
STATUTORY INSTRUMENTS

1994 No. 1516

The Insurance Companies Regulations 1994

PART II

AUTHORISATION ETC.

Benefits in kind

3.—(1) For the purposes of sections 2(5) and 15(6) of the Act, there is hereby prescribed any contract of insurance which—

- (a) is a contract under which the benefits provided by the insurer are exclusively or primarily benefits in kind in the event of accident to or breakdown of a vehicle, and
 - (b) contains the terms specified in paragraph (2) below.
- (2) The terms referred to in paragraph (1) above are—
- (a) that, subject to such restrictions as may be set out in the contract, the assistance shall normally be available on demand at least throughout the mainland of Great Britain; but in no case is assistance to be available outside the United Kingdom and the Republic of Ireland except where it is provided without the payment of additional premium by a body in the country concerned with whom the insurer has entered into a reciprocal agreement;
 - (b) that assistance provided in the case of an accident or breakdown occurring within the United Kingdom or the Republic of Ireland shall normally be provided by the insurer's servants or exceptionally by garages acting as the insurer's agents or appointed by the insurer;
 - (c) that the assistance shall take either or both of the forms of assistance specified in paragraph (3) below.
- (3) The forms of assistance referred to in paragraph (2) above are—
- (a) repairs to the relevant vehicle at the place where the accident or breakdown has occurred; this assistance may also include the delivery of parts, fuel, oil, water or keys to the relevant vehicle;
 - (b) removal of the relevant vehicle either to the nearest or most appropriate place at which repairs may be carried out, or to—
 - (i) the home, point of departure or original destination within the United Kingdom of the driver and passengers provided the accident or breakdown occurred within the United Kingdom; or
 - (ii) the home, point of departure or original destination within the Republic of Ireland of the driver and passengers provided the accident or breakdown occurred within the Republic of Ireland or within Northern Ireland; or
 - (iii) the home, point of departure or original destination within Northern Ireland of the driver and passengers provided the accident or breakdown occurred within the Republic of Ireland.

This form of assistance may include the conveyance of the driver or passengers of the relevant vehicle, with the vehicle, or, where the vehicle is to be conveyed only to the nearest or most appropriate place at which repairs may be carried out, the driver and passengers may alternatively be separately conveyed to the nearest location from which they may continue their journey by other means.

(4) Paragraph (1)(a) above shall not preclude the insurer from reimbursing the policy holder for all or part of any sums paid by him in respect of assistance either because he failed to identify himself as the policy holder or because he was unable to get in touch with the insurer in order to claim the assistance.

(5) In this regulation—

“the assistance” means the benefits to be provided under a contract of the kind prescribed in paragraph (1) above;

“breakdown” means an event—

(a) which causes the driver of the relevant vehicle to be unable to start a journey in the vehicle or involuntarily to bring the vehicle to a halt on a journey because of some malfunction of the vehicle or failure of it to function, and

(b) after which the journey cannot reasonably be commenced or continued in the relevant vehicle;

“the insurer” means the insurance company providing the assistance;

“the policy holder” means the person entitled to the assistance;

“the relevant vehicle” means the vehicle (including a trailer or caravan) in respect of which the assistance is required.

Authorisation: submission of information

4.—(1) The information to be submitted pursuant to section 5(1) of the Act shall be—

(a) for long term business, the information specified in the appropriate Part of Schedule 1, and

(b) for general business, the information specified in the appropriate Part of Schedule 2.

(2) In Schedules 1 and 2 (subject to the notes at the beginning of each Schedule)—

(a) Part I is appropriate for insurance companies whose head office is in the United Kingdom,

(b) Part II is appropriate for insurance companies, other than EC companies, whose head office is in an EEA State other than the United Kingdom in respect of—

(i) direct business, or

(ii) both direct business and reinsurance,

(c) Subject to paragraph (3) below, Part III is appropriate for insurance companies whose head office is not in an EEA State in respect of—

(i) direct business, or

(ii) both direct business and reinsurance, and

(d) Part IV is appropriate for insurance companies whose head office is not in the United Kingdom in respect of reinsurance only.

(3) Notwithstanding sub-paragraph (2)(c) above, Part II of Schedule 2 is appropriate for Swiss general insurance companies.

(4) For the purposes of this regulation—

“classes of insurance business”, in Schedules 1 and 2, means the classes of insurance business specified in Schedules 1 and 2 to the Act;

“the company”, in Schedules 1 and 2, means an insurance company and includes a body that seeks to become an insurance company after authorisation;

“direct business”, in paragraph (2) above and in Schedules 1 and 2, means insurance business other than reinsurance business;

“information”, in paragraph (1) above and in Schedules 1 and 2, includes proposal and financial forecast.

(5) References in Schedule 2 to general and special policy conditions do not include specific conditions intended to meet, in an individual case, the particular circumstances of the risk to be covered.

Main agents: exceptions

5.—(1) An unlimited agent shall not be regarded as a main agent of an applicant for the purposes of section 96E(1)(b) of the Act⁽¹⁾ if—

- (a) he was appointed before 1st April 1982, and
- (b) for the base period and for every subsequent financial year for which a set of annual accounts has been deposited by the applicant under section 22 of the Act, the value of the agent’s business has been not more than 10 per cent. of the value of the applicant’s business.

(2) In this regulation—

“the base period” means the financial year covered by the last set of annual accounts deposited by the applicant under section 18 of the Insurance Companies Act 1974⁽²⁾ before 1st April 1982;

“unlimited agent” means a person appointed by an applicant to be the applicant’s agent in respect of general business in the United Kingdom with authority to enter into contracts on behalf of the applicant without limit on the aggregate amount of premiums;

“the value of the agent’s business” means the aggregate of the amounts of gross premiums receivable by the applicant in respect of general business in the United Kingdom under contracts entered into by the agent on the applicant’s behalf;

“the value of the applicant’s business” means the aggregate of the amounts of gross premiums receivable by the applicant in respect of general business in the United Kingdom.

Authorisation: UK assets of applicants from non-EEA States etc.

6. For the purposes of section 9(1)(b) of the Act⁽³⁾ (which provides that the Secretary of State shall not issue an authorisation under section 3 of the Act in respect of long term or general business to an applicant to which section 9 applies unless he is satisfied that the applicant has in the United Kingdom assets of such value as may be prescribed) there is hereby prescribed—

- (a) a value at least equal to the minimum guarantee fund appropriate to the United Kingdom margin of solvency required by section 32(2)(b) of the Act, or
- (b) where in relation to an applicant seeking to carry on insurance business in the United Kingdom and one or more other EEA States the said section 9(1)(b) is (by virtue of section 9(2)(a) of the Act⁽⁴⁾) to have effect as if the reference to the United Kingdom were a reference to the EEA States concerned taken together, a value at least equal to—

(1) Section 96E(1)(b) was inserted by S.I. 1994/1696, reg. 54.

(2) 1974 c. 49.

(3) Section 9(1) was amended by S.I. 1994/1696, reg. 9.

(4) Section 9(2)(a) was amended by S.I. 1994/1696, reg. 9.

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- (i) the minimum guarantee fund appropriate to the EEA margin of solvency required by section 32(3)(b) of the Act⁽⁵⁾, or
- (ii) if the deposit is not made in the United Kingdom, half the minimum guarantee fund specified in paragraphs 1 to 6 of Schedule 5 as appropriate to the type of business to be carried on by the applicant.

(5) Section 32(3)(b) was amended by [S.I. 1994/1696](#), reg. 14.