
STATUTORY INSTRUMENTS

1996 No. 944

INSURANCE

**The Insurance Companies
(Amendment No. 2) Regulations 1996**

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| <i>Made</i> | - - - - | <i>24th March 1996</i> |
| <i>Laid before Parliament</i> | | <i>28th March 1996</i> |
| <i>Coming into force</i> | - - | <i>30th April 1996</i> |

The Secretary of State, being a Minister designated⁽¹⁾ for the purposes of section 2(2) of the European Communities Act 1972⁽²⁾ in relation to compulsory insurance in respect of, and other means of providing for, civil liability in relation to motor vehicles and trailers, the transfer of insurance contracts other than contracts of life assurance from one insurance undertaking to another, and in relation to the authorisation of the carrying on of insurance business and the regulation of such business and its conduct, the specification of insurers who may effect insurance required under or by virtue of any enactment, and the transfer of contracts of life assurance from one insurance undertaking to another and in relation to anything supplemental or incidental to those matters, in exercise of his powers under the said section 2(2) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

GENERAL

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Insurance Companies (Amendment No. 2) Regulations 1996 and shall come into force on 30th April 1996.

(2) These Regulations extend to Northern Ireland.

Interpretation

2.—(1) In these Regulations—

(1) S.I. 1972/1811; S.I. 1975/427; S.I. 1976/2141; S.I. 1982/847; S.I. 1990/600.
(2) 1972 c. 68; by virtue of the amendment of section 1(2) of the European Communities Act by section 1 of the European Economic Area Act 1993 (c. 51) regulations may be made under section 2(2) of the European Communities Act to implement obligations of the United Kingdom created or arising by or under the Agreement on the European Economic Area signed at Oporto on 2nd May 1992 (Cm 2073) and the Protocol adjusting the Agreement signed at Brussels on 17th March 1993 (Cm 2183).

“the 1982 Act” means the Insurance Companies Act 1982(3);

“the 1983 Regulations” means the Insurance Companies (Accounts and Statements) Regulations 1983(4);

“the 1994 Regulations” means the Insurance Companies Regulations 1994(5); and

“the commencement date” means 30th April 1996.

(2) In these Regulations expressions which are used in the 1982 Act have the same meanings as in that Act.

AMENDMENTS OF THE 1982 ACT

Extended meaning of “member State” for purposes of Act

3. In subsection (7) of section 2 of the 1982 Act(6) (restrictions on carrying on insurance business), for the words “Austria, Iceland, Norway and Sweden” substitute the words “Iceland, Liechtenstein and Norway”.

Minor amendments of Act

4.—(1) Subsection (8) of section 2 of the 1982 Act(7) (restriction on carrying on insurance business) is hereby repealed.

(2) In subsection (4) of section 5 of that Act(8) (submission of proposals etc), in the definition of “EEA State”, omit the words from “but” to the end.

(3) In subsection (1) of section 96 of that Act(9) (general interpretation)—

(a) in the definition of “EEA State”, omit the words from “but” to the end; and

(b) in the definition of “member State”, omit the words “and (8)”.

AMENDMENTS OF REGULATIONS

Amendment of the 1983 Regulations

5. In paragraph (1) of regulation 3 of the 1983 Regulations(10) (interpretation), for the definition of “the Act” substitute—

““the Act” means the Insurance Companies Act 1982 and includes amendments made to that Act by the Insurance Companies (Amendment No. 2) Regulations 1996;”.

Amendment of the 1994 Regulations

6. In paragraph (1) of regulation 2 of the 1994 Regulations(11) (interpretation: general), for the definition of “the Act” substitute—

““the Act” means the Insurance Companies Act 1982 and includes amendments made to that Act by the Insurance Companies (Amendment No. 2) Regulations 1996;”.

(3) 1982 c. 50.

(4) S.I. 1983/1811.

(5) S.I. 1994/1516.

(6) Subsection (7) was inserted by S.I. 1994/3132, reg.3.

(7) Subsection (8) was inserted by S.I. 1994/3132, reg.3.

(8) Subsection (4) was inserted by S.I. 1994/1696, reg.5.

(9) Subsection (1) was amended by S.I. 1994/3132, reg.3 and there are other amendments not relevant to these Regulations.

(10) S.I. 1983/1811, amended by S.I. 1994/3133, reg.18 and to which there are other amendments not relevant to these Regulations.

(11) S.I. 1994/1516, amended by S.I. 1994/3133, reg.2 and to which there are other amendments not relevant to these Regulations.

MISCELLANEOUS AND SUPPLEMENTAL

Transitional provision: UK insurers

7. If a UK company or a member of Lloyd's was immediately before the commencement date lawfully carrying on insurance business of a class or part of a class in Liechtenstein, the company or member shall be treated for the purposes of the 1982 Act as if the requirements of paragraph 1 of Schedule 2G to that Act(12) (recognition in other EEA States of UK insurers) had been complied with in relation to insurance business or long term business of that class or part of a class.

Transitory provision

8.—(1) This regulation applies if in Liechtenstein the third general insurance Directive and the third long term insurance Directive are not fully or substantially implemented on or before the commencement date.

(2) Until such date as those Directives are fully or substantially implemented in that State, the 1982 Act shall have effect in relation to an insurance company—

- (a) whose head office is in that State; and
- (b) which, apart from this paragraph, would on the commencement date become an EC company for all purposes of that Act,

as if the provision made as regards that State by section 2(7) of that Act had not been made.

(3) In this regulation, reference to an insurance company becoming an EC company is a reference to its becoming such a company by virtue of section 2(7) of the 1982 Act.

Department of Trade and Industry
24th March 1996

Anthony Nelson
Minister of State,

(12) Schedule 2G was inserted by S.I. [1994/1696](#), reg.46 and Schedule 7.

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EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Insurance Companies Act 1982 (“the 1982 Act”).

The primary purpose of these Regulations is to implement the Agreement on the European Economic Area (Cm 2073) (“the EEA Agreement”) as regards the application of Council Directive [92/49/EEC](#) (O.J. No. L228, 11.8.92, p. 1) and Council Directive [92/96/EEC](#) (O.J. No. L360, 9.12.92, p. 1) (“the Directives”) to Liechtenstein. In accordance with a Decision of the Council of the European Economic Area (O.J. No. L86, 20.4.95, p. 8), these Directives have applied to that State, together with the earlier Council Directives on the co-ordination of laws, regulations and administrative provisions relating to insurance, with effect from 1st May 1995.

One of the principal purposes of the Directives was to introduce for direct insurance business the principle of home State control. Under this system each member State has been required to assume sole responsibility for the authorisation and supervision of the business carried on throughout the EC by undertakings having their head office in that State. The Directives also provide for further harmonisation of member States' rules concerning the authorisation and regulation of insurance undertakings. The Directives were given effect in the United Kingdom by the Insurance Companies (Third Insurance Directives) Regulations 1994 (S.I. [1994/1696](#)) (“the Third Insurance Directives Regulations”), as amended by the Insurance Companies (Amendment) Regulations 1994 (S.I. [1994/3132](#)) together with the Insurance Companies (Accounts and Statements) (Amendment) Regulations 1994 (S.I. [1994/1515](#)) and certain provisions of the Insurance Companies Regulations 1994 (S.I. [1994/1516](#)).

The Regulations also make minor amendments to the 1982 Act and to the Insurance Companies (Accounts and Statements) Regulations 1983 (S.I. [1983/1811](#)) (“the 1983 Regulations”) and the Insurance Companies Regulations 1994 (S.I. [1994/1516](#)) (“the 1994 Regulations”) consequential to the amendments to the 1982 Act.

Regulation 1 contains provisions for the citation and commencement of the Regulations.

Regulation 2 contains interpretation provisions.

Regulation 3 extends the meaning of the expression “member State” for the purposes of the 1982 Act to include Liechtenstein.

Regulation 4 makes minor amendments to various provisions of the 1982 Act, in particular, to take account of the entry into force of the EEA Agreement in relation to Liechtenstein.

Regulations 5 and 6 make amendments to the interpretation provisions of the 1983 and 1994 Regulations.

Regulations 7 and 8 contain transitional and transitory provisions.

Compliance costs

Compliance Cost Assessments were prepared in respect of the Third Insurance Directives Regulations, the Insurance Companies (Accounts and Statements) (Amendment) Regulations 1994 and the Insurance Companies Regulations 1994, and placed in the Libraries of both Houses of Parliament. Copies are also available from the Insurance Division of the Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET. Those assessments concluded that the cost impact of the Regulations was broadly neutral. These Regulations will not impose any new burdens or costs on business, and a further Compliance Cost Assessment has not been prepared.

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