
STATUTORY INSTRUMENTS

1987 No. 2118

INSURANCE

**The Insurance Companies (Mergers
and Divisions) Regulations 1987**

Made - - - - *7th December 1987*
Laid before Parliament *10th December 1987*
Coming into force - - *1st January 1988*

The Secretary of State, being a Minister designated for the purposes of section 2(2) of the European Communities Act 1972⁽¹⁾ in relation to matters relating to mergers and divisions involving public companies⁽²⁾ and in relation to the authorisation of the carrying on of insurance business and the regulation of such business and its conduct⁽³⁾, in exercise of the powers conferred by that section hereby makes the following Regulations—

Citation and Commencement

1. These Regulations may be cited as the Insurance Companies (Mergers and Divisions) Regulations 1987, and shall come into force on 1st January 1988

Amendment of Insurance Companies Act 1982

2.—(1) Section 49 of the Insurance Companies Act 1982⁽⁴⁾ (sanction of court for transfer of long term business) shall be amended as follows.

(2) The following subsection shall be inserted after subsection (1)—

“(1A) If any such scheme involves a compromise or arrangement falling within section 427A(1) of the Companies Act⁽⁵⁾ or Article 420A(1) of the Companies (Northern Ireland) Order 1986⁽⁶⁾ (application of provisions about compromises and arrangements to mergers and divisions of public companies), the following provisions, namely—

(a) sections 425 to 427 of that Act, or

(1) 1972 c. 68.

(2) S.I.1985/749.

(3) S.I. 1976/2141.

(4) 1982 c. 50; section 49(7) was amended by the Companies Consolidation (Consequential Provisions) Act 1985 (c. 9), Sch 2, and by the Companies Consolidation (Consequential Provisions) (Northern Ireland) Order 1986 (S.I. 1986/1035 (N.I.9)).

(5) 1985 c. 6; section 427A was inserted by the Companies (Mergers and Divisions) Regulations 1987 (S.I. 1987/1991).

(6) S.I. 1986/1032 (N.I.6) Article 420A was inserted by the Companies (Mergers and Divisions) Regulations (Northern Ireland) 1987 (S.R. 1987/442).

(b) Articles 418 to 420 of that Order,

shall have effect, as regards that compromise or arrangement, as provided by section 427A(1) or Article 420A(1) (as the case may be), but without prejudice to the operation of the provisions of this section in relation to the scheme.”

(3) The following paragraph shall be added at the end of subsection (3)—

“(e) in the case of any such scheme as is mentioned in subsection (1A) above, that copies of the documents listed in paragraph 6(1) of Schedule 15A to the Companies Act or in paragraph 6(1) of Schedule 15A to the Companies (Northern Ireland) Order 1986 had been served on the Secretary of State by the beginning of the period referred to in paragraph 3(e) of that Schedule.”

(4) In subsection (7), for the words from “and no” to “or members)” there shall be substituted “and, except in the case of any such scheme as is mentioned in subsection (1A) above, no order shall be made under any of the provisions specified in paragraph (a) or (b) of that subsection”.

7th December 1987

Francis Maude
Parliamentary Under-Secretary of State,
Department of Trade and Industry

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations implement Council Directive No. [78/855/EEC](#) concerning mergers of public limited liability companies (OJ No. L295, 20.10.1978, p.36) and Council Directive No. [82/891/EEC](#) concerning the division of public limited liability companies (OJ No.L378, 31.12.1982, p.47) insofar as these Directives apply to life insurance companies. Hitherto life insurance companies wishing to undertake mergers or divisions did so not under the provisions of the Companies Act 1985 or the Companies (Northern Ireland) Order 1986 but under the Insurance Companies Act 1982. These Regulations now amend the Insurance Companies Act 1982 by making certain mergers and divisions, where the transferor company is a public company carrying on long term insurance business, subject to the provisions of the Companies Act (or Order) dealing with compromises or arrangements, in addition to the provisions of the Insurance Companies Act dealing with the transfer of long term business.