
EXPLANATORY NOTE

(This Note does not form part of the Regulations)

These Regulations make amendments to Parts VIII and IX of and Schedules 10 and 12 to the Insurance Companies Regulations 1994. They concern the treatment of assets and liabilities of a UK-authorized insurance company for various purposes of the Insurance Companies Act 1982 and the methods by which benefits payable to policyholders under linked long-term contracts of insurance may be determined.

Regulation 1 provides for citation and commencement.

Regulations 2 and 3 update the provisions for interpretation of Part VIII in line with the changes to that Part.

Regulation 4 amends general provisions concerning treatment of assets under Part VIII.

Regulation 5 introduces a new regulation 47A dealing with the treatment of certain sale and repurchase transactions.

Regulation 6 amends regulation 48 concerning the valuation of debts and other rights owed to an insurance company.

Regulation 7 substitutes for regulation 51 (unlisted securities) a new regulation for the valuation of securities and beneficial interests in a limited partnership.

Regulation 8 substitutes for regulation 52 (unit trusts) a new regulation for the valuation of beneficial interests in a collective investment scheme.

Regulation 9 substitutes for regulation 53 (listed securities) a new regulation for the valuation of deferred acquisition costs.

Regulation 10 replaces regulation 55 with a new regulation dealing with treatment of derivatives.

Regulation 11 substitutes for regulation 56 (other assets) a new regulation dealing with contracts and assets having the effect of derivative contracts.

Regulation 12 substitutes a new regulation 57 dealing with assets to be taken into account only to a specified extent.

Regulations 13 to 18 make minor changes to regulations 58, 60, 61, 62, 64 and 69 concerning, respectively, interpretation of Part IX, general rules for Part IX, determination of the provision for adverse changes, general business liabilities, long-term liabilities and rates of interest used in the determination of long-term liabilities.

Regulation 19 introduces a revised Schedule 10, concerning the reference values which may be used for the determination of policyholder benefits under long-term linked contracts.

Regulation 20 introduces a revised Schedule 12 which sets out the rule for the calculations required by regulation 57.

Regulation 21 contains transitional provisions.

Compliance Costs

Compliance Cost Assessments were prepared in respect of the Insurance Companies (Third Insurance Directives) Regulations 1994, the Insurance Companies Regulations 1994 and the Insurance Companies (Accounts and Statements) (Amendment) Regulations 1994 and placed in the Libraries of both Houses of Parliament. Copies are also available from the Insurance Division of the Department of Trade and Industry, Room 5.G. 23, 1 Victoria Street, London SW1H 0NN.

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

These assessments concluded that the cost impact of the Regulations was broadly neutral. These Regulations will not impose any new burden on business, and a further Compliance Cost Assessment has not been prepared.