

## SCHEDULE 6

### CERTIFICATES BY DIRECTORS AND ACTUARY AND REPORT OF THE AUDITORS

#### PART I

##### **Certificate by directors etc.**

1. Subject to paragraph 7 below, the certificate required by regulation 28(a) above shall state—
  - (a) in relation to the part of the return comprising Forms 9 to 17, 20 to 45 and the statements required by regulations 19 to 21, 23, 24 and 26 above that—
    - (i) the return has been prepared in accordance with the Regulations;
    - (ii) proper accounting records have been maintained and adequate information has been obtained by the company; and
    - (iii) an appropriate system of control has been established and maintained by the company over its transactions and records;
  - (b) that reasonable enquiries have been made by the company for the purpose of determining whether any person and any body corporate are connected for the purposes of regulations 19, 20 and 21 above;
  - (c) that in respect of the company's business which is not excluded by regulation 32 of the Insurance Companies Regulations, the assets held throughout the financial year in question enabled the company to comply with regulations 27 to 31 (matching and localisation) of those Regulations; and
  - (d) in relation to the statement required by regulation 31 above—
    - (i) that for the purpose of preparing the statement, proper accounts and records have been maintained; and
    - (ii) that the information given has been ascertained in conformity with that regulation.
2. Subject to paragraph 7 below, the certificate required by regulation 28(a) above shall also, in the case of a company which is required by section 32 of the Act to maintain a margin of solvency, EEA margin of solvency or UK margin of solvency, state that the required margin has been so maintained throughout the financial year in question.
3. Subject to paragraph 7 below, the certificate required by regulation 28(a) above shall also state, separately in respect of long term business and of general business—
  - (a) in the case of—
    - (i) an EFTA company or an EEA deposit company, that the value of the admissible assets of the long term business or of the general business carried on by the company through a branch in the United Kingdom was maintained throughout the financial year in question at not less than the amount of the liabilities of that business; and
    - (ii) a Swiss general insurance company, that the value of the admissible assets of the general business carried on by the company through a branch in the United Kingdom was maintained throughout the financial year in question at not less than the amount of the liabilities of that business;
  - (b) in the case of an external company (other than a pure reinsurer)—
    - (i) that the company has kept throughout the financial year in question admissible assets representing the required United Kingdom minimum margin of an amount at least equal to the appropriate guarantee fund or minimum guarantee fund, whichever

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was the greater, within the United Kingdom and has kept throughout that year admissible assets representing the remainder of that minimum margin within the United Kingdom and the other EEA States; and

(ii) that the deposit made in accordance with section 9(1)(c) of the Act has been maintained throughout that year at a level equal to at least the minimum as defined in regulation 7 of the Insurance Companies Regulations; and

(c) in the case of a United Kingdom deposit company—

(i) that the company has kept throughout the financial year in question admissible assets representing the required EEA minimum margin of an amount at least equal to the appropriate guarantee fund or minimum guarantee fund, whichever was the greater, within the EEA States concerned and has kept throughout that year admissible assets representing the remainder of that minimum margin within the EEA States concerned and the other EEA States; and

(ii) that the deposit made in accordance with section 9(2) of the Act has been maintained throughout that year at a level equal to at least the minimum as defined in regulation 7 of the Insurance Companies Regulations.

4. Subject to paragraph 7 below, if the company carries on long term business, the certificate required by regulation 28(a) above shall also state—

(a) except in the case of a company which has no shareholders and carries on no business whatsoever other than long term business, that the requirements of sections 28 to 31 of the Act have been fully complied with and in particular that, subject to the provisions of section 29(2) to (4) and section 30 of the Act, assets attributable to long term business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term business fund or funds have not been applied otherwise than for the purpose of the long term business;

(b) that any amount payable from or receivable by the long term business fund or funds in respect of services rendered by or to any other business carried on by the company or by a person who, for the purposes of section 31 of the Act, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to that fund or those funds, and any exchange of assets representing such fund or funds for other assets of the company has been made at fair market value;

(c) that all guarantees given by the company of the performance by a related company which would fall to be met by any long term business fund have been disclosed in the return, and that the fund or funds on which each such guarantee would fall has been identified therein;

(d) in respect of any internal linked fund or funds maintained by a company, that the investment policy and practice of the company was during the financial year in question consistent with any representations made to policy holders or potential policy holders of the company;

(e) in the case of a company having its head office in the United Kingdom, a pure reinsurer, a United Kingdom deposit company or an external company, being a company which has financial, commercial or administrative links with any other company carrying on insurance business, that the return in respect of long term business is not distorted by agreements between the companies concerned or by any arrangements which could affect the apportionment of expenses and income; and

(f) in the case of a company to which section 31A of the Act<sup>(1)</sup> applies, that the company has fully complied with the requirements of that section.

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(1) Section 31A was inserted by section 136 of the Financial Services Act 1986 (1986 c. 60).

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5. Subject to paragraph 7 below, where the directors are satisfied that—

- (a) the systems of control established and maintained by the company in respect of its business complied, at the end of the financial year in question, with any published guidance and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future; or
- (b) the return has been prepared in accordance with any published guidance,

it shall be so stated, by listing such guidance, in the certificate required by regulation 28(a) above.

6. Except in the case of a company whose head office is in a member State or a Swiss general insurance company, the certificate required by regulation 28(a) above shall also, subject to paragraph 7 below, state that proper accounting records have been maintained in the United Kingdom in respect of business carried on through a branch in the United Kingdom.

7.—(1) Where, in the opinion of those signing the certificate, the circumstances are such that any of the statements required by paragraphs 1 to 6 above cannot truthfully be made, the relevant statements shall be omitted.

(2) Where, by virtue of sub-paragraph (1) of this paragraph, any statements have been omitted from the certificate, this fact shall be stated in a note.