - (ii) debts, other than amounts which fall to be included under paragraph (k);
- (g) investment in dependents which are not insurance companies:
  - (i) value of any shares held,
  - (ii) debts, other than amounts which fall to be included under paragraph (k);
- (h) loans secured by policies of insurance issued by the company;
- (i) tax recoveries due from tax authorities;
- (j) local authority and building society deposits and bank deposits and current accounts separated into the following categories—
  - (i) current accounts, amounts on deposit for a fixed term of, or on deposit and withdrawable after giving notice of, 12 months or less after the end of the financial year and certificates of deposit maturing during that period,
  - (ii) amounts on deposit for a fixed term of, or withdrawable only after giving notice of, more than 12 months after the end of the financial year;
- (k) insurance debts, including those due from dependents, being—
  - (i) premium income in respect of direct insurance and facultative reinsurance contracts accepted not yet paid to the company by policyholders and intermediaries less commission payable thereon;
  - (ii) net amounts due from ceding insurers and intermediaries under reinsurance treaties accepted;
  - (iii) net amounts due from reinsurers and intermediaries under reinsurance contracts ceded;
  - (iv) recoveries due by way of salvage or from other insurers in respect of claims paid, other than recoveries under reinsurance contracts ceded;
- (l) debts, other than those which fall under other headings of this sub-paragraph classified as follows—
  - (i) due in 12 months or less from the end of the financial year, or which would become due if the company exercised any right to require repayment within that period,
  - (ii) other debts;
- (m) shares in building societies and industrial and provident societies;
- (n) cash;
- (o) other assets—
  - (i) computer equipment;
  - (ii) other office machinery, furniture, motor vehicles and other equipment;

- (iii) life interests, reversionary interests and other interests of the kind described in regulation 13 of the Valuation Regulations 1977;
- (iv) liability of the company's shareholders to pay amounts on uncalled capital (within the limits allowed by regulation 9 of the Valuation Regulations 1977);
- (p) total of those linked assets to which the Valuation Regulations 1977 do not apply by virtue of regulation 3(2) thereof:
  - (i) linked assets in internal linked funds;
  - (ii) other linked assets;
- (q) aggregate of (i) assets valued in accordance with the Valuation Regulations 1977 (ie the total of paragraphs (a) to (o)), and (ii) the assets at paragraph (p).";
- (d) in sub-paragraph (2) of paragraph 10, by substituting for all the words which appear immediately before the words "maintains any separate long-term business" the words "Where a company, which at anytime in the financial year carried on long-term business,";
- (e) by deleting sub-paragraph (3) of paragraph 10.

*Amendment of Part II of Schedule 1 to the principal regulations*

10. Part II of Schedule 1 to the principal regulations is amended—

- (a) by substituting for sub-paragraphs (c), (d) and (e) of paragraph 11(1) the following sub-paragraphs—
  - "(c) the amounts due to policyholders and intermediaries in respect of direct insurance and facultative reinsurance contracts accepted, excluding those which fall to be included in paragraph 11(1)(a) and (b), or in paragraphs 14(1)(i) or 15(a) and (b);
  - (d) net amounts due to ceding insurers and intermediaries under reinsurance treaties accepted excluding those which fall to be included in paragraph 11(1)(a) and (b), or in paragraphs 14(1)(i) or 15(a) and (b);
  - (e) net amounts due to reinsurers and intermediaries under reinsurance contracts ceded,";
- (b) by deleting sub-paragraphs (a) to (g) of paragraph 12(1), and by substituting for sub-paragraphs (h) and (i) of that paragraph the following sub-paragraphs—
  - "(h) the amount to be shown under paragraph 10(1)(g);
  - (i) the amount of assets not included in the amount shown at heading (h) classified under appropriate headings.";
- (c) by deleting sub-paragraph (2) of paragraph 12;
- (d) by inserting in paragraph 13 a new sub-paragraph as follows—
  - "(8) The aggregate amount of assets which, by virtue of regulation 15 of the Valuation Regulations 1977, has not been included in the amount shown under paragraph 10(1)(g)."

*Amendment of Part III of Schedule 1 to the principal regulations*

11. Part III of Schedule 1 to the principal regulations is amended by renumbering paragraph 14 as paragraph 14(1) and by inserting at the end thereof the following sub-paragraph—

"(2) Each of the assets and liabilities of a company which, in accordance with the provisions of Article 27 of the Order and (where applicable) of any regulations made under that Article, is attributable to its long-term business shall be shown—

- (a) as separate entries in the statement or report annexed to the balance sheet as required by paragraph 10(1); and
- (b) as separate entries in the balance sheet and any other statement or report annexed thereto."

*Amendment of Part IV of Schedule 1 to the principal regulations*

12. Part IV of Schedule 1 to the principal regulations is amended by substituting for all the words which appear after the words "company's general business" in paragraph 15 and immediately before sub-paragraph (a) thereof, the words "The requirements of paragraph 14(2) shall apply in relation to the company's long-term business and the following amounts in relation to that business shall also be shown under separate headings, that is to say—".

*Amendment of Part V of Schedule 1 to the principal regulations*

13. Part V of Schedule 1 to the principal regulations is amended by substituting for the words "The amount" in paragraph 18, the words "Subject to paragraph 4 of the Notes to Part I of Schedule 2, the amount".

*Amendment of Schedule 2 to the principal regulations*

14. Part I of Schedule 2 to the principal regulations is amended by inserting under the heading "Notes", immediately after paragraph 3, the following paragraphs—

"4. All transactions relating to the company's long-term business must be shown in this Account.

5. Where a company voluntarily chooses to allocate to the long-term business the whole or any part of investment income and/or capital gains (or capital gains less losses not resulting in a negative balance) arising from assets not attributable to its long-term business (which would probably be shown otherwise in the profit and loss account), the amount(s) in question must be shown separately and appropriately described under "Other income" in this Account.

6. *Expenses of Management.* Those relating to the long-term business must be shown in this Account (item 8). Those relating to the company's general business or other business cannot, by virtue of Article 28(1) of the Insurance Companies (Northern Ireland) Order 1976, be paid out of the long-term funds and must therefore be shown in the general business revenue account or the profit and loss account. Where the company acts as in paragraph 5, it cannot by virtue of Article 28(1) meet the management expenses associated with amounts voluntarily allocated (as referred to in paragraph 5) from the long-term funds. Such an arrangement could only be effected by showing both such income and the related expenses in the profit and loss account and transferring the balance of the income to this Account."

Sealed with the Official Seal of the Department of Commerce for Northern Ireland on 25th July 1977.

(L.S.)

W. T. McCrory  
Assistant Secretary

## EXPLANATORY NOTE

*(This note is not part of the regulations but is intended to indicate their general purport.)*

These regulations amend the Insurance Companies (Accounts and Forms) Regulations (Northern Ireland) 1969 to require insurance companies to reflect in accounts submitted thereunder, in respect of financial years ending on or after 31st December 1977, the value of their assets. Their value is to be determined in accordance with the Insurance Companies (Valuation of Assets) Regulations (Northern Ireland) 1977. The regulations also require the identification in accordance with the provisions of the Insurance Companies (Northern Ireland) Order 1976 [which was brought into operation on 19th April 1976 (S.R. 1976 No. 56 (C. 2))], of the assets and liabilities of companies attributable to long term business.