

**1978 No. 721****INSURANCE****The Insurance Companies (Accounts and Forms) (Amendment) Regulations 1978**

<i>Made</i> - - - -	17th May 1978
<i>Laid before Parliament</i>	25th May 1978
<i>Coming into Operation</i>	31st July 1978

The Secretary of State, in exercise of his powers under sections 13, 16, 17, 44, 85 and 86 of the Insurance Companies Act 1974(a), as modified (b), and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

*Citation and commencement*

1. These Regulations may be cited as the Insurance Companies (Accounts and Forms) (Amendment) Regulations 1978 and shall come into operation on 31st July 1978.

*Interpretation*

2. In these Regulations “the principal Regulations” means the Insurance Companies (Accounts and Forms) Regulations 1968(c) as amended (d).

*Application*

3. These Regulations apply to the accounts of every insurance company to which the principal Regulations apply, being accounts prepared in respect of any financial year of the company ending on or after 31st July 1978.

*Amendment of Regulation 2 of the principal Regulations*

4. Regulation 2 of the principal Regulations is amended by inserting at the end thereof the following paragraph—

“(5) In these Regulations any reference to general business shall, in relation to a Community company having its head office in a member State other than the United Kingdom and in relation to an external company, be taken to refer to general business carried on by such Community company through an agency or branch in the United Kingdom and, in the case of an external company, to its entire general business and to any general business carried on by it

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(a) 1974 c. 49.

(b) See S.I. 1977/1553, 1978/720.

(c) S.I. 1968/1408.

(d) The amending instruments are S.I. 1975/1996, 1976/549, 869, 2040.

through an agency or branch in the United Kingdom; and, accordingly, any reference to, or requirement imposed in respect of, the accounts (including any statements, certificates and reports annexed thereto) relevant to general business of such a company shall be taken as referring to, or imposing the requirement in respect of—

- (i) the accounts prepared in respect of general business carried on through an agency or branch in the United Kingdom, and
- (ii) in the case of the external company, the accounts separately prepared in respect of its entire general business.”.

*Amendment of Regulation 3 of the principal Regulations*

5. The principal Regulations are amended by substituting for Regulation 3 thereof the following Regulation—

“3(1) Every balance sheet prepared by a company pursuant to section 13 of the Act shall have annexed thereto a certificate signed by the persons specified in section 18(3)(a) of the Act stating—

- (a) in the case of every company, except a Community company in respect of business to which sub-paragraph (c) below applies, whether or not, in the opinion of those signing the certificate, the value at the end of the financial year of the company’s assets (as shown in accordance with paragraphs 10(1)(a) to (o) of Schedule 1 below) has been determined in accordance with the Valuation Regulations 1976;
- (b) in the case of every company, except a Community company in respect of business to which sub-paragraph (c) below applies and an external company in respect of business to which sub-paragraph (e) below applies, whether or not, in the opinion of those signing the certificate, the aggregate of the values (as determined in accordance with the Valuation Regulations 1976 or otherwise determined in the case of any asset referred to in Regulation 2 (3)(a)(i) above) at the end of the financial year of such of the company’s realisable domestic assets as were free from any mortgage or charge together with the aggregate of the values (determined as aforesaid) at that time of the company’s equities of redemption in such of its realisable domestic assets as were mortgaged or charged otherwise than to secure the liabilities of a person other than the company was at least equal to the aggregate of the amounts at that time of the company’s domestic liabilities (as defined in section 31 of the Act) to the extent that those liabilities were unsecured by mortgage or charge upon the company’s realisable domestic assets;
- (c) in the case of a Community company having its head office in a member State other than the United Kingdom which carries on general business through an agency or branch in the United Kingdom, whether or not, in the opinion of those signing the certificate, the company maintains (in accordance with Regulation 4(4) of the Solvency Regulations) admissible assets of a value not less than the amount of its liabilities in respect of business carried on by it through an agency or branch in the United Kingdom;
- (d) in the case of an external company carrying on general business in respect of its entire business and in the case of an excluded company carrying on general business—
  - (i) the aggregate amount of the premiums as shown in the general business revenue account,

- (ii) the amount of the minimum solvency margin (as calculated in accordance with the Act) applicable to that company in the period immediately following the end of the financial year, and
  - (iii) the amount by which, in the opinion of those signing the certificate, the aggregate of the value of the company's admissible assets, together with any asset referred to in Regulation 2(3)(a)(i) above, exceeded the amount of the company's liabilities at the end of the financial year after taking into account all contingent and prospective liabilities but not liabilities in respect of share capital;
- (e) in the case of a Community company having its head office in the United Kingdom carrying on general business and in the case of an external company in relation to general business carried on by it through an agency or branch in the United Kingdom—
- (i) the amount of the required margin of solvency (as calculated in accordance with Regulation 4(1) of, or in the case of the external company, Regulation 5 of, the Solvency Regulations) applicable to the company in the period immediately following the end of the financial year, and
  - (ii) the amount by which, in the opinion of those signing the certificate, the aggregate of the company's admissible assets (together with, in the case of the Community company, any asset referred to in Regulation 2(3)(a)(i) above) exceeded the liabilities of the company at the end of the financial year after taking into account all contingent and prospective liabilities but not liabilities in respect of any share capital shown in the balance sheet;
- (f) in the case of an external company carrying on general business through an agency or branch in the United Kingdom—
- (i) whether or not, in the opinion of those signing the certificate, the company keeps admissible assets representing the margin of solvency referred to in sub-paragraph (e)(i) above of an amount at least equal to the guarantee fund or to one-half of the minimum guarantee fund, whichever is the greater, within the United Kingdom and as to the remainder within the United Kingdom and the other member States in accordance with Regulation 5(3)(e) of the Authorisation Regulations, and
  - (ii) whether or not, in the opinion of those signing the certificate, the deposit made in accordance with Regulation 6 of the Solvency Regulations has been maintained at a level equal to at least one-fourth of the minimum guarantee fund:

Provided that no such statement shall be required to be included in any certificate submitted in respect of any financial year ending on or before 31 January 1979.

- (2) For the purpose of paragraph (1)(b) of this Regulation—
- (a) assets shall be deemed to be realisable domestic assets if they were, in the opinion of those signing the certificate, realisable in the United Kingdom at the end of the financial year and the documents of title to which (where documents of title existed) were then in the United Kingdom,

- (b) the extent to which a domestic liability of the company shall be deemed to be unsecured is the amount by which the amount of that liability (as stated or included in the balance sheet) exceeds the values (as determined in accordance with the Valuation Regulations 1976 or otherwise determined in the case of any asset referred to in Regulation 2(3)(a)(i) above) at the end of the financial year of any realisable domestic assets of the company mortgaged or charged to secure that liability, and
- (c) the reference to equities of redemption in assets mortgaged or charged shall, in relation to Scotland, be construed as a reference to rights to redeem such assets.”.

*Amendment of Regulation 11 of the principal Regulations*

6. Regulation 11(1) of the principal Regulations is amended by inserting at the end thereof a proviso as follows—

“Provided that where, in the case of an external company, any such statement has been prepared in respect of its entire business no separate statement need be prepared in respect of the business carried on by it through an agency or branch in the United Kingdom.”.

*Amendment of Regulation 12 of the principal Regulations*

7. Regulation 12(1) of the principal Regulations is amended by inserting at the end thereof a proviso as follows—

“Provided that where, in the case of an external company, any such statements have been prepared in respect of its entire business no separate statements need be prepared in respect of the business carried on by it through an agency or branch in the United Kingdom.”.

*Amendment of Regulation 13 of the principal Regulations*

8. Regulation 13 of the principal Regulations is amended by inserting at the end thereof a paragraph as follows—

“(4) Paragraphs (1) and (2) above shall not apply to general business carried on through an agency or branch in the United Kingdom by a Community company having its head office in a member State other than the United Kingdom or by an external company.”.

*Amendment of Regulation 18 of the principal Regulations*

9. Regulation 18(1) of the principal Regulations is amended—

(a) by inserting in proper alphabetical position the following definitions—

““admissible asset” means an asset the value of which is determined in accordance with the Valuation Regulations 1976;

“the Authorisation Regulations” means the Insurance Companies (Authorisation and Accounts: General Business) Regulations 1978(a);

“Community company” has the same meaning as in the Solvency Regulations;

“excluded company” means a company to which the Solvency Regulations do not apply by virtue of Schedule 1 thereto;

“external company” has the same meaning as in the Solvency Regulations;

“guarantee fund” and “minimum guarantee fund” have the same meaning as in the Solvency Regulations;

“the Solvency Regulations” means the Insurance Companies (Solvency: General Business) Regulations 1977(a);”;

(b) by deleting the definition of “the minimum solvency margin”.

17th May 1978.

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

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## EXPLANATORY NOTE

*(This Note is not part of the Regulations.)*

These Regulations further amend the Insurance Companies (Accounts and Forms) Regulations 1968 to require insurance companies to reflect in accounts submitted thereunder, in respect of financial years ending on or after 31 July 1978, certain of the requirements of the Insurance Companies (Solvency: General Business) Regulations 1977 and the Insurance Companies (Authorisation and Accounts: General Business) Regulations 1978. Certain minor and consequential amendments have also been effected.

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