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STATUTORY INSTRUMENTS

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**2000 No. 971 (C. 25)**

**INSURANCE**

**The Policyholders Protection Act 1997  
(Commencement No. 1) Order 2000**

*Made - - - - 4th April 2000*

The Treasury, in exercise of the powers conferred by section 23(3) and (4) of the Policyholders Protection Act 1997(1) and now vested in them(2), hereby make the following Order—

1. This Order may be cited as the Policyholders Protection Act 1997 (Commencement No. 1) Order 2000.

2. In this Order—

“the 1975 Act” means the Policyholders Protection Act 1975(3);

“the 1997 Act” means the Policyholders Protection Act 1997; and

“the specified date” means 5th April 2000.

3.—(1) Subject to paragraph (2), section 3 of the 1997 Act (persons qualifying for protection) shall come into force on the specified date.

(2) The amendments to section 16 of the 1975 Act (companies in financial difficulties: transfer of business, etc) made by section 3 of the 1997 Act shall not have effect where—

(a) in a case falling within section 16(1)(a) of the 1975 Act, the petition for the winding up of the company which led to the appointment of the provisional liquidator was presented before the specified date;

(b) in a case falling within section 16(1)(b) of the 1975 Act(4), the petition for the winding up of the company was presented before the specified date; or

(c) in a case falling within section 16(1)(c) of the 1975 Act(5), the application for the sanctioning of a compromise or arrangement was made before the specified date.

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(1) 1997 c. 18.

(2) References to the “Treasury” were substituted for references to the “Secretary of State” in section 23 of the Policyholders Protection Act 1997 by article 8 of, and paragraphs 126, 127 and 131 of the Schedule to, the Transfer of Functions (Insurance) Order 1997 (S.I.1997/2781).

(3) 1975 c. 75.

(4) Section 16(1)(b) of the 1975 Act was amended by section 439(2) of, and Schedule 14 to, the Insolvency Act 1986 (c. 45) and by article 381(2) of, and Part II (paragraph 28) of Schedule 9 to, the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405).

(5) Section 16(1)(c) of the 1975 Act was amended by section 30 of, and Schedule 2 to, the Companies Consolidation (Consequential Provisions) Act 1985 (c. 9) and by article 23 of, and Part II of Schedule 1 to, the Companies (Consequential Provisions) (Northern Ireland) Order (S.I. 1986/1035).

4.—(1) Subject to paragraphs (2) and (3), section 16 of the 1997 Act (extension of definition of “policyholder”) shall come into force on the specified date.

(2) Section 16 of the 1997 Act shall not have effect for the purposes of sections 5 to 11 of the 1975 Act where—

- (a) in a case falling within section 5(1)(a) of the 1975 Act<sup>(6)</sup> (whether or not an order for the winding up of the company by the court has been made since the resolution there mentioned was passed), the resolution was passed before the specified date; or
- (b) in a case falling within section 5(1)(b) of the 1975 Act, the petition for the winding up of the company by the court was presented before the specified date.

(3) Section 16 of the 1997 Act shall not have effect for the purposes of sections 15 to 17 of the 1975 Act where—

- (a) in a case falling within section 16(1)(a) of the 1975 Act, the petition for the winding up of the company which led to the appointment of the provisional liquidator was presented before the specified date;
- (b) in a case falling within section 16(1)(b) of the 1975 Act, the petition for the winding up of the company was presented before the specified date; or
- (c) in a case falling within section 16(1)(c) of the 1975 Act, the application for the sanctioning of a compromise or arrangement was made before the specified date.

5. Section 21 of the 1997 Act (interpretation) shall come into force on the specified date.

*Greg Pope  
Clive Betts*

Two of the Lords Commissioners of Her  
Majesty’s Treasury

4th April 2000

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<sup>(6)</sup> Section 5(1)(a) of the 1975 Act was amended by section 439(2) of, and Schedule 14 to, the Insolvency Act 1986 (c. 45) and by article 381(2) of, and Part II (paragraph 26) of Schedule 9 to, the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405).

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order brings into force on 5th April 2000 (“the specified date”) section 3 of the Policyholders Protection Act 1997 (“the 1997 Act”) which amends section 16 of the Policyholders Protection Act 1975 (“the 1975 Act”) by extending the category of persons qualifying for protection in the case of insurance companies in financial difficulties.

This Order also brings into force on the specified date section 16 of the 1997 Act which extends the definition of “policyholder” in the 1975 Act.

The commencement of sections 3 and 16 of the 1997 Act does not apply to certain cases where companies are already in liquidation or financial difficulties at the specified date.

This Order brings section 21 of the 1997 Act (interpretation) into force on the specified date.