

SCHEDULE 3

Rules for valuing life policies and deferred annuity policies which are linked policies

2.—(1) Where the linked liabilities are expressed in terms of units the value of those liabilities shall, subject to paragraph 3, be the amount arrived at by taking the product of the number of units of each class of units allocated to the policy on the liquidation date and the value of each such unit on that date and then adding those products.

(2) For the purposes of sub-paragraph (1)—

- (a) where under the terms of the policy the value of a unit at any time falls to be determined by reference to the value at that time of the assets of a particular fund maintained by the company in relation to that and other policies, the value of a unit on the liquidation date shall be determined by reference to the net realisable value of the assets credited to that fund on that date (after taking account of disposal costs, any tax liabilities resulting from the disposal of assets insofar as they have not already been provided for by the company and any other amounts which under the terms of those policies are chargeable to the fund), and
- (b) in any other case, the value of a unit on the liquidation date shall be the value which would have been ascribed to each unit credited to the policy holder, after any deductions which may be made under the terms of the policy, for the purpose of determining the benefits payable under the policy on the liquidation date had the policy matured on that date.