
DRAFT STATUTORY INSTRUMENTS

2005 No.

The Pensions (Northern Ireland) Order 2005

PART III

THE BOARD OF THE PENSION PROTECTION FUND

CHAPTER 3

PENSION PROTECTION

Assumption of responsibility for a scheme

Effect of Board assuming responsibility for a scheme

145.—(1) Where a transfer notice is given to the trustees or managers of an eligible scheme, the Board assumes responsibility for the scheme in accordance with this Chapter.

(2) The effect of the Board assuming responsibility for a scheme is that—

- (a) the property, rights and liabilities of the scheme are transferred to the Board, without further assurance, with effect from the time the trustees or managers receive the transfer notice,
- (b) the trustees or managers of the scheme are discharged from their pension obligations from that time, and
- (c) from that time the Board is responsible for securing that compensation is (and has been) paid in accordance with the pension compensation provisions,

and, accordingly, the scheme is to be treated as having been wound up immediately after that time.

(3) In paragraph (2)(a) the reference to liabilities of the scheme does not include any liability to, or in respect of, any member of the scheme, other than—

- (a) liabilities in respect of money purchase benefits, and
- (b) such other liabilities as may be prescribed.

(4) In paragraph (2)(b) “pension obligations” in relation to the trustees or managers of the scheme means—

- (a) their obligations to provide pensions or other benefits to or in respect of persons (including any obligation to provide guaranteed minimum pensions within the meaning of the Pension Schemes Act), and
- (b) their obligations to administer the scheme in accordance with the scheme rules and this or any other statutory provision.

(5) Schedule 5 makes provision in respect of the transfer of the property, rights and liabilities of a scheme under paragraph (2)(a).

(6) Regulations may make further provision regarding such transfers.

(7) Without prejudice to the generality of paragraph (6), regulations may authorise the Board to modify a term of a relevant contract of insurance if—

- (a) any rights or liabilities under the contract are transferred to the Board by virtue of paragraph (2)(a), and
- (b) as a result of the transfer, the Board is required, by reason of that term, to pay a specified amount or specified amounts to a specified person who, immediately before the time mentioned in paragraph (2)(a), was a member of the scheme or a person entitled to benefits in respect of such a member.

(8) In paragraph (7)—

“relevant contract of insurance” means a contract of insurance which—

- (a) is entered into with a view to securing the whole or part of the scheme’s liability for—
 - (i) any pension or other benefit payable to or in respect of one particular person whose entitlement to payment of a pension or other benefit has arisen, and
 - (ii) any benefit which will be payable in respect of that person on his death, and
- (b) is a contract—
 - (i) which may not be surrendered, or
 - (ii) in respect of which the amount payable on surrender does not exceed the liability secured;

“specified” means specified in, or determined in accordance with, the contract of insurance.