
 STATUTORY INSTRUMENTS

1979 No. 956

INSURANCE

The Lloyd's (General Business) Regulations 1979

Laid before Parliament in draft

Made - - - - 30th July 1979

Coming into Operation 1st August 1979

The Secretary of State, being a Minister designated (a) for the purposes of section 2(2) of the European Communities Act 1972(b) in relation to the authorisation of the carrying on of insurance business and the regulation of such business and its conduct and in relation to anything supplemental or incidental thereto, in exercise of the powers conferred by that section, hereby makes the following Regulations, a draft of which has been approved by resolution of each House of Parliament:—

Citation and commencement

1. These Regulations may be cited as the Lloyd's (General Business) Regulations 1979 and shall come into operation on 1st August 1979.

Interpretation

2. In these Regulations—

“the 1974 Act” means the Insurance Companies Act 1974(c);

“the solvency regulations” means the Insurance Companies (Solvency: General Business) Regulations 1977(d).

Margin of solvency

3.—(1) Subject to paragraph (2) below, the provisions of regulation 4(1) to (3) of the solvency regulations shall apply to the members of Lloyd's together as they apply to an insurance company having its head office in the United Kingdom.

(2) In arriving at the margin of solvency required by regulation 4(1) of the solvency regulations as applied by paragraph (1) above—

(a) account shall be taken of the assets and liabilities of Lloyd's in addition to the assets and liabilities of the members of Lloyd's together, and

(b) Schedules 3 and 4 to the solvency regulations shall be modified in the manner set out in the Schedule to these Regulations.

(a) The European Communities (Designation) (No. 2) Order 1976, S.I. 1976/2141.

(b) 1972 c. 68.

(c) 1974 c. 49.

(d) S.I. 1977/1553.

Powers of intervention

4. Any power conferred on the Secretary of State by sections 29 to 33, 36 and 37 of the 1974 Act shall be exercisable in relation to the members of Lloyd's together if—

- (a) it appears to the Secretary of State that the obligation imposed by regulation 4(3) of the solvency regulations as applied by regulation 3 above (to maintain a margin of solvency at least equal to the guarantee fund or the minimum guarantee fund, whichever is the greater) has not been satisfied, or
- (b) the Secretary of State has required the submission of a plan or scheme under regulation 4(2) or (3) of the solvency regulations as applied by regulation 3 above, and no plan or scheme (or none that satisfies the Secretary of State) has been submitted in pursuance of that requirement, or
- (c) any of the provisions of section 74 of the 1974 Act relating to general business has not been complied with;

and those sections, section 38 and section 40, and paragraph 13 of the Schedule to the Insurance Companies (Authorisation and Accounts: General Business) Regulations 1978(a) shall apply accordingly.

Reginald Eyre,
Parliamentary Under Secretary of State,
Department of Trade.

30th July 1979.

SCHEDULE

MODIFICATIONS OF SCHEDULES 3 AND 4 TO THE SOLVENCY REGULATIONS

1. For the definition of "gross premiums" in paragraph 1 of Schedule 3 to the solvency regulations there shall be substituted the following definition—

“‘net premiums’—

- (a) means premiums after deduction of discounts, refunds and rebates of premium, and
- (b) includes premiums receivable under reinsurance contracts accepted (there being no deduction of premiums for reinsurance ceded);”.

2. For paragraph 2 of the said Schedule 3 there shall be substituted the following paragraph—

(a) S.I. 1978/720.

“2. The net premiums receivable by members of Lloyd’s for the last preceding financial year in respect of general business shall be aggregated; and the resulting figure shall be multiplied by a flat-rate percentage fixed for that year by the Secretary of State in the light of the most recent statistical data on commissions paid.”

3. For the word “aggregate” in paragraph 3 of the said Schedule 3 there shall be substituted the word “amount”.

4. Paragraphs 7 to 9 of the said Schedule 3 shall not apply and in paragraph 15 of the said Schedule 3 the references to paragraph 7 of that Schedule shall be disregarded.

5. Paragraphs 7 to 9 of Schedule 4 shall not apply and in paragraph 10 of the said Schedule 4 the references to paragraph 7 of that Schedule shall be disregarded.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations implement provisions relating to Lloyd’s that are contained in EEC Council Directive No. 73/239/EEC (O.J. No. L228, 16.8.73, p. 3) on the taking up and pursuit of the business of direct insurance other than life insurance.

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