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*Status: Point in time view as at 19/03/1997.*

*Changes to legislation: There are currently no known outstanding effects for the Policyholders Protection Act 1997 (repealed). (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 1

Section 1.

#### SECTION 1: CONSEQUENTIAL AMENDMENTS

- 1 The 1975 Act shall be amended as follows.
- 2 In section 5(1) and (4), for “authorised insurance company” there shall be substituted “insurance company to which this Act applies”.
- 3 In section 6(2), for “authorised insurance company” there shall be substituted “insurance company to which this Act applies”.
- 4 In section 9(1), for “authorised insurance company” there shall be substituted “insurance company to which this Act applies”.
- 5 In section 11(5), for “authorised insurance company”, in both places, there shall be substituted “insurance company to which this Act applies”.
- 6 In section 15(1), for “authorised insurance company” there shall be substituted “insurance company to which this Act applies”.
- 7 (1) Section 16 shall be amended as follows.
  - (2) In subsection (1), for “authorised insurance company” there shall be substituted “insurance company to which this Act applies”.
  - (3) In subsection (3), for “authorised insurance company” there shall be substituted “insurance company to which this Act applies”.
- 8 In section 23(1), for “authorised insurance company” there shall be substituted “insurance company to which this Act applies”.
- 9 In section 26(1), for “authorised insurance company” there shall be substituted “insurance company to which this Act applies”.
- 10 In section 32, after subsection (1) there shall be inserted—

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“(1A) In this Act, references to an insurance company to which this Act applies shall be construed in accordance with section 3(2) above.”

- 11 (1) In Schedule 1, paragraph 1 shall be amended as follows.
- (2) In sub-paragraph (2), for “authorised insurance companies”, in both places, there shall be substituted “ insurance companies to which this Act applies ”.
- (3) In sub-paragraph (4), for “authorised insurance company” there shall be substituted “ insurance company to which this Act applies ”.
- (4) In sub-paragraph (5)—
- (a) for “authorised insurance companies” there shall be substituted “ insurance companies to which this Act applies ”, and
- (b) for “authorised insurance company” there shall be substituted “ insurance company to which this Act applies ”.

## SCHEDULE 2

Section 2.

### SECTION 2: CONSEQUENTIAL AMENDMENTS

- 1 The 1975 Act shall be amended as follows.
- 2 (1) Section 6 shall be amended as follows.
- (2) In subsection (6), for “subsection (8)” there shall be substituted “ subsections (8) and (8A) ”.
- (3) In subsection (8)—
- (a) in paragraph (a), for “was a United Kingdom policy at the beginning of the liquidation” there shall be substituted “ is a qualifying policy ”, and
- (b) in paragraph (b), for “United Kingdom policy at the beginning of the liquidation” there shall be substituted “ qualifying policy ”.
- (4) After that subsection there shall be inserted—
- “(8A) The duty of the Board under subsection (6) above shall not apply unless the liability is in respect of a protected risk.”
- (5) In subsection (9)—
- (a) for “were United Kingdom policies at any time” there shall be substituted “ are qualifying policies ”, and
- (b) in paragraph (a), for “United Kingdom policies at the time in question” there shall be substituted “ qualifying policies ”.
- 3 (1) Section 8 shall be amended as follows.
- (2) In subsection (2)—

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- (a) after “14” there shall be inserted “ and subsection (2A) ”, and
    - (b) for the words “was a United Kingdom policy at the beginning of the liquidation” there shall be substituted “ is a qualifying policy ”.
  - (3) After that subsection there shall be inserted—
    - “(2A) The duty of the Board under subsection (2) above shall not apply unless the liability is in respect of a protected risk.”
- 4
- (1) Section 9 shall be amended as follows.
    - (2) In subsection (1), for “was a United Kingdom policy at the beginning of the liquidation” there shall be substituted “ is a qualifying policy ”.
    - (3) In subsection (2), for “was a United Kingdom policy at the beginning of the first-mentioned company’s liquidation” there shall be substituted “ is a qualifying policy ”.
- 5
- (1) Section 10 shall be amended as follows.
    - (2) In subsection (2)—
      - (a) after “14” there shall be inserted “ and subsection (2A) ”, and
      - (b) for “was a United Kingdom policy at the beginning of the liquidation” there shall be substituted “ is a qualifying policy ”.
    - (3) After that subsection there shall be inserted—
      - “(2A) The duty of the Board under subsection (2) above shall not apply unless the liability is in respect of a protected commitment.”
- 6
- (1) Section 11 shall be amended as follows.
    - (2) In subsection (3)—
      - (a) after “14” there shall be inserted “ and subsection (3A) ”, and
      - (b) for “was a United Kingdom policy at the beginning of the liquidation” there shall be substituted “ is a qualifying policy ”.
    - (3) After that subsection there shall be inserted—
      - “(3A) The duty of the Board under subsection (3) above shall not apply in relation to a commitment which is not a protected commitment.”
- 7
- (1) Section 12 shall be amended as follows.
    - (2) In subsection (1)—
      - (a) at the beginning there shall be inserted “ Subject to subsection (1A) below, ”, and
      - (b) for “was a United Kingdom policy at the beginning of the liquidation” there shall be substituted “ is a qualifying policy ”.
    - (3) After that subsection there shall be inserted—

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“(1A) The duty of the Board under subsection (1) above shall not apply if the policy does not relate to a protected commitment.”

- 8 (1) Section 15 shall be amended as follows.
- (2) In subsection (2), for paragraphs (a) and (b) there shall be substituted “if he is a policyholder in respect of a general policy or a long term policy of a company in liquidation or provisional liquidation which—
- (a) is a qualifying policy, and
- (b) relates to the insurance of a protected risk or commitment.”
- (3) In subsection (3), after “may” there shall be inserted “, in relation to the insurance of a protected risk or commitment ”.
- 9 (1) Section 16 shall be amended as follows.
- (2) In subsection (2), after “arising” there shall be inserted “ in relation to matters by virtue of which they are such persons ”.
- (3) In subsection (9), for “was a United Kingdom policy at the relevant time” there shall be substituted “ is a qualifying policy and insures a protected risk or commitment ”.
- (4) In subsection (9A), for “United Kingdom policy at the relevant time” there shall be substituted “ qualifying policy ”.
- 10 (1) Section 17 shall be amended as follows.
- (2) In subsection (4)—
- (a) at the beginning there shall be inserted “ Subject to subsection (4A) below, ”, and
- (b) for “was a United Kingdom policy at the relevant time as defined by section 16(6) above” there shall be substituted “ is a qualifying policy ”.
- (3) After that subsection there shall be inserted—
- “(4A) The duty of the Board under subsection (4) above shall not apply if the policy does not relate to a protected commitment.”
- 11 In section 32(1), after the definition of the expression “long term policy” there shall be inserted—
- ““protected commitment” and “protected risk” have the meanings given by section 4(3) above;
- “qualifying policy” has the meaning given by section 4(2) above;”.

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## SCHEDULE 3

Section 6.

### SECTION 6: CONSEQUENTIAL AMENDMENTS

- 1 The 1975 Act shall be amended as follows.
- 2 In section 1(2), after paragraph (a) there shall be inserted—  
“(za) to comply with any directions under section 17A below; and”.
- 3 In section 18(3)(a), for “or 16” there shall be substituted “, 16 or 17A ”.
- 4 (1) Section 28 shall be amended as follows.
- (2) In subsection (1)—
- (a) after paragraph (b) there shall be inserted “; or
- (c) which is a company in financial difficulties within the meaning of section 16 above in relation to which the Board have taken any measures in pursuance of a direction under section 17A above;”, and
- (b) after “paragraph (b)” there shall be inserted “ or (c) ”.
- (3) In subsection (2), there shall be inserted at the end “; and
- (c) in a case falling within paragraph (c) of that subsection, the period of six months beginning with the date on which the [F1Treasury][F2receive] written notification from the Board that they have taken measures in relation to the company in question in pursuance of a direction under section 17A above.”
- (4) In subsection (3), after “paragraph (b)” there shall be inserted “ or (c) ”.

#### Textual Amendments

**F1** Words in [Sch. 3 para. 4](#) substituted (5.1.1998) by [S.I. 1997/2781, art. 8, Sch. Pt. II para. 127](#) (with [art. 7](#))

**F2** Word in [Sch. 3 para. 4](#) substituted (5.1.1998) by [S.I. 1997/2781, art. 8, Sch. Pt. II para. 132](#) (with [art. 7](#))

- 4 (1) Section 28 shall be amended as follows.
- (2) In subsection (1)—
- (a) after paragraph (b) there shall be inserted “; or
- (c) which is a company in financial difficulties within the meaning of section 16 above in relation to which the Board have taken any measures in pursuance of a direction under section 17A above;”, and
- (b) after “paragraph (b)” there shall be inserted “ or (c) ”.
- (3) In subsection (2), there shall be inserted at the end “; and

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- (c) in a case falling within paragraph (c) of that subsection, the period of six months beginning with the date on which the Secretary of State receives written notification from the Board that they have taken measures in relation to the company in question in pursuance of a direction under section 17A above.”

- (4) In subsection (3), after “paragraph (b)” there shall be inserted “ or (c) ”.

## SCHEDULE 4

Section 20.

### FRIENDLY SOCIETIES: CONSEQUENTIAL AMENDMENTS

#### PART I

#### AMENDMENTS OF SCHEDULE 17 TO THE FRIENDLY SOCIETIES ACT 1992

- 1 In paragraph 1(1), in the inserted section 1(2)(aa), for sub-paragraph (i) there shall be substituted—
- “(i) members of friendly societies who have entered into contracts of insurance with societies of which they are members;”.
- 2 For paragraph 3 there shall be substituted—
- “3 (1) Section 4 (protection confined to insurance under qualifying policies of protected risks or commitments) shall be amended as follows.
- (2) In subsection (2), at the end there shall be inserted , and
- (c) a contract of insurance with a friendly society entered into through an establishment in—
- (i) the United Kingdom,
- (ii) another EEA State, or
- (iii) the Channel Islands or the Isle of Man.
- (3) In subsection (3)—
- (a) in paragraph (a), after “above” there shall be inserted “, or a contract falling within subsection (2)(c)(i) above”,
- (b) in paragraph (b), after “above” there shall be inserted “, or a contract falling within subsection (2)(c)(ii) above”, and
- (c) in paragraph (c), after “above” there shall be inserted “or a contract falling within subsection (2)(c)(iii) above”.”
- 3 (1) Paragraph 6 shall be amended as follows.

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- (2) In sub-paragraph (1), in the words inserted in subsection (1) of section 8 of the 1975 Act, for “authorised insurance company” there shall be substituted “ insurance company to which this Act applies ”.
- (3) In sub-paragraph (2), in the words inserted in subsection (4) of that section, for “authorised insurance companies” there shall be substituted “ insurance companies which are not friendly societies ”.
- 4 (1) In paragraph 7, the inserted section 8A shall be amended as follows.
- (2) The existing provision shall become subsection (1) and, in that subsection—
- (a) after “14” there shall be inserted “ and subsection (2) ”, and
- (b) for “was a United Kingdom policy at the beginning of the liquidation” there shall be substituted “ is a qualifying policy ”.
- (3) After that subsection there shall be inserted—
- “(2) The duty of the Board under subsection (1) above shall only apply if the liability is in respect of a protected risk”.
- 5 In paragraph 9—
- (a) for “subsection (3)” there shall be substituted “ subsection (3A) ”,
- (b) the subsection inserted in section 11 of the 1975 Act shall be renumbered “(3B)” and, in that subsection, for paragraph (b) there shall be substituted—
- “(b) in subsection (5)(b) below, with the insertion after the words “this Act applies” of the words “or authorised friendly society”,”, and
- (c) at the end there shall be inserted “ and in subsection (5)(a) for “another” there shall be substituted “an” .
- 6 In paragraph 11, in the subsection inserted in section 16 of the 1975 Act, after paragraph (a) there shall be inserted—
- “(aa) with, in subsection (3), the substitution for “another” of “an”.”.
- 7 For paragraph 16 there shall be substituted—
- “16 In section 25 (application of surplus funds by the Board), in subsection (1), after the word “applies”, there shall be inserted “and to qualifying friendly societies carrying on business in the United Kingdom”.”
- 8 (1) Paragraph 18 shall be amended as follows.
- (2) For sub-paragraph (3) there shall be substituted—
- “(3) In subsection (2), for “subsection (2ZA)” there shall be substituted “subsections (2ZA) to (2ZC)”.”

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- (3) In sub-paragraph (4)—
- (a) for “subsection (2)” there shall be substituted “ subsection (2ZA) ”, and
  - (b) the subsections inserted in section 32 of the 1975 Act shall be renumbered “ (2ZB) ” and “ (2ZC) ” respectively.
- (4) After that sub-paragraph there shall be inserted—
- “(4A) In subsection (2A), in paragraph (c)—
- (a) after “policies” there shall be inserted “, or contracts,”, and
  - (b) at the end there shall be inserted “, or entered into the contract”.
- (4B) In subsection (2B), after “policy”, in both places, there shall be inserted “or contract”.”

## PART II

### APPLICATION OF THE 1975 ACT TO EXISTING CONTRACTS

- 9 For section 4 there shall be substituted—
- “4 Protection confined to United Kingdom policies.**
- (1) A policyholder is eligible for the assistance or protection of the Board in accordance with any provision of sections 8A to 16 below only in respect of a policy of insurance which was a United Kingdom policy for the purposes of this Act at the material time for the purposes of the provision in question.
  - (2) A contract of insurance with a friendly society is a United Kingdom policy for the purposes of this Act at any time when the performance by the society of any of its obligations under the contract would constitute the carrying on by the society in the United Kingdom of insurance business of any class.”
- 10 In section 8A—
- (a) in subsection (1)—
    - (i) the words “and subsection (2)” shall be omitted, and
    - (ii) for “is a qualifying policy” there shall be substituted “ was a United Kingdom policy at the beginning of the liquidation ”, and
  - (b) subsection (2) shall be omitted.
- 11 In section 10—
- (a) in subsection (2)—
    - (i) the words “and subsection (2A)” shall be omitted, and
    - (ii) for “is a qualifying policy” there shall be substituted “ was a United Kingdom policy at the beginning of the liquidation ”, and
  - (b) subsection (2A) shall be omitted.



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- 12 In section 11—
- (a) in subsection (3)—
    - (i) the words “and subsection (3A)” shall be omitted, and
    - (ii) for “is a qualifying policy” there shall be substituted “ was a United Kingdom policy at the beginning of the liquidation ”, and
  - (b) subsection (3A) shall be omitted.
- 13 In section 12—
- (a) in subsection (1)—
    - (i) the words “Subject to subsection (1A) below,” shall be omitted, and
    - (ii) for “is a qualifying policy” there shall be substituted “ was a United Kingdom policy at the beginning of the liquidation ”, and
  - (b) subsection (1A) shall be omitted.
- 14 In section 15—
- (a) in subsection (2), for the words from “if” to the end there shall be substituted—
    - “(a) if he is a policyholder in respect of a general policy or a long term policy of a company in liquidation which was a United Kingdom policy at the beginning of the liquidation; or
    - (b) if he is a policyholder in respect of a general policy or a long term policy of a company in provisional liquidation which was a United Kingdom policy at the time when the provisional liquidator was appointed.”, and
  - (b) in subsection (3), the words “, in relation to the insurance of a protected risk or commitment” shall be omitted.
- 15 In section 16—
- (a) in subsection (6), after “In this subsection” there shall be inserted “ and in the following provisions of this section ”, and
  - (b) in subsection (9), for “is a qualifying policy and insures a protected risk or commitment” there shall be substituted “ was a United Kingdom policy at the relevant time ”.
- 16 In section 17—
- (a) in subsection (4)—
    - (i) the words “Subject to subsection (4A) below,” shall be omitted, and
    - (ii) for “is a qualifying policy” there shall be substituted “ was a United Kingdom policy at the relevant time as defined by section 16(6) above ”, and
  - (b) subsection (4A) shall be omitted.

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- 17 In section 21, subsection (9A) shall be omitted.
- 18 In section 32(1), at the end there shall be inserted “ and references to United Kingdom policies shall be construed in accordance with section 4 above ”.

## SCHEDULE 5

Section 22.

## REPEALS

Chapter	Short title	Extent of repeal
1975 c. 75.	The Policyholders Protection Act 1975.	<p>In section 1(2), in paragraph (a), the words “carrying on business in the United Kingdom”, and, in paragraph (b), the words “in the United Kingdom”.</p> <p>In section 16(6), the words “and in the following provisions of this section”.</p> <p>In section 21, in subsection (2B), the definition of the expression “EC company”, in subsection (3), the words from “in respect of” to “relevant time”, in subsection (3B), paragraph (a), and the word “and” at the end of that paragraph, in paragraph (b), the words “other than the United Kingdom”, in subsection (4), the words from “in respect of” to “relevant time”, in subsection (4B), paragraph (a), and the word “and” at the end of that paragraph, and, in paragraph (b), the words “other than the United Kingdom”, and subsections (5) to (7) and (9A).</p> <p>In section 32(1), the definition of the expression “authorised insurance company”, and the words</p>

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		from “and references” to the end.
		In Schedule 3, in paragraph 6(1) and (2), the words “authorised insurance”, and, in paragraph 8, the words “in the United Kingdom”.
1980 c. 25.	The Insurance Companies Act 1980.	In Schedule 3, paragraph 9.
1981 c. 31.	The Insurance Companies Act 1981.	In Schedule 4, paragraph 25(2).
1982 c. 50.	The Insurance Companies Act 1982.	In Schedule 5, paragraph 16(a).
1992 c. 40.	The Friendly Societies Act 1992.	In Schedule 17, paragraph 15 and, in paragraph 18(2), the definition of “authorised friendly society”.

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