



Policyholders Protection Act 1997

1997 CHAPTER 18

Levies on insurance companies

7 Extension of levies

- (1) Section 21 of the 1975 Act (power to impose levies) shall be amended as set out in subsections (2) to (9) below.
- (2) In subsection (1) (general business levy), for the words from “authorised” to “United Kingdom” there shall be substituted “insurance companies to which this Act applies which are—
 - (a) carrying on general business in the United Kingdom, or
 - (b) providing general insurance in United Kingdom,”.
- (3) In subsection (2) (long term business levy), for the words from “authorised” to “United Kingdom” there shall be substituted “insurance companies to which this Act applies which are—
 - (a) carrying on long term business in the United Kingdom, or
 - (b) providing long term insurance in United Kingdom,”.
- (4) In subsection (3) (income by reference to which general business levy calculated)—
 - (a) for “net premium income” there shall be substituted “relevant net premium income”, and
 - (b) the words from “in respect of” to “relevant time” shall be omitted.
- (5) After that subsection there shall be inserted—

“(3A) In the case of a company falling within subsection (1)(a) above which is authorised under section 3 or 4 of the Insurance Companies Act 1982, the reference in subsection (3) above to relevant net premium income is to the net premium income of the company in respect of—
 - (a) general policies which were United Kingdom policies at the relevant time,

- (b) the insurance through an establishment in the Channel Islands or the Isle of Man, under general policies, of risks situated in the United Kingdom, the Channel Islands or the Isle of Man, and
 - (c) the insurance through an establishment in an EEA State other than the United Kingdom, under general policies, of risks situated in the United Kingdom.
- (3B) In the case of a company falling within subsection (1)(a) above which is not authorised under section 3 or 4 of the Insurance Companies Act 1982, the reference in subsection (3) above to relevant net premium income is to the net premium income of the company in respect of—
 - (a) general policies which were United Kingdom policies at the relevant time, and
 - (b) the insurance through an establishment in an EEA State other than the United Kingdom, under general policies, of risks situated in the United Kingdom.
- (3C) In the case of a company falling within subsection (1)(b) above, other than a company to which subsection (3A) or (3B) above applies, the reference in subsection (3) above to relevant net premium income is to the net premium income of the company in respect of the insurance through an establishment in an EEA State other than the United Kingdom, under general policies, of risks situated in the United Kingdom.”
- (6) In subsection (4) (income by reference to which long term business levy calculated)—
 - (a) for “net premium income” there shall be substituted “relevant net premium income”, and
 - (b) the words from “in respect of” to “relevant time” shall be omitted.
- (7) After that subsection there shall be inserted—
 - “(4A) In the case of a company falling within subsection (2)(a) above which is authorised under section 3 or 4 of the Insurance Companies Act 1982, the reference in subsection (4) above to relevant net premium income is to the net premium income of the company in respect of—
 - (a) long term policies effected after 31st December 1974 which were United Kingdom policies at the relevant time,
 - (b) the insurance through an establishment in the Channel Islands or the Isle of Man, under long term policies effected on or after the relevant day, of commitments situated in the United Kingdom, the Channel Islands or the Isle of Man, and
 - (c) the insurance through an establishment in an EEA State other than the United Kingdom, under long term policies effected on or after the relevant day, of commitments situated in the United Kingdom.
 - (4B) In the case of a company falling within subsection (2)(a) above which is not authorised under section 3 or 4 of the Insurance Companies Act 1982, the reference in subsection (4) above to relevant net premium income is to the net premium income of the company in respect of—
 - (a) long term policies effected after 31st December 1974 which were United Kingdom policies at the relevant time, and

- (b) the insurance through an establishment in an EEA State other than the United Kingdom, under long term policies effected on or after the relevant day, of commitments situated in the United Kingdom.
- (4C) In the case of a company falling within subsection (2)(b) above, other than a company to which subsection (4A) or (4B) above applies, the reference in subsection (4) above to relevant net premium income is to the net premium income of the company in respect of the insurance through an establishment in an EEA State other than United Kingdom, under long term policies effected on or after the relevant day, of commitments situated in the United Kingdom.”
- (8) After subsection (7) there shall be inserted—
- “(7A) In this section, references to the net premium income of a company for any year in respect of insurance of any description means the gross amounts recorded in the company’s accounts during that year as paid or due to the company by way of premiums in respect of insurance of that description, less any amounts deductible for that year in respect of insurance of that description in accordance with subsection (7B) below.
- (7B) In calculating a company’s net premium income for any year in respect of insurance 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 in respect of insurance of that description shall be deductible.”
- (9) After subsection (9) there shall be inserted—
- “(9A) For the purposes of this section, a policy of insurance is a United Kingdom policy at any time when the performance by the insurer of any of his obligations under the contract evidenced by the policy would constitute the carrying on by the insurer of insurance business of any class in the United Kingdom.
- (9B) In this section, “relevant day” means the day on which section 7 of the Policyholders Protection Act 1997 came into force.”
- (10) In section 25(1) of the 1975 Act (application of surplus funds by the Board), for “authorised insurance companies carrying on business in the United Kingdom” there shall be substituted “insurance companies to which this Act applies”.
- (11) In Schedule 3 to that Act (additional provisions with respect to levies), in paragraph 4, for “authorised insurance company”, in each place, there shall be substituted “insurance company to which this Act applies”.
- (12) In that Schedule, at the end there shall be inserted—
- “8A (1) The Secretary of State may by regulations made by statutory instrument—
- (a) make provision for the purpose of securing, in relation to a company which at any time—
 - (i) is an insurance company to which this Act applies, and
 - (ii) does not have any business establishment or other fixed establishment in the United Kingdom,that another person is the company’s levy representative at that time, and

Status: This is the original version (as it was originally enacted).

- (b) make provision with respect to the functions of a person who is a company's levy representative under paragraph (a) above.
- (2) Regulations under paragraph (b) of sub-paragraph (1) above may, in particular, impose on a person who is a company's levy representative under paragraph (a) of that sub-paragraph obligations and liabilities relating to the company's obligations and liabilities under this Schedule.
- (3) Regulations under this paragraph may contain such supplementary, incidental and consequential provisions as the Secretary of State thinks fit.
- (4) In sub-paragraph (2) above, references to obligations include obligations enforceable under the criminal law and references to liabilities include criminal penalties."