

---

STATUTORY INSTRUMENTS

---

**1993 No. 1092**

**INSURANCE**

**The Insurance Companies  
(Cancellation No. 2) Regulations 1993**

<i>Made</i>	- - - -	<i>19th April 1993</i>
<i>Laid before Parliament</i>		<i>20th April 1993</i>
<i>Coming into force</i>	- -	<i>20th May 1993</i>

The Secretary of State, in exercise of his powers under sections 75, 96(1) and 97 of the Insurance Companies Act 1982(1), and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

**Citation and commencement**

1.—(1) These Regulations may be cited as the Insurance Companies (Cancellation No. 2) Regulations 1993 and shall come into force on 20th May 1993.

(2) The Insurance Companies Regulations 1981(2) (“the principal Regulations”) shall have effect subject to the following amendments.

**Notice of long-term contract**

2.—(1) Regulation 70 of the principal Regulations (notice of long-term contract) shall be amended as follows.

“(2) For paragraph (1) substitute—

(1) Subject to the following provisions of this regulation—

- (a) a statutory notice in relation to a long-term contract which is not an investment agreement shall have the contents and be in the form set out in Schedule 10;
- (b) a statutory notice in relation to a long-term contract which is an investment agreement shall have the contents and be in the form set out in Schedule 11; and
- (c) the notice of cancellation annexed to a statutory notice shall have the contents and be in the form set out in Schedule 12. ”.

---

(1) 1982 c. 50; section 75 was amended by S.I. 1993/1327, reg. 2; Part IIIA of the Insurance Companies Act 1982 was inserted by S.I. 1990/1333, reg. 10 and amended by S.I. 1992/2890, reg. 7 and by S.I. 1993/174, reg. 4.  
(2) S.I. 1981/1654.

- (3) In paragraph (2), omit the words after “single sheet of paper”.
- (4) In paragraph (3), omit the words “of a colour which is readily distinguishable from the colour of the paper;”.
- (5) Omit paragraphs (4), (5) and (9).
- (6) For paragraph (10) substitute—
- “(10) For the purposes of this regulation and Schedules 10, 11 and 12—
- “EC contract” means an EC contract within the meaning given in section 75(5B) of the Insurance Companies Act 1982;
- “investment agreement” means an investment agreement within the meaning given in section 44(9) of the Financial Services Act 1986(3);
- “long-term contract” means a contract for long-term business;
- “non-EC contract” means a non-EC contract within the meaning given in section 75(5B) of the Insurance Companies Act 1982;
- “notice of cancellation” means a notice of the kind mentioned in section 75(2)(b) of the Insurance Companies Act 1982;
- “statutory notice” means a notice of the kind mentioned in section 75(2) of the Insurance Companies Act 1982; headed “Your right to withdraw from the transaction” the description or title of the person to whom the notice of cancellation should be sent may be substituted for or included with the name of that person. ”.

### **Exemptions from regulation 70**

3. For regulation 71 of the principal Regulations (exemptions from regulation 70) substitute—

“Exemptions from regulation 70

**71.** Section 75(1) of the Insurance Companies Act 1982 and regulation 70 above (which, in relation to EC contracts, when read with section 76 of that Act implement Article 15(1) of Council Directive [90/619/EEC](#)(4) as amended by Article 30 of Council Directive [92/96/EEC](#)(5)) shall not apply to—

- (a) contracts where none of the proposers or policy holders is an individual;
- (b) contracts of term assurance effected for periods of six months or less;
- (c) contracts of reinsurance;
- (d) contracts which insure a policy holder’s obligations to make payments under a personal credit agreement of the kind mentioned in section 8(1) of the Consumer Credit Act 1974(6) or a consumer hire agreement of the kind mentioned in section 15(1) of that Act(7) where the terms of that personal credit agreement or consumer hire agreement have been entered into on the understanding that the long-term contract will remain in force. ”.

### **Statutory notice**

4. For Schedule 10 to the principal Regulations there shall be substituted Schedule 1 to these Regulations (statutory notice: non-investment contracts) and for Schedule 11 to the principal

---

(3) [1986 c. 60](#).

(4) O.J. No. L330, 29.11.90, p. 50.

(5) O.J. No. L360, 9.12.92, p. 1.

(6) [1974 c. 39](#); as amended by S.I. [1983/1878](#), article 4, Schedule Part II.

(7) [1974 c. 39](#); as amended by S.I. [1983/1878](#), article 4, Schedule Part II.

Regulations there shall be substituted Schedule 2 to these Regulations (statutory notice: investment contracts).

19th April 1993

*N. Hamilton*  
Parliamentary Under-Secretary of State,  
Department of Trade and Industry

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

SCHEDULE 1

Regulation 4

“SCHEDULE 10

Regulation 70

STATUTORY NOTICE: NON-INVESTMENT CONTRACTS

[Insert the name and address of the person to whom this Notice is sent]

**IMPORTANT! YOU SHOULD READ THIS CAREFULLY**

**STATUTORY NOTICE† RELATING TO LONG-TERM INSURANCE CONTRACT**

**YOUR RIGHT TO CHANGE YOUR MIND**

[Identify the contract to which the Notice relates or state how it may be identified, e.g. by reference to an accompanying contract note]

You {\*\* have entered into/have applied to enter into \*\*} the above contract with [insert name or otherwise identify insurer with whom the contract is being entered into].

You have a legal right to consider the matter again and change your mind if you wish.

**Points you should consider**

Before you decide whether you want to change your mind, ask yourself:

- If you received personal advice on your policy, are you clear whether that advice was given by an independent adviser working on your behalf or by someone representing the insurer?
- Have you received all the information you want in order to understand your policy?
- Are you satisfied that the policy is suitable for your needs?

If the answer to any of these questions is NO, you should consult your adviser {\*\*or the insurer\*\*} as quickly as possible. There is no extension to the cancellation period if you ask for further information or if the reply is delayed.

**Your right to withdraw from the transaction**

If you wish to go ahead with the transaction you should do nothing with the attached notice of cancellation.

**{\*\*If the contract is an EC contract insert:**

If you wish to withdraw, you should send the notice of cancellation to [insert the name and address of the person to whom the notice of cancellation should be sent] and you must post it on or before {\*\*if the contract is already in force insert: the 14th day after the day on which you received this notice\*\*} {\*\*if the contract is not yet in force insert: the 14th day after the date upon which you receive written notification informing you that the contract has become binding on you\*\*}. \*\*}

**{\*\*If the contract is a non-EC contract insert:**

If you wish to withdraw, you should send the notice of cancellation to [insert the name and address of the person to whom the notice of cancellation should be sent] and you must post it before the end of-

- the tenth day after the day on which you received this notice; or

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

— the earliest day on which you know both that the contract has been entered into and that the first premium has been paid,

whichever is the later.\*\*}

{\*\*This notice deals with your statutory right to cancel and does not affect your common law right to withdraw an order, application or proposal before it has been accepted.\*\*}

**Financial consequences of withdrawal**

If you withdraw, you are entitled to have repaid to you any money you have paid the insurer and you will have to repay any amounts already paid to you by the insurer under the contract.

†This notice is issued in compliance with the requirements of regulations made under section 75 of the Insurance Companies Act 1982.

---

{\*\* \*\*} Delete as appropriate.

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

SCHEDULE 2

Regulation 4

“SCHEDULE 11

Regulation 70

## STATUTORY NOTICE: INVESTMENT CONTRACTS

[Insert the name and address of the person to whom this Notice is sent]

### **IMPORTANT! YOU SHOULD READ THIS CAREFULLY**

### **STATUTORY NOTICE<sup>†</sup> RELATING TO LONG-TERM INSURANCE CONTRACT**

### **YOUR RIGHT TO CHANGE YOUR MIND**

[Identify the contract to which the Notice relates or state how it may be identified, e.g. by reference to an accompanying contract note]

You {\*\* have entered into/have applied to enter into \*\*} the above contract with [insert name or otherwise identify insurer with whom the contract is being entered into].

You have a legal right to consider the matter again and change your mind if you wish.

#### **Points you should consider**

Before you decide whether you want to change your mind, ask yourself:

- If you received personal advice on your policy, are you clear whether that advice was given by an independent adviser working on your behalf or by someone representing the insurer?
- Have you received all the information you want in order to understand your policy?
- Are you satisfied that the policy is suitable for your needs?
- Do you, for example:
  - Understand how much you will pay now and in the future?
  - Understand what benefits will be paid under the policy—either at the end of the policy term or if you die before the end of the policy term? Do you also understand to what extent the benefits are guaranteed and to what extent they depend on how well the investment performs?
  - Understand that if you stop the policy in the early years you could lose money?
  - Understand the effect that any {\*\*expenses/charges\*\*} will have on your investment?

If the answer to any of these questions is NO, you should consult your adviser or the insurer as quickly as possible. There is no extension to the cancellation period if you ask for further information or if the reply is delayed.

#### **Your right to withdraw from the transaction**

If you wish to go ahead with the transaction you should do nothing with the attached notice of cancellation.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

If you wish to withdraw, you should send the notice of cancellation to [insert the name and address of the person to whom the notice of cancellation should be sent] and you must post it on or before **{\*\*if the contract is already in force insert: the 14th day after the day on which you received this notice\*\*}** **{\*\*if the contract is not yet in force insert: the 14th day after the date upon which you receive written notification informing you that the contract has become binding on you\*\*}**.

**{\*\*This notice deals with your statutory right to cancel and does not affect your common law right to withdraw an order, application or proposal before it has been accepted.\*\*}**

#### **Financial consequences of withdrawal**

If you withdraw, you are entitled to have repaid to you any money you have paid the insurer and you will have to repay any amounts already paid to you by the insurer under the contract.

†This notice is issued in compliance with the requirements of regulations made under section 75 of the Insurance Companies Act 1982.

---

**{\*\* \*\*}** Delete as appropriate.

---

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations make amendments to the Insurance Companies Regulations 1981 (“the principal Regulations”) and further implement Article 15 of Council Directive [90/619/EEC](#) relating to life assurance (O.J. No. L330, 29.11.90, p. 50) as amended by Article 30 of Council Directive [92/96/EEC](#) relating to life assurance (O.J. No. L360, 9.12.92, p. 1). Article 15 of Council Directive [90/619/EEC](#) gives a policy holder who has purchased an individual life assurance contract on a cross border basis a period of between 14 and 30 days during which he may cancel that contract. Article 30 of Council Directive [92/96/EEC](#) extends this right of cancellation to any policy holder who purchases an individual life assurance contract from an insurance undertaking with a head office in a member State. This right of cancellation may be removed where the policy holder does not require protection because of his status or because of the circumstances in which the contract is concluded. These Regulations set out the form of the statutory notice and the exemptions from the requirement to provide this right of cancellation.

The provisions to implement Article 15 of Council Directive [90/619/EEC](#) as amended by Article 30 of Council Directive [92/96/EEC](#) are contained in regulations 2, 3 and 4 and Schedules 1 and 2. These Articles are implemented in part by the Insurance Companies (Cancellation) Regulations 1993 S.I. [1993/1327](#).

**Regulation 1** makes provision for the citation and commencement of the Regulations.

**Regulation 2** amends the form of the statutory notice required by section 75 of the Insurance Companies Act 1982 by amending regulation 70 of the principal Regulations.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Regulation 3** amends regulation 71 of the principal Regulations so that the following kinds of contract are exempt from the requirements of section 75 of the Insurance Companies Act 1982, namely contracts where none of the proposers or policy holders is an individual; contracts of reinsurance; contracts of term assurance effected for six months' duration or less; and some contracts which insure a policy holder's obligations to make payments under a personal credit agreement of the kind mentioned in section 8(1) of the Consumer Credit Act 1974 or a consumer hire agreement of the kind mentioned in section 15(1) of that Act.

**Regulation 4 and Schedules 1 and 2** alter the contents of the statutory notice by amending Schedules 10 and 11 of the principal Regulations.