
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Insurance Companies Act 1982 (“the 1982 Act”).

The primary purpose of these Regulations is to implement the Agreement on the European Economic Area (Cm 2073) (“the EEA Agreement”) as regards the application of Council Directive [92/49/EEC](#) (O.J. No. L228, 11.8.92, p. 1) and Council Directive [92/96/EEC](#) (O.J. No. L360, 9.12.92, p. 1) (“the Directives”) to Liechtenstein. In accordance with a Decision of the Council of the European Economic Area (O.J. No. L86, 20.4.95, p. 8), these Directives have applied to that State, together with the earlier Council Directives on the co-ordination of laws, regulations and administrative provisions relating to insurance, with effect from 1st May 1995.

One of the principal purposes of the Directives was to introduce for direct insurance business the principle of home State control. Under this system each member State has been required to assume sole responsibility for the authorisation and supervision of the business carried on throughout the EC by undertakings having their head office in that State. The Directives also provide for further harmonisation of member States' rules concerning the authorisation and regulation of insurance undertakings. The Directives were given effect in the United Kingdom by the Insurance Companies (Third Insurance Directives) Regulations 1994 (S.I. [1994/1696](#)) (“the Third Insurance Directives Regulations”), as amended by the Insurance Companies (Amendment) Regulations 1994 (S.I. [1994/3132](#)) together with the Insurance Companies (Accounts and Statements) (Amendment) Regulations 1994 (S.I. [1994/1515](#)) and certain provisions of the Insurance Companies Regulations 1994 (S.I. [1994/1516](#)).

The Regulations also make minor amendments to the 1982 Act and to the Insurance Companies (Accounts and Statements) Regulations 1983 (S.I. [1983/1811](#)) (“the 1983 Regulations”) and the Insurance Companies Regulations 1994 (S.I. [1994/1516](#)) (“the 1994 Regulations”) consequential to the amendments to the 1982 Act.

Regulation 1 contains provisions for the citation and commencement of the Regulations.

Regulation 2 contains interpretation provisions.

Regulation 3 extends the meaning of the expression “member State” for the purposes of the 1982 Act to include Liechtenstein.

Regulation 4 makes minor amendments to various provisions of the 1982 Act, in particular, to take account of the entry into force of the EEA Agreement in relation to Liechtenstein.

Regulations 5 and 6 make amendments to the interpretation provisions of the 1983 and 1994 Regulations.

Regulations 7 and 8 contain transitional and transitory provisions.

Compliance costs

Compliance Cost Assessments were prepared in respect of the Third Insurance Directives Regulations, the Insurance Companies (Accounts and Statements) (Amendment) Regulations 1994 and the Insurance Companies 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, 1 Victoria Street, London SW1H 0ET. Those assessments concluded that the cost impact of the Regulations was broadly neutral. These Regulations will not impose any new burdens or costs on business, and a further Compliance Cost Assessment has not been prepared.