

*Status: Point in time view as at 26/12/2023.*

*Changes to legislation: There are currently no known outstanding effects for the Financial Services and Markets Act 2023, PART 4. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 12

#### WRITE-DOWN ORDERS

#### PART 4

##### WRITE-DOWN ORDERS: FINANCIAL SERVICES COMPENSATION SCHEME

- 4 Part 15 of FSMA 2000 (the Financial Services Compensation Scheme) is amended as follows.

##### Commencement Information

- II** Sch. 12 para. 4 in force at 29.8.2023, see s. 86(2)(e)

- 5 After section 217 (insurers in financial difficulties) insert—

##### “217ZA Insurers subject to write-down orders

- (1) The compensation scheme must include provision requiring the scheme manager to take specified measures for safeguarding policyholders affected by write-down orders.
- (2) A person (“P”) is a policyholder affected by a write-down order if—
  - (a) P is a policyholder of an insurer in respect of whom a write-down order has effect, and
  - (b) the value of any thing to which P is (or may become) entitled, in P’s capacity as a policyholder of the insurer, is reduced under the write-down order.
- (3) Measures specified by virtue of subsection (1) must, in particular, require financial assistance to be given to insurers subject to write-down orders for the purpose mentioned in subsection (4).
- (4) The purpose is to enable payments to be made to affected policyholders in respect of the reduction in value of their entitlements (or contingent entitlements), as mentioned in subsection (2)(b).
- (5) Financial assistance given under this section—
  - (a) must not be used for any purpose other than the purpose mentioned in subsection (4);
  - (b) is not to be taken into account, to any extent, in valuing the assets of the insurer for any purpose.

*Status: Point in time view as at 26/12/2023.*

*Changes to legislation: There are currently no known outstanding effects for the Financial Services and Markets Act 2023, PART 4. (See end of Document for details)*

- (6) Measures taken by the scheme manager by virtue of this section are in addition to any measures the scheme manager may take under powers provided by virtue of section 217(1).
- (7) In this section and section 217ZB—  
“insurer” means a relevant person who has permission to carry out contracts of insurance;  
“write-down order” means an order under section 377A (as it has effect in accordance with section 377H).

### **217ZB Recovery of financial assistance under section 217ZA**

- (1) The compensation scheme may make provision giving the scheme manager a right of recovery in respect of financial assistance given to an insurer by virtue of section 217ZA.
- (2) Any right of recovery the scheme manager has in respect of financial assistance given to an insurer by virtue of subsection (1) must not be exercised against a policyholder of the insurer.
- (3) Subsection (4) applies where, by virtue of subsection (1), the scheme manager has a right of recovery in respect of financial assistance given to an insurer.
- (4) In valuing the insurer’s liabilities for the purposes of a relevant insolvency provision, no account is to be taken of any expectation that the right will be exercised.
- (5) In subsection (4), “relevant insolvency provision” has the same meaning as in paragraph 9 of Schedule 19B (treatment of written-down liabilities for purposes of relevant insolvency provisions).”

#### **Commencement Information**

**I2** Sch. 12 para. 5 in force at 29.8.2023, see s. 86(2)(e)

- 6 In section 219 (scheme manager’s power to require information), in subsection (1A), after paragraph (b) insert—  
“(ba) on a person (P) who is an insurer who has been given financial assistance under section 217ZA.”.

#### **Commencement Information**

**I3** Sch. 12 para. 6 in force at 29.8.2023, see s. 86(2)(e)

- 7 After section 220 (scheme manager’s power to inspect information held by liquidator etc), insert—

#### **“220A Power to inspect information held by write-down manager**

- (1) For the purpose of assisting the scheme manager to discharge its functions under section 217ZA or 217ZB in relation to an insurer, a person to whom

---

*Status: Point in time view as at 26/12/2023.*

*Changes to legislation: There are currently no known outstanding effects for the Financial Services and Markets Act 2023, PART 4. (See end of Document for details)*

---

this section applies must permit a person authorised by the scheme manager to inspect relevant documents.

- (2) This section applies to a person appointed under section 377G to act as the manager of a write-down order which has effect in relation to the insurer.
- (3) A person inspecting a document under this section may take copies of, or extracts from, the document.”

---

**Commencement Information**

**14** Sch. 12 para. 7 in force at 29.8.2023, see s. 86(2)(e)

**Status:**

Point in time view as at 26/12/2023.

**Changes to legislation:**

There are currently no known outstanding effects for the Financial Services and Markets Act 2023, PART 4.