
 STATUTORY INSTRUMENTS

1981 No. 725

INSURANCE

**The Insurance Companies (Valuation of Assets)
(Amendment) Regulations 1981**

<i>Made - - - -</i>	11th May 1981
<i>Laid before Parliament</i>	20th May 1981
<i>Coming into Operation</i>	15th June 1981

The Secretary of State, in exercise of his powers under sections 78 and 86 of the Insurance Companies Act 1974(a) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

Citation and commencement

1. These Regulations may be cited as the Insurance Companies (Valuation of Assets) (Amendment) Regulations 1981 and shall come into operation on 15th June 1981.

Interpretation

2. In these Regulations “the principal Regulations” means the Insurance Companies (Valuation of Assets) Regulations 1976(b).

Amendment of Regulation 2 of the principal Regulations

3. Regulation 2(1) of the principal Regulations is amended—

(a) in the definition of “approved financial institution” by substituting for paragraphs (c), (e), (g) and (h) the following paragraphs—

“(c) a trustee savings bank within the meaning of the Trustee Savings Bank Act 1976(c),”;

“(e) a recognised bank or a licensed deposit taking institution within the meaning of the Banking Act 1979(d),”;

“(g) Finance for Industry Limited,
the International Bank for Reconstruction and Development,
the Inter-American Development Bank,
the African Development Bank,
the Asian Development Bank,
the Caribbean Development Bank,
the European Investment Bank,
the Commission of the European Communities, and
the European Coal and Steel Community, and”;

“(h) the Post Office in the exercise of its powers to provide banking services;”;

(a) 1974 c. 49; section 78 was modified by S.I. 1977/1553, Schedule 5, paragraph 11 and S.I. 1978/720, Schedule, paragraph 15.

(b) S.I. 1976/87, amended by S.I. 1976/2039 and S.I. 1980/5.

(c) 1976 c. 4. (d) 1979 c. 37.

- (b) by deleting the words “fixed interest” from sub-paragraph (a) of the definition of “approved securities”;
- (c) by inserting in its proper alphabetical position the following definition—
““general premium income” has the meaning ascribed to it in section 4(4)(b) of the Act;”;
- (d) by inserting in its proper alphabetical position the following definition—
““listed” means, in relation to an investment—
(a) that there has been granted and not withdrawn a listing in respect of that investment on a stock exchange which is a recognised stock exchange within the meaning of the Companies Act 1948(a) or the Companies Act (Northern Ireland) 1960(b); or
(b) that there has been granted and not withdrawn such a listing on any stock exchange of repute outside the United Kingdom; or
(c) that dealings in that investment are effected in a securities market of repute outside the United Kingdom being a market in which prices of all securities in which there are dealings are publicly listed and which is supervised by a public body;
and “unlisted” shall be construed accordingly;”;
- (e) by deleting the definition of “middle market price” and substituting the following definition—
““middle market quotation” means—
(a) in relation to an investment for which two prices are quoted in the official list published for the relevant market, the average of the two prices so quoted for the relevant date or, if no official list has been published for that day, for the most recent day prior to that day for which the official list has been published; and
(b) in relation to an investment for which one price is quoted in the official list published for the relevant market, the price so quoted for the relevant date or, if no official list has been published for that day, for the most recent day prior to that day for which the official list has been published; and
(c) in any other case, the nearest equivalent to the average referred to in paragraph (a) above which is published or can be reasonably ascertained from information which is published;”;
- (f) by substituting for the definition of “qualified valuer” the following definition—
““qualified valuer”, in relation to any particular type of land in any particular area, means—
(a) a person who is a fellow or professional associate of the Royal Institution of Chartered Surveyors or a fellow or associate of the Incorporated Society of Valuers and Auc-

(a) 1948 c. 38.

(b) 1960 c. 22 (N.I.).

tioneers or a fellow or associate of the Rating and Valuation Association and either

- (i) has knowledge and experience in the valuation of that particular type of land in that particular area, or
 - (ii) has knowledge and experience in the valuation of land and has taken advice from a valuer who, he is satisfied, has knowledge and experience in the valuation of that particular type of land in that particular area, or
- (b) a person who immediately before 15th June 1981 held an appointment to act as a qualified valuer by virtue of an approval by the Secretary of State made under the Insurance Companies (Valuation of Assets) Regulations 1976 and continues for the time being so to act;”;
- (g) by deleting the definition of “quoted”;
- (h) by adding after the definition of “subsidiary” the following definition—
 ““traded option” means a share or debenture option in respect of which permission to deal has been granted on the traded option market of a recognised stock exchange within the meaning of the Companies Act 1948 or the Companies Act (Northern Ireland) 1960 or a stock or options exchange of repute outside the United Kingdom;”.

4. Regulation 2(3) of the principal Regulations is amended by substituting the year “1978” for the year “1889”.

Amendment of Regulation 5 of the principal Regulations

5. Regulation 5 of the principal Regulations is amended—

- (a) by adding in paragraph 2 after the words “insurance company” the words “whether or not it is a company to which Part II of the Act applies”;
- (b) by substituting for sub-paragraph (c) of paragraph (2) the following sub-paragraph—
 “(c) where the dependent carries on general business, an amount equal to whichever is the greater of £200,000 or 20 per cent of the general premium income shall be deemed to be a liability of the dependent.”;
- (c) by adding at the end of paragraph (3) the following sub-paragraph—
 “(c) any equipment leased by the dependent exclusively to any person other than its subsidiary or holding company or a subsidiary of its holding company shall be valued as a debt for the purposes of these Regulations.”.

6. For Regulation 9 of the principal Regulations there shall be substituted the following Regulation—

“9—(1) Where an insurance company has issued shares some or all of which are partly paid and the total paid-up value of all its issued shares is equal to or greater than one quarter of their nominal value or, in the case of shares issued at a premium, of the aggregate of their nominal value and the premium, an amount not greater than half the total value of the amounts unpaid shall be taken into account.

(2) There shall be left out of account for the purposes for which these Regulations apply—

- (a) any moneys unpaid but already due on shares which are partly paid; and
- (b) any moneys unpaid on shares if the total amount paid up on all the shares issued is less than one quarter of their nominal value or, in the case of shares issued at a premium, of the aggregate of their nominal value and the premium.”.

Amendment to Regulation 10 of the principal Regulations

7. Regulation 10 of the principal Regulations is amended—

- (a) by substituting the word “unlisted” for the word “unquoted” wherever it appears;
- (b) in paragraph (1) by inserting after the words “insurance company” the words “or to which Regulation 10(7) below applies”;
- (c) by deleting the words “available for distribution to shareholders” in paragraphs 10(1)(b), 10(2)(a) and 10(2)(b)(i), by deleting the words “undistributed” and “available for distribution” in paragraphs 10(2)(b)(ii) and 10(4) respectively and by substituting the words “available for distribution” for the words “to be distributed” in paragraph 10(3);
- (d) by inserting at the end the following paragraph—

“(7) The value of any unlisted security which is dealt in on a recognised stock exchange within the meaning of the Companies Act 1948 or the Companies Act (Northern Ireland) 1960 or on a stock exchange of repute outside the United Kingdom shall be an amount not greater than the middle market quotation.”.

Amendment of Regulation 12 of the principal Regulations

8. Regulation 12 of the principal Regulations is amended—

- (a) by substituting the word “listed” for the word “quoted” wherever it occurs;
- (b) by substituting the words “middle market quotation” for the words “middle market price” in paragraph (1);
- (c) by substituting the word “listing” for the word “quotation” in paragraph (2).

Amendment of Regulation 14 of the principal Regulations

9. Regulation 14 of the principal Regulations is amended—

- (a) in paragraph (1), by substituting for sub-paragraph (a) the following sub-paragraph—

“(a) in the case of listed securities, the middle market quotation;”;
- (b) in paragraph (2), by substituting for sub-paragraph (b) the following sub-paragraph—

“(b) share options and debenture options, not being traded options.”.
- (c) by adding at the end thereof, the following paragraph:—

“(3) The value of traded options shall be the middle market quotation.”.

Amendment of Regulation 15 of the principal Regulations

10. Regulation 15 of the principal Regulations is amended—

(a) in paragraph (2), by substituting for the definition of “general business amount” the following definition—

““general business amount” means the aggregate of the company’s general business liabilities and in the case of a company which carries on general business an amount equal to whichever is the greater of £200,000 or 20 per cent of the general premium income less the amount of the deduction specified in paragraph (3) below;”;

(b) by substituting for paragraph (5) the following paragraph—

“(5) This regulation shall not apply to any approved securities or to any interest accrued thereon.”.

Amendment of Schedule 2 to the principal Regulations

11. Schedule 2 to the principal Regulations is amended—

(a) in items 2 to 6 in Part I, by substituting the word “listed” for the word “quoted” wherever it occurs;

(b) in item 3 in Part I, by inserting at the end of the item the words “not being moneys due from the Crown or any public body”;

(c) in item 4 in Part I, by inserting at the end of the item the words “not being moneys due from the Crown or any public body”;

(d) in item 7 in Part I, by substituting the word “unlisted” for the word “unquoted”;

(e) in item 8 in Part I, by inserting at the beginning of the item the words “Options of the description specified in paragraph 11A below and”;

(f) by adding at the end of Part I the following item:—

“11A. Debenture options and share options (including traded options) in any one company and any of its connected companies (not being a dependent of the insurance company 10%”;

11th May 1981.

Reginald Eyre,
Parliamentary Under-Secretary of State,
Department of Trade.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These regulations amend the Insurance Companies (Valuation of Assets) Regulations 1976. The more important changes are as follows: the valuation of dependent general business insurance companies (regulation 5) and the calculation of the general business amount are simplified; the valuation rules for unlisted securities dealt in on a recognised stock exchange (regulation 7(d)), for partly paid share capital (regulation 6), and for traded options (regulation 9) are revised; and a limit is introduced on the extent to which options may be taken into account (regulation 11). In addition the definition of "approved financial institution" is updated and that of "qualified valuer" is modified (regulation 3). References to the "quotation" of shares are replaced by the current term "listing" and other minor and consequential changes are made.

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