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STATUTORY INSTRUMENTS

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**1993 No. 1327**

**The Insurance Companies (Cancellation) Regulations 1993**

**Rights of cancellation**

2.—(1) For subsection (1) of section 75 of the 1982 Act (statutory notice by insurer in relation to long term policy) substitute—

“(1) Subject to subsections (5) and (5A) below, unless the requirements of subsection (1A) below are fulfilled—

- (a) no insurance company to which Part II of this Act applies and no member of Lloyd’s shall enter into a contract the effecting of which constitutes the carrying on of long term business; and
- (b) no company which has been authorised in accordance with Article 6 of the first long term insurance Directive shall enter into a contract the effecting of which constitutes the provision in the United Kingdom of long term insurance within the meaning of Part IIIA of this Act(1).

(1A) The requirements of this subsection are that—

- (a) the company or member (“the insurer”) sends by post to the other party to the contract, at or before the time when it is entered into, a statutory notice in relation to the contract; or
- (b) in the case of an EC contract, a representative of the insurer gives such a notice to that party at that time.

(1B) Where, in the case of an EC contract, a statutory notice is sent to the other party to the contract before the time when it is entered into, the insurer shall, not later than 14 days after the contract has become binding, inform that party in writing that it has done so.”

(2) In subsection (5) of that section, for the words “any contract” substitute the words “any non-EC contract”.

(3) After that subsection insert—

“(5A) Subsection (1) of this section does not apply to a contract if the party other than the insurer is habitually resident in a member State other than the United Kingdom.

(5B) For the purposes of this section and section 76 below, “EC contract” means a contract to which subsection (1) above applies which fulfils the following conditions, namely—

- (a) the insurer is a company whose head office is in a member State or a member of Lloyd’s; and
- (b) the other party is habitually resident in the United Kingdom;

and “non-EC contract” means a contract to which subsection (1) above applies which is not an EC contract.

(5C) In the case of a contract involving two or more parties other than the insurer, this section and section 76 below shall have effect as if a separate contract were being or had been entered into by the insurer with each of those parties. ”.

(4) For subsection (1) of section 76 of the 1982 Act (right to serve notice of cancellation in respect of long term policy) substitute—

“(1) A person who has received a statutory notice in relation to an EC contract may, before the expiration of the fourteenth day after that on which he is informed in writing that the contract has become binding, serve a notice of cancellation on the insurer.

(1A) A person who has received a statutory notice in relation to a non-EC contract may, before the expiration of—

- (a) the tenth day after that on which he received the notice, or
- (b) the earliest day on which he knows both that the contract has been entered into and that the first or only premium has been paid,

whichever is the later, serve a notice of cancellation on the insurer. ”.

(5) In subsection (2) of that section, for the words “subsection (1)” substitute the words “subsection (1) or (1A)”.