

SCHEDULE 1

Regulation 4

INFORMATION TO BE SUBMITTED: LONG TERM BUSINESS

Application

1. Subject to paragraphs 2 and 3 below, the information specified in paragraphs 4—25, where applicable, shall be submitted by each society.

2. Where a society applies for an extension of its current authorisation, the information specified in paragraphs 6, 7, 8, 9, 11, 15, 16, 17, and 18 is required only in respect of the classes, or any part of a class, of insurance business not included in its current authorisation but for which authorisation is being sought.

3. A society shall not be required to submit the information specified in paragraph 23 or 24 where the Commission already possesses that information.

Classification of business

4. Particulars of the following—

- (a) the classes, or any part of a class, of insurance business and the descriptions of non-insurance business (if any) for which the society is already authorised, and those classes, or part of a class, which it wishes to be included in the new authorisation; and
- (b) the parts of the United Kingdom covered by the society's existing authorisation and those which it wishes to be covered by the new authorisation.

Solvency

5. A statement showing the amount by which the assets are expected to exceed liabilities at the date of authorisation (after application of the valuation regulations) and how calculated.

Scheme of operations

6. The sources of business (for example, insurance brokers, agents, own employees or direct selling), the approximate percentage expected from each source and the commission rates payable.

7. The nature of the commitments which the society proposes to take on and the general and special policy conditions which it proposes to use.

8. The technical bases that the appropriate actuary proposes to employ for each class of business, including the data needed to calculate premium rates and mathematical reserves.

9. The guiding principles as to reinsurance including the society's maximum retention per risk or event after all reinsurance ceded and the names of the principal reinsurers.

10. The assets which represent or will represent the minimum guarantee fund being assets admissible under and valued in accordance with the valuation regulations.

11. The estimated cost of installing the administrative services and organisation for securing business, and the financial resources intended to cover those costs.

Projections

12. For each of the first three financial years following authorisation—

- (a) a forecast balance sheet (on both optimistic and pessimistic bases);

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- (b) a plan (on both optimistic and pessimistic bases) setting out detailed estimates of income and expenditure in respect of direct insurance business and reinsurance cessions; and
- (c) estimates relating to the financial resources intended to cover underwriting liabilities and the required margin of solvency.

13. The technical bases used to calculate the forecast and estimates specified in paragraph 12, and the factors used to determine the level of the required margin of solvency assumed for the purposes of paragraph 12(c).

Other information

14. A description of the society's overall investment strategy including a statement showing the types of investments which are expected to represent the insurance funds and the estimated proportion which will be represented by each type of investment.

15. Copies or drafts of reinsurance treaties.

16. Copies or drafts of any standard agreements with brokers or agents.

17. Copies or drafts of any agreements with persons (other than employees of the society) who manage or will manage the business of the society.

18. A certificate by the appropriate actuary that—

- (a) he considers the premium rate to be suitable;
- (b) he considers the financing of the society to be sufficient to cover both technical reserves and the required margin of solvency during the first three financial years following authorisation; and
- (c) he is satisfied that the information provided under paragraphs 7, 9, 12 and 13 above is based on reasonable principles.

19. A statement made jointly by each member of the committee of management, the secretary and the chief executive that the affairs of the society are directed in accordance with the criteria of prudent management set out in section 50(3) of the 1992 Act and will continue to be so directed.

20. A personal questionnaire (available from the Commission) requiring biographical information and disclosure of interests signed and completed by each of the following—

- (a) the chairman of the committee of management;
- (b) the chief executive; and
- (c) the secretary.

21. Name and address of the society's bankers, solicitors, appropriate actuary, auditors, and investment advisers.

22. Name and registered office of any subsidiary or jointly controlled body and particulars of any plan to form or to take part in forming or to acquire control or joint control of any qualifying body, including particulars of the current and proposed activities (by reference to Schedule 7 of the 1992 Act) of any such subsidiary, jointly controlled body or qualifying body and the approximate date of formation and commencement of its activities.

23. Where the society carries on both long term and general business, particulars of the classes, or any part of a class, of insurance business carried on by the society on 15th March 1979.

24. Particulars of any commercial business other than insurance business which the society carries on (stating, in relation to any savings business, whether the society was carrying on long term business and the savings business on 15th March 1979).

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25. A declaration by the secretary that the information provided in the application for authorisation is to the best of his knowledge and belief accurate.