

1976 No. 2039

INSURANCE

**The Insurance Companies (Valuation of Assets) (Amendment)
Regulations 1976**

<i>Made</i> - - - -	30th November 1976
<i>Laid before Parliament</i>	8th December 1976
<i>Coming into Operation</i>	30th December 1976

The Secretary of State, in exercise of his powers under sections 78 and 86 of the Insurance Companies Act 1974(a), hereby makes the following Regulations:—

Citation and commencement

1. These Regulations may be cited as the Insurance Companies (Valuation of Assets) (Amendment) Regulations 1976 and shall come into operation on 30th December 1976.

Interpretation

2. In these Regulations, “the principal Regulations” means the Insurance Companies (Valuation of Assets) Regulations 1976(b).

Amendment of regulation 2 of the principal Regulations

3. Regulation 2(1) of the principal Regulations (*interpretation*) is amended by inserting therein, in their proper alphabetical positions, the following definitions—

“ “approved securities” means any of the following:—

- (a) securities issued by Her Majesty’s Government in the United Kingdom or the Government of Northern Ireland, being fixed-interest securities registered in the United Kingdom, Treasury Bills, Tax Reserve Certificates or Certificates of Tax Deposit;
- (b) securities the repayment of the principal of which, or the payment of interest on which, is guaranteed by Her Majesty’s Government in the United Kingdom or the Government of Northern Ireland;
- (c) fixed-interest securities issued in the United Kingdom by any public authority or nationalised industry or undertaking in the United Kingdom;

(a) 1974 c. 49.

(b) S.I. 1976/87 (1976 I, p. 266).

(d) debentures issued by the Agricultural Mortgage Corporation Limited or the Scottish Agricultural Securities Corporation Limited;

(e) loans to any authority to which this paragraph applies charged on all or any of the revenues of the authority or on a fund into which all or any of those revenues are payable, any fixed-interest securities issued in the United Kingdom by any such authority for the purpose of borrowing money so charged, and deposits with any such authority by way of temporary loan made on the giving of a receipt for the loan by the treasurer or other similar officer of the authority and on the giving of an undertaking by the authority that, if requested to charge the loan as aforesaid, it will either comply with the request or repay the loan:

The authorities to which this paragraph applies are: —

- (i) any local authority in the United Kingdom;
 - (ii) any authority all the members of which are appointed or elected by one or more local authorities in the United Kingdom;
 - (iii) any authority the majority of the members of which are appointed or elected by one or more local authorities in the United Kingdom, being an authority which by virtue of any enactment has power to issue a precept to a local authority in England and Wales, or a requisition to a local authority in Scotland, or to the expenses of which, by virtue of any enactment, a local authority in the United Kingdom is or can be required to contribute;
 - (iv) the Receiver for the Metropolitan Police District or a combined police authority (within the meaning of the Police Act 1964(a));
 - (v) any water authority established under the Water Act 1973(b) and any water authority as defined in section 148 of the Local Government (Scotland) Act 1973(c);
- (f) any loan to, or deposit with, an approved financial institution; and
- (g) any securities issued or guaranteed by, and any deposits of cash with, any government, public or local authority or nationalised industry or undertaking outside the United Kingdom;

“enactment” includes an enactment of the Parliament of Northern Ireland;

“fixed-interest securities” means securities which under their terms of issue bear a specified rate of interest;

“local authority” in relation to the United Kingdom, means any of the following authorities—

- (a) in England and Wales, a local authority within the meaning of the Local Government Act 1972(d), the Common Council of the City of London, the Greater London Council and the Council of the Isles of Scilly;
- (b) in Scotland, a local authority within the meaning of the Local Government (Scotland) Act 1973;
- (c) in Northern Ireland, any district council;

“securities” includes shares, debentures, Treasury Bills, Tax Reserve Certificates and Certificates of Tax Deposit;

(a) 1964 c. 48.

(b) 1973 c. 37.

(c) 1973 c. 65.

(d) 1972 c. 70.

“Treasury Bills” includes bills issued by Her Majesty’s Government in the United Kingdom and Northern Ireland Treasury Bills;”.

Amendment of regulation 14 of the principal Regulations

4. Regulation 14(1) of the principal Regulations (*valuation of government and public authority securities*) is amended by substituting for the words “securities issued or guaranteed by any government or public authority” the words “approved securities”.

Amendment of regulation 15 of the principal Regulations

5. Regulation 15 of the principal Regulations (*extent of taking assets into account*) is amended by adding at the end thereof, the following paragraph:—

“(5) This Regulation shall not apply to any approved securities.”.

Amendment of Part I of Schedule 2 to the principal Regulations

6. Part I of Schedule 2 to the principal Regulations (*extent of taking assets into account*) is amended—

- (a) in paragraphs 3(a) and 4(a), by deleting the words “nor an approved financial institution”;
- (b) in paragraphs 3(b) and 4(b), by deleting the words “(not being an approved financial institution)”;
- (c) in paragraph 9, by substituting for the words “paragraph 12” the words “paragraphs 9A and 12”;
- (d) by inserting after paragraph 9 the following paragraph:—

“9A. Debts due or to become due to the insurance company from any individual (other than an individual who is connected with the insurance company as mentioned in section 26(5) of the Act), being debts which are fully secured on any dwelling or any land appurtenant thereto owned or to be purchased by the individual and used or to be used by him for his own residence . . . 1%.”

Stanley Clinton Davis,
Parliamentary Under-Secretary of State,
Department of Trade.

30th November 1976.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations amend the Insurance Companies (Valuation of Assets) Regulations 1976 so as to exempt certain assets (defined as “approved securities”) from the limitations on the extent to which the value of certain descriptions of assets of insurance companies may be taken into account for the purposes for which the principal Regulations apply and to increase the limitation from $\frac{1}{4}$ % to 1% in respect of loans made to individuals for the purchase of dwellings for their own residence. The new definition of “approved securities” embraces a wide range of securities issued or guaranteed by governments and public authorities within and outside the United Kingdom.

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