

**EXPLANATORY MEMORANDUM TO  
THE INSURERS (WINDING-UP) RULES (NORTHERN IRELAND) 2005**

**2005 No. 399**

1. 1.1 This explanatory memorandum has been prepared by the Department of Enterprise, Trade and Investment (as the Department with lead responsibility for insolvency matters in Northern Ireland) on behalf of the Northern Ireland Court Service and is laid before Parliament by Command of Her Majesty.  
  
1.2 This memorandum contains information for the House of Lords Select Committee on the merits of Statutory Instruments.
2. **Description**  
  
2.1 These are specialised rules needed to cope with the unique circumstances which would arise on an insurer being wound up. They supplement, in the case of insurance companies those rules of general application to any company being wound up which are contained in the Insolvency Rules (Northern Ireland) 1991 (S.R. 1991 No. 364). In particular they lay down how claims under policies held with an insurer are to be valued following liquidation and they make provision for the separation of what are termed liabilities arising from long-term business and the assets available to cover these liabilities from other liabilities and assets.
3. **Matters of special interest to the House of Lords Select Committee on the Merits of Statutory Instruments**  
  
3.1 None
4. **Legislative Background**  
  
4.1 These rules are in parity with the Insurers (Winding Up) Rules 2001 (SI 2001/3635) as amended by Regulation 53 of the Insurers (Reorganisation and Winding Up) Regulations 2003 (SI 2003/1102).  
  
4.2 Their effect is to revoke and re-make with modifications the specialised rules which previously applied to the winding up of an insurer, the Insurance Companies (Winding-Up) Rules (Northern Ireland) 1992 (S.R. 1992 No. 307).
5. **Extent**  
  
5.1 These rules apply to Northern Ireland only.
6. **European Convention on Human Rights**  
  
6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

7.1 It is not believed that any Northern Ireland based insurance companies exist at present. However to cover the possibility of any being established in the future it has been decided that it would be prudent to have the same rules in place to govern the winding up of such companies as exist in the rest of the United Kingdom.

7.2 The rules are of a specialised nature and are in strict parity with those applying in the rest of the United Kingdom.

## **8. Impact**

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 As the rules deal only with the relationship between liquidators and insurers in liquidation there will be no impact on the public sector.

## **9. Contact**

9.1 Jack Reid of the Insolvency Service, Department of Enterprise, Trade and Investment Tel: 028 90548543 or email: [jack.reid@detini.gov.uk](mailto:jack.reid@detini.gov.uk) can answer any queries regarding the instrument