
STATUTORY INSTRUMENTS

1993 No. 2520

**The Friendly Societies (Insurance
Business No. 2) Regulations 1993**

PART IV

VALUATION OF ASSETS

Interpretation: Part IV

19.—(1) In this Part of these Regulations, unless the context otherwise requires—
“approved financial institution” means any of the following—

- (a) the Bank of England,
- (b) the National Savings Bank,
- (c) an institution authorised, or deemed to be authorised, under the Banking Act 1987⁽¹⁾ or a European deposit-taker within the meaning of the Banking Coordination (Second Council Directive) Regulations 1992⁽²⁾,
- (d) the European Atomic Energy Community,
the European Bank for Reconstruction and Development,
the European Coal and Steel Community,
the European Economic Community,
the European Investment Bank,
the International Bank for Reconstruction and Development,
the International Finance Corporation,
the International Monetary Fund,
the African Development Bank,
the Asian Development Bank,
the Caribbean Development Bank, and
the Inter-American Development Bank,
- (e) a building society;

“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 securities registered in the United Kingdom, Treasury Bills, Tax Reserve Certificates or Certificates of Tax Deposit;

(1) 1987 c. 22.

(2) S.I.1992/3218.

- (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;
- (d) loans to any authority to which this paragraph applies charged on the revenues of the authority or on a fund into which such 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 any 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:
- (e) 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(3));
 - (v) a residuary body within the meaning of section 105(1) of the Local Government Act 1985(4) ;
 - (vi) a passenger transport executive within the meaning of section 9(1) of the Transport Act 1968(5) ;
- (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;

“asset” includes part of an asset;

“building society” means a building society within the meaning of the Building Societies Act 1986(6) ;

“company” includes any body corporate;

“computer equipment” means the electro-mechanical and electronic units which make up a computer configuration;

“debenture” includes debenture stock and bonds, whether constituting a charge on assets or not, and loan stock or notes;

“debenture option” means a right exercisable within a specified period, at the option of the holder of the right, to acquire or dispose of any debenture at a specified price;

(3) 1964 c. 48.

(4) 1985 c. 51.

(5) 1968 c. 73.

(6) 1986 c. 53.

- “debt” includes an obligation to pay a sum of money under a negotiable instrument;
- “enactment” includes any provision of Northern Ireland legislation;
- “equity share” means a share of equity share capital;
- “equity share capital”, in relation to a company, means its issued share capital excluding any part thereof which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution;
- “fixed interest securities” means securities which under their terms of issue provide for fixed amounts of interest;
- “general business amount” has the meaning assigned to it in regulation 31(2) below;
- “general business assets” and “general business liabilities” mean respectively assets of a society or insurance company which are, for the time being, identified as representing the general business fund or funds maintained by that body in respect of its general business and liabilities of the body which are attributable to its general business;
- “general premium income” means, in relation to any body in any year, the net amount, after deduction of any premiums payable for reinsurance, of the premiums receivable by the body in that year in respect of all insurance business other than long term business;
- “industrial and provident society” means any society registered (or deemed to be registered) under the Industrial and Provident Societies Act 1965(7) or the Industrial and Provident Societies Act (Northern Ireland) 1969(8) ;
- “insurance liabilities” means, in relation to a society any debt due from, or other liabilities of the society, under any contract of insurance to which it is party;
- “intermediary” means a person who in the course of any business or profession invites other persons to make offers or proposals or to take other steps with a view to entering into contracts of insurance with a society, other than a person who only publishes such invitations on behalf of, or to the order of, some other person;
- “linked assets” means, in relation to a society, long term business assets of the society which are, for the time being, identified in the records of the society as being assets by reference to the value of which property linked benefits are to be determined;
- “listed” means, in relation to an investment–
- (a) that the investment is included in the Official List of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited; or
 - (b) that there has been granted and not withdrawn a listing in respect of that investment on any stock exchange of repute outside the United Kingdom; or
 - (c) that dealings in that investment are effected in a securities market of repute outside the United Kingdom being a market in which prices of all securities in which there are dealings are publicly listed and which are supervised by a public body;
- and “unlisted” shall be construed accordingly;
- “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 1986(9) ;
 - (b) in Scotland, a local authority within the meaning of the Local Government (Scotland) Act 1973(10) ;

(7) 1965 c. 12.
(8) 1969 c. 24 (N.I.).
(9) 1986 c. 10.
(10) 1973 c. 65.

(c) in Northern Ireland, any district council;

“long term business amount” has the meaning assigned to it in regulation 31(2) below;

“long term business assets” and “long term business liabilities” mean respectively assets of a society or insurance company which are, for the time being, identified as representing the long term business fund or funds maintained by that body in respect of its long term business and liabilities of the body which are attributable to its long term business;

“middle market quotation” means—

- (a) in relation to an investment for which two prices are quoted in the official list published for the relevant market, the average of the two prices so quoted for the relevant date or, if no official list has been published for that day, for the most recent day prior to that day for which the official list has been published; and
- (b) in relation to an investment for which one price is quoted in the official list published for the relevant market, the price so quoted for the relevant date or, if no official list has been published for that day, for the most recent day prior to that day for which the official list has been published; and
- (c) in any other case, the nearest equivalent to the average referred to in paragraph (a) above which is published or can be reasonably ascertained from the information which is published;

“price earnings ratio” means the price earnings ratio (net) estimated in respect of the Industrial Group index of the Financial Times Actuaries Share Indices jointly compiled by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries;

“proper valuation” means, in relation to land, a valuation made by a qualified valuer not more than three years before the relevant date which determined the amount which would be realised at the time of the valuation on an open market sale of the land free from any mortgage or charge;

“property linked benefits” means benefits—

- (a) provided for under any contract the effecting of which constitutes the carrying on of ordinary long term insurance business; and
- (b) determined by reference to the value of property of any description (whether specified in the contract or not);

“qualified valuer”, in relation to any particular type of land in any particular area, means—

- (a) a person who is a fellow or professional associate of the Royal Institution of Chartered Surveyors or a fellow or associate of the Incorporated Society of Valuers and Auctioneers or a fellow or associate of the Rating and Valuation Association and either—
 - (i) has knowledge of and experience in the valuation of that particular type of land in that particular area, or
 - (ii) has knowledge of and experience in the valuation of land and has taken advice from a valuer who he is satisfied has knowledge of and experience in the valuation of that particular type of land in that particular area, or
- (b) a person who conforms with paragraph (a)(i) or (ii) above and immediately before 15th June 1981 was recognised as a qualified valuer by virtue of an approval by the Secretary of State under the Insurance Companies (Valuation of Assets) Regulations 1976⁽¹¹⁾ (and for these purposes an approval given under the Insurance Companies (Valuation of Assets) Regulations 1974⁽¹²⁾ shall be deemed to have been given under the said Regulations of 1976);

⁽¹¹⁾ S.I. 1976/87; the relevant amending instrument was S.I. 1981/725; both instruments were revoked by S.I. 1981/ 1654.

⁽¹²⁾ S.I. 1974/2203, revoked by S.I. 1976/87.

“relevant date” means, in relation to the valuation of any asset for any purpose for which this Part of these Regulations applies, the date when the asset falls to be valued for that purpose;

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

“share” includes stock;

“share option” means a right exercisable within a specified period, at the option of the holder of the right, to acquire or dispose of any share at a specified price;

“traded option” means a share or debenture option in respect of which permission to deal has been granted on the traded option market of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, The London International Financial Futures and Option Exchange or a stock or options exchange of repute outside the United Kingdom;

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

(2) For the purposes of these Regulations, a body is a dependant of a society if it is–

- (a) a subsidiary of that society; or
- (b) a body jointly controlled by that society and another person,

within the meaning of section 13 of the 1992 Act.

Application: Part IV

20.—(1) Subject to paragraph (2) below, this Part of these Regulations applies with respect to the determination of the value of assets of a friendly society for the purposes of–

- (a) section 48 of the 1992 Act;
- (b) any actuarial investigation carried out pursuant to section 46 or 47 of the 1992 Act; and
- (c) such other actuarial investigation as may be required by the Commission in the exercise of its powers under Part V of the 1992 Act.

(2) Where a society has entered into any contracts providing for the payment of property linked benefits, regulations 21 to 31 of these Regulations shall not apply, and the value of any linked asset by reference to the value of which those benefits are to be determined shall be the value of that asset as determined in accordance with generally accepted accounting concepts, bases and policies or other generally accepted methods appropriate for insurance business.

(3) Any asset to which this Part of these Regulations applies (other than cash) for the valuation of which no provision is made in this Part of these Regulations shall be left out of account for the purposes specified in paragraph (1) above.

(4) Where in accordance with this Part of these Regulations the value of any asset is to be not greater than any specified amount and, in all the circumstances of the case, it appears that the asset is of a lesser value than that amount, such lesser value shall be the value of the asset.

(5) Notwithstanding paragraph (1) above (but subject to the conditions set out in paragraph (6) below) and in relation to an actuarial investigation of its long term business only, a society may elect to assign to any of its assets the value given to the asset in question in the books or other records of the society.

(6) The conditions referred to in paragraph (5) above are–

- (a) that the election shall not enable the society to bring into account any asset for the valuation of which no provision is made in this Part of these Regulations;
- (b) that the value assigned to the aggregate of the assets shall not be higher than the aggregate of the value of those assets as determined in accordance with regulations 21 to 31 of these Regulations.

Shares in and debts due or to become due from dependants

21.—(1) The value of any share in a dependant of a society shall be not greater than that part of the net asset value of the dependant which would be payable in respect of the share if the dependant were in liquidation and the net asset value were the amount distributable to the shareholders in the winding up.

(2) In this regulation, “net asset value” means, in relation to a dependant, the amount by which the value of its assets, as determined in accordance with regulation 22 below, exceeds the amount of its liabilities as determined in the case of a dependant which is an insurance company, in accordance with regulation 22.

(3) The value of any debt due, or to become due, to a society from a dependant (other than a debt to which regulation 23(2) or (3) below applies) shall be the amount which would reasonably be expected to be recovered in respect of that debt (due account being taken of any security held in respect thereof) if the dependant were in liquidation and—

- (a) in the case of a dependant which is an insurance company, the amount realised from its assets and the amount of its liabilities in the liquidation were equal to the value of those assets and the amount of those liabilities, as determined in accordance with regulation 22 below, and
 - (b) in the case of a dependant which is not an insurance company, the amount realised from its assets in the liquidation were equal to the value of those assets, as determined in accordance with regulation 22.
- (4) Any share in a dependant—
- (a) in which there is no excess of assets over liabilities as is mentioned in paragraph (2) above, or
 - (b) in relation to which a society cannot reasonably ascertain the amount of the liabilities of the dependant for the purposes of paragraph (2),

shall be left out of account for the purposes for which this Part of these Regulations applies.

(5) Where a society is unable to determine the value of any debt due or to become due to the society from a dependant because the society cannot reasonably ascertain the amount of the liabilities of the dependant for the purpose of ascertaining what would reasonably be expected to be recovered in respect of that debt in accordance with paragraph (3) above, the debt shall be left out of account for the purposes for which this Part of these Regulations applies.

Valuation of assets and liabilities of dependants for the purposes of regulation 21

22.—(1) This regulation shall apply with respect to the determination of the value of the assets and the amount of the liabilities of a dependant for the purposes of regulation 21 above.

(2) In the case of a dependant which is an insurance company, whether or not it is a company to which Part II of the 1982 Act applies—

- (a) subject to paragraph (4) below and paragraph 3 of Schedule 4, the value of its assets shall be determined in accordance with Part V of the 1981 Regulations;
- (b) subject to subparagraphs (c), (d), (e) and (f) below, the amount of its liabilities shall be determined in accordance with Part VI of the 1981 Regulations;
- (c) where the dependant carries on general business, its general business liabilities shall be deemed to include an amount equal to whichever is the greater of 400,000 ECU or 20 per cent of the general premium income;
- (d) where the dependant carries on long term business, its long term business liabilities shall be deemed to include whichever is the greatest of the following three amounts—

- (i) an amount (“the first amount”) which is one–sixth of the margin of solvency that would be arrived at by regarding the dependant as having its head office in the United Kingdom (whether it has or not) and applying regulations 5 to 8 of the 1981 Regulations;
 - (ii) an amount which is six times the first amount, reduced by the implicit figure within the meaning of subparagraph (e) below;
 - (iii) 800,000 ECU;
 - (e) for the purposes of subparagraph (d)(ii) above the implicit figure is–
 - (i) in the case of a dependant having its head office in the United Kingdom, the amount of any implicit items relating to future profits, zillmerising or hidden reserves which the dependant is permitted to count by virtue of an order under section 68 of the 1982 Act of the kind mentioned in regulation 10(4) of the 1981 Regulations and the application of regulations 10(4), 11, 12 and 13 of those Regulations, and
 - (ii) in the case of a dependant having its head office elsewhere than in the United Kingdom, the amount of any implicit items relating to future profits or zillmerising which would be arrived at by regarding the dependant as having its head office in the United Kingdom and as having received an order under section 68 of the 1982 Act of the kind mentioned in regulation 10(4) of the 1981 Regulations and the application of regulations 10(4), 11 and 12 of those Regulations accordingly;
 - (f) in any case where the dependant is required to establish a long term business fund or funds under section 28 of the 1982 Act, its long term business liabilities shall be deemed to be not less than the value of the assets representing that fund or funds.
- (3) In the case of a dependant which is not an insurance company–
- (a) the value of its assets shall be determined in accordance with Part V of the 1981 Regulations, and subject to the provisions of and the modifications provided for in paragraphs 3 and 4 of Schedule 4 to these Regulations;
 - (b) subject to paragraph (4) below, assets of the dependant which are of a relevant description shall be taken into account only to the extent that their value does not exceed the permitted limit applicable to the dependant in relation to those assets; and
 - (c) any equipment leased by the dependant exclusively to any person other than the society of which it is a dependant, or any other dependant of that society, shall be valued as a debt for the purposes of Part V of the 1981 Regulations.
- (4) Where–
- (a) the dependant is an insurance company and has general business assets of a relevant description, or, is not an insurance company and has assets of a relevant description,
 - (b) the value of such assets exceeds the permitted limit applicable to the dependant in relation to those assets, and
 - (c) the society has no assets of the same description of the relevant class, or has assets of the same description of the relevant class and their value is less than the permitted limit applicable to the society in relation to those assets,
- then, for the purpose of determining the value of the assets of the dependant, there shall be added to the permitted limit applicable to the dependant in relation to the assets referred to in subparagraph (a) above an amount equal to the supplementary amount determined in accordance with Part I of Schedule 4.
- (5) In this regulation and Schedule 4–

“assets of a relevant description” means assets of a description specified in Part I of Schedule 8 of the 1981 Regulations or, in the case of a dependant which is not an insurance company, assets which would be of such a description if it were an insurance company;

“permitted limit” means, in relation to assets of a relevant description—

- (a) in the case of the society, an amount equal to the percentage of the general business amount or, as the case may be, the long term business amount applicable in relation to assets of that description in accordance with regulation 31 below;
- (b) in the case of a dependant which is an insurance company, an amount equal to the percentage of the general business amount or, as the case may be, the long term business amount applicable in relation to assets of that description in accordance with regulation 49 of the 1981 Regulations as applied pursuant to paragraph (2) above; and
- (c) in the case of a dependant which is not an insurance company, and amount equal to the percentage specified in Schedule 8 of the 1981 Regulations, with respect to assets of that description, of the liabilities of the dependant, other than liabilities to the society;

and references to assets held by any society being of the same description as assets held by a dependant mean—

- (i) in relation to land of the dependant of a description specified in paragraph 1 of Schedule 8 of the 1981 Regulations, any interest of that society in that land,
- (ii) in relation to assets of the dependant of a description specified in paragraph 2 of Schedule 8 of the 1981 Regulations, any debt due or to become due to the society which is secured on the land on which the debt due or to become due to the dependant is secured, and
- (iii) in relation to assets of the dependant of a description specified in paragraphs 3 to 13 of Schedule 8 of the 1981 Regulations, assets of the society which, if held by the dependant, would be assets of that description.

(6) Save as otherwise provided in paragraph 3(5) of Schedule 4, references in this regulation and in Schedule 4 to assets of the society being of a relevant class mean—

- (a) where this regulation and Schedule 4 are being applied for the purpose of determining the value of a long term business asset of the society, assets of the society which are long term business assets, and
- (b) in any other case, assets of the society which are general business assets.

(7) Where the society cannot reasonably ascertain in accordance with the provisions of this regulation—

- (a) the value of any asset of the dependant, or
- (b) the amount of the permitted limit applicable in relation to any asset of the dependant,

that assets shall be left out of account in determining the value of the assets of the dependant under this regulation.

Debts and other rights

23.—(1) The value of any debt due, or to become due, to a society, other than a debt to which regulation 21(3) above, paragraph (2), (3) or (4) of this regulation or regulation 28 or 30 below applies, shall be—

- (a) in the case of any such debt which is due, or will become due, within twelve months of the relevant date (including any debt which would become due within that period if the society were to exercise any right to which it is entitled to require payment of the same), the amount which can reasonably be expected to be recovered in respect of that debt (due account being taken of any security being held in respect thereof); and

- (b) in the case of any other such debt, the amount which would reasonably be paid by way of consideration for an immediate assignment of the debt together with the benefit of any security held in respect thereof.

Provided that in determining the amounts referred to in subparagraphs (a) and (b) above, no account shall be taken of any letter of credit.

(2) The value of any debt due, or to become due, to the society which is secured on a policy of insurance issued by the society and which (together with any other debt secured on that policy) does not exceed the amount payable on a surrender of that policy at the relevant date shall be the amount of that debt.

(3) Any debt due or to become due to the society—

- (a) from an intermediary in respect of money advanced on account of commission to which that intermediary is not absolutely entitled at the relevant date, or
- (b) under a letter of credit,

shall be left out of account for the purposes for which this Part of these Regulations applies.

(4) The value of any debt due to, or other rights of, the society, under any contract of reinsurance to which the society is a party shall be the amount which can reasonably be expected to be recovered in respect of that debt or right.

Land

24. The value of any land of a society (other than land held by the society as security for a debt or to which regulation 29 below applies) shall be not greater than the amount which (after deduction of the reasonable expenses of sale) would be realised if the land were sold at a price equal to the most recent proper valuation of that land which has been provided to the society and any such land of which there is no proper valuation shall be left out of account for the purposes for which this Part of these Regulations applies.

Equipment

25.—(1) The value of any computer equipment of a society—

- (a) in the financial year of the society in which it is purchased, shall not be greater than three-quarters of the cost thereof to the society;
- (b) in the first financial year thereafter, shall not be greater than one-half of that cost;
- (c) in the second financial year thereafter, shall be not greater than one-quarter of that cost; and
- (d) in any subsequent financial year, shall be left out of account for the purposes for which this Part of these Regulations applies.

(2) The value of any office machinery (other than computer equipment), furniture, motor vehicles and other equipment of a society, shall be, in the financial year of the society in which it is purchased, not greater than one-half of the cost thereof and shall be, in any subsequent financial year, left out of account for the purposes for which this Part of these Regulations applies.

Unlisted securities

26.—(1) This regulation does not apply to the valuation of shares in a dependant of a society.

(2) The value of any unlisted security which is dealt in on The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited or on a recognised stock exchange or on a stock exchange of repute outside the United Kingdom shall be an amount not greater than the middle market quotation.

(3) The value of any unlisted equity share, other than a share to which paragraph (2) above applies, shall not be greater than—

- (a) where the company in which the share is held has been carrying on business for more than three financial years, the multiple of the price earnings ratio for the relevant date (or, if no price earnings ratio has been published for that date, for the most recent date prior to that date for which a price earnings ratio has been published) and the proportionate amount attributable to that share of the average amount of the profits of the company for the last three financial years; and
- (b) where the company has been carrying on business for less than three but more than one financial year, the multiple of such price earnings ratio and the proportionate amount attributable to that share of the average amount of the profits of the company for its two financial years or the profits of the company in its only financial year (as the case may be).

(4) For the purposes of this regulation, the average amount of the profits of a company for any specified years shall be the amount represented by the formula—

$$\frac{P-L}{Y}$$

where—

- a P is the aggregate amount of the profits of the company after provision for taxation in each of the specified years,
- b L is the aggregate amount of any losses made by the company after provision for taxation in any of the specified years in which there were no profits, and
- c Y is the number of years specified,

no account being taken of any profit or loss brought forward from any year preceding the specified years.

(5) In this regulation, the proportionate amount attributable to any share of the average amount of any profits of the company in which the share is held for any specified years shall be the amount which could reasonably be expected to be received in respect of that share if the average amount or the amount (as the case may be) of the profits in question were available for distribution by the company among its shareholders.

(6) Where the value of any share would otherwise be determined in accordance with the provisions of paragraph (3) above but cannot be so determined because the amount of the profits of, or the amount of losses incurred by, the company in the last financial year cannot be reasonably ascertained, then the value of that share shall be determined—

- (a) in the case of a company which has been carrying on business for not less than four financial years, by reference to the average amount of the profits of the company for the three financial years preceding the last financial year; and
- (b) in the case of a company which has been carrying on business for less than four years but more than two financial years, by reference to the average amount or the amount (as the case may be) of the profits of the company in any specified years other than the last financial year.

(7) Any share to be valued in accordance with paragraphs (3) to (6) above shall be left out of account for the purposes for which this Part of these Regulations applies if—

- (a) no amount is attributable thereto in accordance with paragraph (3) above;
- (b) the company in which the share is held has been carrying on business for less than one financial year; or
- (c) the value of the share cannot be ascertained in accordance with paragraphs (3) to (6) above because the amount of the profits of, or the amount of the losses incurred by, the company

in any of the specified years cannot reasonably be ascertained and no provision is made for its valuation in paragraph (6) above.

(8) The value of any unlisted share other than one to which paragraph (2) or (3) above applies shall be the amount which would reasonably be paid by way of consideration for an immediate transfer of that share.

Unit trusts

27. The value of any holding of units, or other beneficial interest, under an authorised unit trust scheme within the meaning of the Financial Services Act 1986(13) shall be the price at which the managers under the unit trust scheme would purchase the holding of units or other beneficial interest if required to do so.

Listed investments

28.—(1) The value of any listed debenture which is not a debenture issued by a dependant of a society, and of any listed share, which is not a share in such a dependant nor a share in any body specified in regulation 30(2)(a) below, shall be the middle market quotation.

(2) Where the listing of any listed debenture or listed share, the value of which falls to be determined in accordance with this regulation, was suspended at a relevant date, then for the purpose or purposes for which that date was the relevant date—

- (a) if that suspension was in force for a period in excess of ten days, that debenture or share shall be left out of account, and
- (b) if that suspension was in force for a period not exceeding ten days, the value of that debenture or share shall be the lower of—
 - (i) the middle market quotation on the day before the day the suspension came into force, and
 - (ii) the middle market quotation on the day after the day the suspension was terminated.

(3) For the purposes of paragraph (2) above, a day which is a Saturday or a Sunday or a bank holiday in any part of the United Kingdom shall be disregarded.

Life interests, reversionary interests etc

29. The value of any asset consisting of an interest in property which—

- (a) is determinable upon the death of any person or upon the happening of some other future event or at some future time or is a remainder, reversionary interest, right of fee subject to a life interest or other future interest, whether vested or contingent, and
- (b) is not a lease or a reversionary interest expectant upon the determination of a lease,

shall be the amount which would reasonably be paid by way of consideration for an immediate transfer or assignment thereof.

Other assets

30.—(1) The value of any approved securities shall be—

- (a) in the case of listed securities, the middle market quotation;
- (b) in the case of securities which are not transferable, the amount payable on a surrender or redemption of such securities at the relevant date; and

- (c) in any other case, the amount which would reasonably be paid by way of consideration for an immediate transfer or assignment thereof.
- (2) The value of—
 - (a) shares in any building society or industrial and provident society, and
 - (b) share options and debenture options, not being traded options,
 shall be the amount which would reasonably be paid by way of consideration for an immediate transfer or assignment thereof.
- (3) The value of traded options shall be the middle market quotation.

Assets to be taken into account only to a specified extent

31.—(1) Assets of a society of any of the descriptions specified in Schedule 5 shall be taken into account only to the extent that the value of those assets does not exceed—

- (a) for a society carrying on general business, whether or not also carrying on long term business, in the case of general business assets of a description specified in Part I of Schedule 5, an amount equal to the percentage of the general business amount specified in Schedule 5 for assets of that description;
- (b) for a society carrying on only long term business, for all assets of a description specified in Part I of Schedule 5, an amount equal to the percentage of the long term business amount specified in Schedule 5 for assets of that description;
- (c) for a society carrying on general business and long term business, in the case of long term business assets of a description specified in Part I of Schedule 5, an amount equal to the percentage of the long term business amount specified in Schedule 5 for assets of that description;
- (d) for a society carrying on general business, whether or not also carrying on long term business, in the case of general business assets of the description specified in Part II of Schedule 5, an amount equal to the percentage specified in Schedule 5 of the net premium income of the society in respect of general business (other than premium income in respect of treaty reinsurance accepted) for the twelve months preceding the relevant date;
- (e) for a society carrying on only long term business, for all assets of the description specified in Part II of Schedule 5, an amount equal to the percentage so specified of the net premium income of the society in respect of long term business (other than premium income in respect of treaty reinsurance accepted) for twelve months preceding the relevant date; and
- (f) for a society carrying on general business and long term business, in the case of long term business assets of the description specified in Part II of Schedule 5, an amount equal to the percentage so specified of the net premium income of the society in respect of long term business (other than premium income in respect of treaty reinsurance accepted) for the twelve months preceding the relevant date.

(2) In this regulation—

“general business amount” means the aggregate of the society’s general business liabilities and in the case of a society which carries on general business an amount equal to whichever is the greater of 225,000 ECU or 20 per cent of the general premium income less the amount of the deduction specified in paragraph (3) below.

“long term business amount” means the aggregate of the society’s long term business liabilities and whichever if the greater of—

- (a) one-sixth of the margin of solvency which the society is required to maintain, and
- (b) 600,000 ECU

less the amount of the deduction specified in paragraph (3) below;

“the net premium income” of a society for any specified period means the gross amounts first recorded in the society’s books during that period as paid or due to the society by way of premiums, less any rebates, refunds and commission so recorded during that period as allowed or paid on those gross amounts or any such gross amounts so recorded in any previous period.

(3) The deduction to be made in determining the general business amount or the long term business amount in accordance with paragraph (2) above shall be the aggregate of the following—

- (a) the amount of any general business or, as the case may be, long term business liabilities of the society to a dependant, other than insurance liabilities, and
- (b) the value of the debts due or to become due to and other rights of the society under contracts of reinsurance ceded by it (but excluding any rights of recovery in respect of insurance liabilities already discharged by the society) which are general business or, as the case may be, long term business assets of the society, and
- (c) in the case of the long term business amount, the amount of any liabilities of the society in respect of property linked benefits.

(4) Where—

- (a) an asset (or group of assets) of a society carrying on only long term business is attributed by the society partly to its long term business assets and partly to its other assets, and
- (b) by virtue of paragraph (1)(b) above there is a reduction in the extent to which that asset or group of assets is to be taken into account,

the reduction shall be in the same proportion as the attribution.

(5) For the purposes of this regulation, the amount of the liabilities of a society shall be determined in accordance with Part V of these Regulations.

(6) This regulation shall not apply to any approved securities or to any interest accrued thereon.

(7) This regulation shall not apply to a registered friendly society to which neither section 37(2) nor (3) of the 1992 Act applies.