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STATUTORY INSTRUMENTS

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**2011 No. 1780**

**The Individual Savings Account  
(Amendment No. 2) Regulations 2011**

**Amendments to the Individual Savings Account Regulations 1998**

**16.** In regulation 9 (insurance policies)—

- (a) in paragraph (1) for “paragraphs (4) to (7)” substitute “paragraphs (4) to (9) as appropriate”;
- (b) at the beginning of paragraph (3)(b)(ii) insert “in the case of a policy that is held under an account that is not a junior ISA account,”;
- (c) after paragraph (3)(b)(ii) insert—

“(ia) in the case of a policy that is held under an account that is a junior ISA account, that the policy shall automatically terminate if it comes to the notice of the account manager, in any manner, that the event specified in paragraph (8A) has occurred in relation to the policy;”;

- (d) for paragraph (3)(b)(iii) substitute—

“(iii) subject to paragraph (3B), for an express prohibition of any transfer, assignment or (in Scotland) assignation of the policy to the account investor who holds the account under which the policy is held or, in the case of a policy held under an account that is a junior ISA account, the registered contact or named child in relation to that account;”;

- (e) omit paragraph (3)(b)(iv);

- (f) after paragraph (3) insert—

“(3A) In paragraphs (3)(b)(iii) and (3B), “policy” includes—

- (a) the rights conferred by a policy; and
- (b) any share or interest in the rights conferred by a policy.

(3B) The prohibition required by paragraph (3)(b)(iii) must not prohibit—

- (a) the cash proceeds from the termination of the policy or a partial surrender of the policy ownership—

- (i) being paid to the account investor where the policy is held under an account that is not a junior ISA account;
- (ii) being withdrawn in accordance with regulation 4ZD (permitted withdrawals from a junior ISA account) or 4ZE (permitted withdrawals from a junior ISA account where the named child is terminally ill);

- (b) the transfer of title to the policy so that it is vested as required from time to time by regulations 4(6)(b)(i) and (ia) (general conditions for accounts) and 15(a) (special provisions relating to insurer-managers) by virtue of—

- (i) a transfer of an account in accordance with regulations 21 or 21B;
- (ii) a change of registered contact in relation to a junior ISA account; or

- (iii) an account ceasing to be a junior ISA account upon the named child in relation to the account attaining 18 years;
- (c) the vesting of the policy in the personal representatives of the account investor.”;
- (g) in paragraph (7)—
  - (i) for “either of the events specified in paragraph (8)” substitute “any of the events specified in paragraphs (8) or (8A)”;
  - (ii) for “excepting paragraphs (3)(b)(ii) and (8)” substitute “excepting paragraphs (3)(b)(ii) and (ia), (8) and (8A)”;
- (h) after paragraph (8) insert—
  - “(8A) The event specified in this paragraph is that—
    - (a) the policy has ceased to be one in respect of which the conditions in paragraph (3)(b)(i) are satisfied or those conditions were not satisfied in relation to the policy at the date on which the insurance was made; and
    - (b) the breach or non-compliance cannot be remedied in accordance with regulation 21C or has not been remedied within a reasonable time.”;
- (i) in paragraph (9) for “paragraph (8)” substitute “paragraph (8) or (8A)”.