



Dormant Assets Act 2022

2022 CHAPTER 5

PART 1

THE DORMANT ASSETS SCHEME

Long-term insurance assets

2 Transfer of eligible insurance proceeds to reclaim fund

- (1) This section applies where—
 - (a) an insurance institution transfers to an authorised reclaim fund dormant eligible insurance proceeds owing to a person, and
 - (b) the reclaim fund consents to the transfer.
- (2) On the transfer of the eligible insurance proceeds—
 - (a) a person to whom the proceeds are payable immediately before the transfer ceases to have any right against any insurance institution to payment of the proceeds, but
 - (b) that person acquires against the reclaim fund whatever right to payment of the proceeds the person would have had against the institution if the transfer had not happened.
- (3) In this Act “insurance institution”, in relation to any eligible insurance proceeds, means (subject to subsection (4)) a person who—
 - (a) under Part 4A of FSMA 2000 has permission to perform a regulated activity for the purposes of FSMA 2000 by virtue of article 10(2) of the RAO 2001 (carrying out a contract of insurance as principal),
 - (b) owes the proceeds in the course of, or in connection with, that regulated activity, and
 - (c) has its head office or an establishment in the United Kingdom.
- (4) “Insurance institution” does not include—
 - (a) a mutual insurer, or

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- (b) a person who is specified, or is within a class of persons specified, by an order under section 38 of FSMA 2000 (exemption orders).

3 “Eligible insurance proceeds”

- (1) In this Act “eligible insurance proceeds” are (subject to subsections (2) and (3)) the cash proceeds of a contract of long-term insurance, after the appropriate adjustments have been made for such things as interest due and fees and charges payable.
- (2) A contract is excluded from subsection (1) if it is—
 - (a) a with-profits policy,
 - (b) an industrial assurance policy, or
 - (c) a policy that is the subject of a trust.
- (3) Proceeds of a contract of long-term insurance held in a Lifetime ISA are excluded from subsection (1) if their transfer to an authorised reclaim fund would result in liability to pay a withdrawal charge to HMRC.
- (4) In relation to a time after a transfer has been made as mentioned in section 2(1)(a), the adjustments referred to in subsection (1) above include those that would fall to be made but for the transfer.
- (5) In this section—
 - “contract of long-term insurance” has the meaning given by article 3(1) of the RAO 2001;
 - “industrial assurance policy” has the same meaning as it has in the FCA Handbook as in force when this Act is passed;
 - “with-profits policy” means a contract of insurance which provides benefits through eligibility to participate in discretionary distributions based on profits arising from the insurer’s business or a particular part of its business.

4 Meaning of “dormant” in relation to eligible insurance proceeds

- (1) For the purposes of this Act eligible insurance proceeds are “dormant” at a particular time if any of the following four conditions are met at that time.
- (2) The first condition is that the responsible institution—
 - (a) has been notified that the person in respect of whom the proceeds are payable has died, and
 - (b) is satisfied that there is no person to whom the proceeds are payable.
- (3) The second condition is that—
 - (a) there has been a period of at least 7 years since the responsible institution was notified that the person in respect of whom the proceeds are payable has died, and
 - (b) the responsible institution has not received any communication since that time from—
 - (i) anyone administering the estate of that person, or
 - (ii) the person to whom the proceeds are payable (or a person acting on behalf of that person).
- (4) The third condition is that—

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- (a) the responsible institution is satisfied that the person in respect of whom the proceeds are payable would be at least 120 years old, and
 - (b) the responsible institution has not received any communication from—
 - (i) anyone administering the estate of that person, or
 - (ii) the person to whom the proceeds are payable (or a person acting on behalf of that person),during the preceding 7 years.
- (5) The fourth condition is that—
- (a) the proceeds have become payable by virtue of the insurance contract term ending,
 - (b) a period of at least 7 years has elapsed since the end of the term, and
 - (c) the responsible institution has not received any communication from the person to whom the proceeds are payable (or a person acting on behalf of that person) since that time.
- (6) In this section, “responsible institution” means the insurance institution that is responsible, in relation to the proceeds concerned, for doing any of the following—
- (a) receiving notification of the kind mentioned in subsection (2)(a) or (3)(a),
 - (b) making an assessment of the kind mentioned in subsection (2)(b) or (4)(a), and
 - (c) receiving communications as mentioned in subsection (3)(b), (4)(b) or (5)(c).