



Insurance Companies Act 1974

1974 CHAPTER 49

PART II

REGULATION OF INSURANCE COMPANIES

Assets and liabilities attributable to long term business

24 Application of assets of company with long term business

- (1) Subject to subsections (2) and (3) and section 47(3) below, the assets representing the fund or funds maintained by an insurance company in respect of its long term business shall be applicable only for the purposes of that business.
- (2) Where the value of the assets mentioned in subsection (1) above is shown, by an investigation to which section 14 above applies or which is made in pursuance of a requirement imposed under section 34 below, to exceed the amount of the liabilities attributable to the company's long term business the restriction imposed by that subsection shall not apply to so much of those assets as represents the excess.
- (3) Nothing in subsection (1) above shall preclude an insurance company from exchanging, at fair market value, assets representing a fund maintained by the company in respect of its long term business for other assets of the company.
- (4) Any mortgage or charge (including a charge imposed by a court on the application of a judgment creditor and, in Scotland, a charge imposed by way of diligence) shall be void to the extent to which it contravenes subsection (1) above.
- (5) For the avoidance of doubt it is hereby declared that money from a fund maintained by a company in respect of its long term business may not be used for the purposes of any other business of the company notwithstanding any arrangement for its subsequent repayment out of the receipts of that other business.
- (6) No insurance company to which this Part of this Act applies, and no company of which any such insurance company is a subsidiary, shall declare a dividend at any time when the value of the assets representing the fund or funds maintained by the insurance

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company in respect of its long term business, as determined in accordance with any applicable valuation regulations, is less than the amount of the liabilities attributable to that business as so determined.