

## SCHEDULE 3

### INSURANCE COMPANIES: COMPANIES ACT INDIVIDUAL ACCOUNTS

#### PART 2

#### ACCOUNTING PRINCIPLES AND RULES

#### SECTION C

#### VALUATION AT FAIR VALUE

##### **Inclusion of financial instruments at fair value**

**30.**—(1) Subject to sub-paragraphs (2) to (5), financial instruments (including derivatives) may be included at fair value.

(2) Sub-paragraph (1) does not apply to financial instruments that constitute liabilities unless—

- (a) they are held as part of a trading portfolio,
- (b) they are derivatives, or
- (c) they are financial instruments falling within paragraph (4).

(3) Except where they fall within paragraph (4), or fall to be included under assets item D (assets held to cover linked liabilities), sub-paragraph (1) does not apply to—

- (a) financial instruments (other than derivatives) held to maturity,
- (b) loans and receivables originated by the company and not held for trading purposes,
- (c) interests in subsidiary undertakings, associated undertakings and joint ventures,
- (d) equity instruments issued by the company,
- (e) contracts for contingent consideration in a business combination, or
- (f) other financial instruments with such special characteristics that the instruments, according to generally accepted accounting principles or practice, should be accounted for differently from other financial instruments.

(4) Financial instruments that, under international accounting standards adopted by the European Commission on or before 5th September 2006 in accordance with the IAS Regulation, may be included in accounts at fair value, may be so included, provided that the disclosures required by such accounting standards are made.

(5) If the fair value of a financial instrument cannot be determined reliably in accordance with paragraph 31, sub-paragraph (1) does not apply to that financial instrument.

(6) In this paragraph—

“associated undertaking” has the meaning given by paragraph 19 of Schedule 6 to these Regulations; and

“joint venture” has the meaning given by paragraph 18 of that Schedule.