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STATUTORY INSTRUMENTS

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**2001 No. 1218**

**The Occupational Pension Schemes (Pensions Compensation Provisions) Amendment Regulations 2001**

**Amendment of the Occupational Pension Schemes (Pensions Compensation Provisions) Regulations 1997**

2.—(1) The Occupational Pension Schemes (Pensions Compensation Provisions) Regulations 1997(1) shall have effect with the following amendments.

(2) After regulation 3 (relevant offences), there shall be inserted the following regulation:—

**“Protected liabilities—prescribed class of members**

**3A.** For the purposes of section 81(2A)(a) (protected liabilities to include liabilities in respect of members of prescribed class) the prescribed class of members shall comprise those members who fall within the “switch-over period”, as defined in regulation 7(10) of the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996(2).”

(3) In regulation 5 (amount of compensation)—

- (a) in paragraph (3), the words “90 per cent. of” shall be omitted;
- (b) in paragraph (5) for the words “90 per cent. of liabilities” there shall be substituted the words “the aggregate of the protected liabilities”; and
- (c) in paragraph (6) for sub-paragraph (a) there shall be substituted the following sub-paragraph:—

“(a) the prescribed rate of interest shall be the base rate plus 2 per cent.;”.

(4) In paragraph (5) of regulation 6 (payments made in anticipation), for sub-paragraph (d) there shall be substituted the following sub-paragraph:—

“(d) so as not to exceed the aggregate of the protected liabilities.”.

(5) In regulation 10 (modifications for money purchase schemes)—

(a) in paragraph (1)(a)—

- (i) in head (i) the words “90 per cent. of” shall be omitted, and
- (ii) for head (ii) there shall be substituted the following head:—

“(ii) for paragraph (b) of section 83(3) there were substituted—

“(b) in the case of a money purchase scheme, must not exceed 90 per cent. of the difference between—

- (i) the value of the assets of the scheme immediately before the reduction falling within section 81(1)(c), and
- (ii) their value immediately after that reduction,

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(1) [S.I. 1997/665](#).

(2) [S.I. 1996/1536](#); regulation 7(10) was substituted by [S.I. 2000/2691](#).

as reported by the auditor, where that difference is adjusted so as to take account of subsequent alterations in their value (if any) which occur prior to the settlement date, including any alterations which would have occurred if that reduction had not taken place.”;”;

(b) in paragraph (1)(b)—

(i) for the words from “these Regulations” to “substituted—” there shall be substituted the words

“these Regulations shall have effect as if—

(i) for paragraph (5) of regulation 5 there were substituted—”,

(ii) for the words “90 per cent. of their pre-loss value” there shall be substituted the words “the aggregate of the protected liabilities”,

(iii) for the formula “ $T \times 90\% - V$ ” there shall be substituted the formula “ $(T - V) \times 90\%$ ”, and

(iv) after the words “purposes of T and V.”, there shall be inserted the following head:—

“(ii) for paragraph (5)(d) of regulation 6 there were substituted—

“(d) so as not to exceed 90 per cent. of the shortfall at the application date.”;”;

(c) in paragraph (2)(a)—

(i) in head (i) the words “90 per cent. of” shall be omitted, and

(ii) for head (iv) there shall be substituted the following head:—

“(iv) for paragraph (b) of section 83(3) there were substituted—

“(b) in the case of an ear-marked scheme, must not exceed 90 per cent. of the difference between—

(i) the value of the assets of the scheme immediately before the reduction falling within section 81(1)(c), and

(ii) their value immediately after that reduction,

as certified by the relevant insurer, where that difference is adjusted so as to take account of subsequent alterations in their value (if any) which occur prior to the settlement date, including any alterations which would have occurred if that reduction had not taken place.”;”;

(d) in paragraph (2)(b)—

(i) for the words “90 per cent of their pre-loss value” there shall be substituted the words “the aggregate of protected liabilities”, and

(ii) for the formula “ $(T + S) \times 90\% - V$ ” there shall substituted the formula “ $(T + S - V) \times 90\%$ ”.