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STATUTORY INSTRUMENTS

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**2001 No. 3649**

The Financial Services and Markets Act 2000  
(Consequential Amendments and Repeals) Order 2001

PART 8

MISCELLANEOUS AMENDMENTS TO PRIMARY LEGISLATION

*Finance Act 1994 (c. 9)*

**Insurance Premium Tax: Contracts that are not taxable**

**346.**—(1) Schedule 7A to the Finance Act 1994<sup>(1)</sup> (insurance premium tax) is amended as follows.

(2) In paragraph 2(1) (contracts constituting long term business) for the words from “if it is one” to the end of that sub-paragraph substitute “if it is exclusively a contract of long-term insurance.”.

(3) For paragraph 2(2) substitute—

“(2) In deciding whether a contract is exclusively a contract of long-term insurance, as is mentioned in sub-paragraph (1) above, where—

- (a) the contract includes cover for risks relating to accident or sickness;
- (b) the contract contains related and subsidiary provisions such that it might also be regarded as a contract of general insurance, but is treated as a contract of long-term insurance for the purposes of any relevant order made under section 22 of the Financial Services and Markets Act 2000; and
- (c) the contract was not entered into after 30th November 1993,

the inclusion of such cover shall be ignored.”

(4) In paragraph 4 (contracts relating to commercial ships)—

(a) in sub-paragraph (1) for the words from “a contract whose effecting” to the end of that sub-paragraph substitute “a contract of general insurance of a relevant class.”; and

(b) for sub-paragraph (2) substitute—

“(2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—

- (a) accidents,
- (b) ships, or
- (c) liabilities of ships,

(and no other risks).”.

(5) In paragraph 5 (contracts relating to lifeboats and lifeboat equipment)—

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<sup>(1)</sup> Inserted by [S.I. 1994/1698](#), article 5; paragraph 15 repealed in part by [S.I. 1996/2995](#), article 2.

- (a) in sub-paragraph (1) for the words from “a contract whose effecting” to the end of that sub-paragraph substitute “a contract of general insurance of a relevant class.”; and
  - (b) for sub-paragraph (2) substitute—
    - “(2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
      - (a) accidents,
      - (b) ships, or
      - (c) liabilities of ships,(and no other risks).”.
- (6) In paragraph 7 (contracts relating to commercial aircraft)—
- (a) in sub-paragraph (1) for the words from “a contract whose effecting” to the end of that sub-paragraph substitute “a contract of general insurance of a relevant class.”; and
  - (b) for sub-paragraph (2) substitute—
    - “(2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
      - (a) accidents,
      - (b) aircraft, or
      - (c) aircraft liability,(and no other risks).”.
- (7) In paragraph 8 (contracts relating to risks outside the United Kingdom)—
- (a) for sub-paragraph (2) substitute—
    - “(2) The question of whether a risk is situated in the United Kingdom shall be determined in accordance with regulations made under section 424(3) of the Financial Services and Markets Act 2000; but in determining that question as respects a contract which relates to a building it shall be irrelevant whether or not the contract also covers the contents of the building.”.
- (8) In paragraph 9 (contracts relating to foreign or international railway rolling stock)—
- (a) in sub-paragraph (1) for the words from “a contract whose effecting” to the end of that sub-paragraph substitute “a contract of general insurance of a relevant class.”; and
  - (b) for sub-paragraph (2) substitute—
    - “(2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
      - (a) railway rolling stock, or
      - (b) general liability to third parties,(and no other risks).”.
- (9) In paragraph 10 (contracts relating to the Channel tunnel)—
- (a) in sub-paragraph (1) for the words from “a contract whose effecting” to the end of that sub-paragraph substitute “a contract of general insurance of a relevant class.”; and
  - (b) for sub-paragraph (2) substitute—
    - “(2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
      - (a) fire or natural forces,
      - (b) damage to property, or

- (c) general liability to third parties,  
(and no other risks).”.
- (10) In paragraph 11—
  - (a) in sub-paragraph (1) for the words from “a contract whose effecting” to the end of that sub-paragraph substitute “a contract of general insurance of a relevant class.”; and
  - (b) for sub-paragraph (2) substitute—
    - “(2) For the purposes of this paragraph, a contract of general insurance is of a relevant class if it insures against risks arising from or in relation to—
      - (a) fire or natural forces,
      - (b) damage to property, or
      - (c) general liability to third parties,  
(and no other risks).”.
- (11) For paragraph 15(2)(c) (contracts relating to the provision of financial facilities) substitute—
  - “(c) the contract of insurance insures against risks arising from or in relation to either or both—
    - (i) credit,
    - (ii) suretyship.”.
- (12) In Part II of the Schedule (Interpretation) after paragraph 16 insert—
  - “**16A.** Paragraphs 2, 4, 5, 7, 8, 9, 10, 11 and 15 must be read with—
    - (a) section 22 of the Financial Services and Markets Act 2000;
    - (b) any relevant order under that section; and
    - (c) Schedule 2 to that Act.”.