



# Policyholders Protection Act 1975

## 1975 CHAPTER 75

*Levies on the insurance industry to finance the performance by the Board of their functions*

### **21 Levies on authorised insurance companies**

- (1) Subject to the following provisions of this section and to Schedule 3 to this Act, the Board may from time to time, for the purpose of financing general business expenditure, impose a levy on authorised insurance companies carrying on general business in the United Kingdom (hereafter in this Act referred to as a "general business levy").
- (2) Subject to the following provisions of this section and to Schedule 3 to this Act, the Board may from time to time, for the purpose of financing long term business expenditure, impose a levy on authorised insurance companies carrying on long term business in the United Kingdom (hereafter in this Act referred to as a "long term business levy").
- (3) The amount each insurance company may be required to pay under general business levies imposed in any financial year shall be calculated by reference to the net premium income of the company for the year ending last before the beginning of that financial year in respect of general policies which were United Kingdom policies at the relevant time; and any such income is hereafter in this Act referred to, in relation to any company, as income of the company for the year in question which is income liable to the general business levy.
- (4) The amount each insurance company may be required to pay under long term business levies imposed in any financial year shall be calculated by reference to the net premium income of the company for the year ending last before the beginning of that financial year in respect of long term policies effected after 31st December 1974 which were United Kingdom policies at the relevant time; and any such income is hereafter in this Act referred to, in relation to any company, as income of the company for the year in question which is income liable to the long term business levy.
- (5) In subsections (3) and (4) above, the net premium income of a company for any year in respect of policies of any description which were United Kingdom policies at the relevant time means the gross amounts recorded in the company's accounts during

that year as paid or due to the company by way of premiums under policies of that description which were United Kingdom policies at the time when the amounts in question were so recorded, less any amounts deductible for that year in respect of policies of that description in accordance with subsection (6) or (7) below.

- (6) In calculating a company's net premium income for any year in respect of policies of any description, any rebates or refunds recorded in the company's accounts during that year as allowed or given in respect of any amounts so recorded during that or any previous year as paid or due to the company by way of premiums under policies of that description which were United Kingdom policies at the time when the rebates or refunds were so recorded shall be deductible.
- (7) In calculating a company's net premium income for any year in respect of general policies, any sums recorded in the company's accounts during that year as paid by or due from the company by way of premiums for reinsuring its liabilities towards policyholders under general policies which were United Kingdom policies at the time when the sums in question were so recorded shall be deductible.
- (8) The proceeds of general business levies may be applied by the Board only on general business expenditure, and the proceeds of long term business levies may be applied by the Board only on long term business expenditure.
- (9) Schedule 3 to this Act shall have effect with respect to the imposition and enforcement of general business levies and long term business levies and the other matters there mentioned.