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STATUTORY RULES OF NORTHERN IRELAND

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**2009 No. 78**

**PENSIONS**

**The Pension Protection Fund (Miscellaneous  
Amendments) Regulations (Northern Ireland) 2009**

*Made - - - - 4th March 2009*

*Coming into operation 1st April 2009*

The Department for Social Development makes the following Regulations in exercise of the powers conferred by Articles 113(1)(b) and (1A)(b), 114(5)(b), 122(12), 127(4) and (5), 135(9)(b), 140(2), 147(3), 150(5) and (6), 162(3) and 287(2) and (3) of, and paragraph 33 of Schedule 6 to, the Pensions (Northern Ireland) Order 2005(1).

**Citation and commencement**

1. These Regulations may be cited as the Pension Protection Fund (Miscellaneous Amendments) Regulations (Northern Ireland) 2009 and shall come into operation on 1st April 2009.

**Amendment of the Pension Protection Fund (Entry Rules) Regulations**

2.—(1) The Pension Protection Fund (Entry Rules) Regulations (Northern Ireland) 2005(2) shall be amended in accordance with paragraphs (2) to (7).

(2) In regulation 1(2) (interpretation)—

(a) after the definition of “the assessment date”(3) insert—

““EEA agreement” means the agreement on the European Economic Area signed at Oporto on 2nd May 1992, together with the Protocol adjusting that Agreement signed at Brussels on 17th March 1993, as modified or supplemented from time to time;

“EEA credit institution” means a credit institution, authorised under Directive [2006/48/EC](#) of the European Parliament and of the Council dated 14th June 2006

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- (1) [S.I. 2005/255 \(N.I. 1\)](#); Part III is modified in its application to partially guaranteed schemes, hybrid schemes and multi-employer schemes by, respectively, [S.R. 2005 Nos. 55, 84 and 91](#) (as amended by [S.R. 2005 Nos. 194 and 357](#)); Article 113(1A) was inserted by the modifications in Parts III and VI of [S.R. 2005 No. 91](#) as substituted by regulation 3(3) and (4) of [S.R. 2005 No. 357](#)
- (2) [S.R. 2005 No. 126](#); relevant amending Regulations are [S.R. 2005 Nos. 357 and 364](#) and [S.R. 2006 No. 155](#)
- (3) The definition of “the assessment date” was inserted by regulation 4(a) of [S.R. 2005 No. 357](#)

relating to the taking up and pursuit of the business of credit institutions<sup>(4)</sup>, which has its relevant office in an EEA state other than the United Kingdom;

“EEA insurer” means an undertaking, other than a UK insurer, pursuing the activity of direct insurance (within the meaning of Article 2 of the life insurance directive or Article 1 of the first non-life insurance directive) which has received authorisation under Article 4 of the life insurance directive or Article 6 of the first non-life insurance directive from its home state regulator;

“EEA regulator” means a competent authority (within the meaning of Article 1(1) of the life insurance directive or Article 1(k) of the third non-life insurance directive) of an EEA state;

“EEA state”, in relation to any time, means—

- (a) a state which at that time is a member State, or
- (b) any other state which at that time is a party to the EEA agreement;

“the first non-life insurance directive” means Council Directive [73/239/EEC](#) of 24th July 1973 on the co-ordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct insurance other than life assurance<sup>(5)</sup>;

“home state regulator” means the relevant EEA regulator in the EEA state where the EEA insurer’s head office is located;”;

- (b) after the definition of “the Insolvency Rules” insert—

““the life insurance directive” means Directive [2002/83/EC](#) of the European Parliament and of the Council dated 5th November 2002 concerning life assurance<sup>(6)</sup>”;

- (c) after the definition of “public body” insert—

““relevant office” means—

- (a) in relation to a body corporate, its registered office or, if it has no registered office, its head office, and
- (b) in relation to a person other than a body corporate, the person’s head office;”;

- (d) after the definition of “tax registered scheme”<sup>(7)</sup> insert—

““the third non-life insurance directive” means Council Directive [92/49/EEC](#) of 18th June 1992 on the co-ordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and amending Directives [73/239/EEC](#) and [88/357/EEC](#)<sup>(8)</sup>;

“UK insurer” means a person who has permission under Part IV of the FSMA 2000 (permission to carry on regulated activities) to effect or carry out contracts of insurance, but does not include a person who, in accordance with that permission, carries on that activity exclusively in relation to reinsurance contracts.”.

- (3) In regulation 7<sup>(9)</sup>(applications and notifications to the Board)—

- (a) at the end of paragraph (b) omit “or”;
- (b) after paragraph (c) add—

<sup>(4)</sup> OJ No. L 177, 30.6.06, p.1

<sup>(5)</sup> OJ No. L 228, 16.8.73, p.3

<sup>(6)</sup> OJ No. L 345, 19.12.02, p.1

<sup>(7)</sup> The definition of “tax registered scheme” was substituted for the definition of “tax approved scheme” by regulation 21(2) of [S.R. 2006 No. 155](#)

<sup>(8)</sup> OJ No. L 228, 11.8.92, p.1

<sup>(9)</sup> Regulation 7 was amended by regulation 2(5) of [S.R. 2005 No. 364](#)

- “(d) an EEA credit institution, or
- (e) an EEA insurer.”.

(4) In regulation 7A(2)(10) (applications and notifications to the Board – multi-employer schemes)—

- (a) at the end of sub-paragraph (b) omit “or”;
- (b) after sub-paragraph (c) add—

- “(d) an EEA credit institution, or
- (e) an EEA insurer.”.

(5) In regulation 10 (confirmation of scheme status by Board)—

- (a) in paragraph (1) after “regulation 7” insert “or 7A”;
- (b) in paragraph (3)(a) after “is a company” insert “, an EEA credit institution or an EEA insurer”;
- (c) in paragraph (3)(c) after “is a partnership” insert “but is not an EEA credit institution or an EEA insurer”.

(6) In regulation 17(2) (payment of scheme benefits)—

- (a) in sub-paragraph (a) for “an active member” substitute “a member”;
- (b) in sub-paragraph (b) for “death in service benefit” substitute “death benefit or a contribution refund (within the meaning of section 97AB(4)(11) of the Pension Schemes Act)”.

(7) In regulation 25(b) (form and content of audited scheme accounts) for “a true and fair value” substitute “a true and fair view”.

### **Amendment of the Pension Protection Fund (Valuation) Regulations**

3. In regulation 1(2) of the Pension Protection Fund (Valuation) Regulations (Northern Ireland) 2005(12) (interpretation) in paragraph (b) of the definition of “relevant accounts”(13) for “a true and fair value” substitute “a true and fair view”.

### **Amendment of the Pension Protection Fund (Compensation) Regulations**

4. After regulation 13 of the Pension Protection Fund (Compensation) Regulations (Northern Ireland) 2005(14) (manner of determining the revaluation amount) insert—

#### **“Modification of Schedule 6 in relation to schemes with no revaluation**

13A.—(1) Where immediately before the assessment date the admissible rules of the scheme do not provide for any revaluation of the benefits payable to or in respect of any member, Schedule 6 shall be modified in its application to that scheme in accordance with this regulation.

(2) Paragraph 11 (active members who have not attained normal pension age at assessment date: periodic compensation) shall apply to that scheme as if for sub-paragraph (4) there were substituted—

“(4) In sub-paragraph (3) “the protected notional pension” means the accrued amount.”.

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(10) Regulation 7A was inserted by regulation 2(6) of S.R. 2005 No. 364

(11) Section 97AB was inserted by Article 241 of the Pensions (Northern Ireland) Order 2005

(12) S.R. 2005 No. 131; relevant amending Regulations are S.R. 2007 No. 193

(13) The definition of “relevant accounts” was substituted by regulation 3(2)(b) of S.R. 2007 No. 193

(14) S.R. 2005 No. 149

(3) Paragraph 14 (active members who have not attained normal pension age at assessment date: lump sum compensation) shall apply to that scheme as if—

(a) for sub-paragraph (4) there were substituted—

“(4) In sub-paragraph (3) “the protected amount” means the accrued amount.”,  
and

(b) sub-paragraph (8) were omitted.

(4) Paragraph 15 (deferred members who have not attained normal pension age at assessment date: periodic compensation) shall apply to that scheme as if for sub-paragraph (4) there were substituted—

“(4) In sub-paragraph (3) “the protected pension rate” means the accrued amount.”.

(5) Paragraph 19 (deferred members who have not attained normal pension age at assessment date: lump sum compensation) shall apply to that scheme as if—

(a) for sub-paragraph (4) there were substituted—

“(4) In sub-paragraph (3) “the protected amount” means the accrued amount.”,  
and

(b) sub-paragraph (6) were omitted.

(6) Schedule 6 shall apply to that scheme as if paragraphs 12, 16, 17 and 21(2)(b) and (f) were omitted.”.

### **Amendment of the Pension Protection Fund (General and Miscellaneous Amendments) Regulations**

5.—(1) The Pension Protection Fund (General and Miscellaneous Amendments) Regulations (Northern Ireland) 2006(15) shall be amended in accordance paragraphs (2) to (4).

(2) For regulation 3 (power to treat death in service lump sum benefits as having become payable before the assessment date) substitute—

#### **“Power to treat benefits as having become payable before the assessment date**

3.—(1) Where this regulation applies, the benefits referred to in paragraph (3) shall be treated, for the purposes of Article 147(2) of the Order (adjustments to be made where the Board assumes responsibility for a scheme), as having become payable before the assessment date.

(2) This regulation applies where—

(a) a member of an eligible scheme died before the commencement of the assessment period in relation to the scheme, and

(b) during the period mentioned in Article 147(2)(a) of the Order, a person became entitled under the scheme rules to a benefit referred to in paragraph (3) in respect of that member.

(3) The benefits referred to in this paragraph are—

(a) a death benefit which is calculated and paid by the trustees or managers of the eligible scheme on or after the assessment date but before the date the trustees or managers receive the transfer notice in respect of that scheme, and

(b) a contribution refund within the meaning of section 97AB(4) of the Pension Schemes Act (right to cash transfer sum and contribution refund).”.

- (3) In regulation 4 (power to pay death in service lump sum benefits)—
  - (a) for the heading substitute “Power to treat benefits as having arisen before the assessment date”;
  - (b) in paragraph (b) for “death in service lump sum benefit” substitute “death benefit or a contribution refund (within the meaning of section 97AB(4) of the Pension Schemes Act)”.
- (4) After regulation 4 insert—

**“Power to pay certain transfer payments and contribution refunds**

**4A.**—(1) The Board must pay 90% of the rights described in paragraph (2) in the circumstances prescribed in paragraph (3).

(2) The rights are—

- (a) any transfer payment, and
- (b) any payment in respect of a refund of contributions,

to which a member of the scheme was entitled immediately before the commencement of the assessment period.

(3) The circumstances are that—

- (a) the Board assumes responsibility for a scheme in accordance with Chapter 3 of Part III of the Order;
- (b) the circumstances and conditions prescribed in—
  - (i) regulation 16(1)(**16**) of the Pension Protection Fund (Entry Rules) Regulations (Northern Ireland) 2005 (restrictions on winding up, discharge of liabilities etc.), or
  - (ii) regulation 2 of the Pension Protection Fund (Hybrid Schemes) (Modification) Regulations (Northern Ireland) 2005(**17**) (discharge of liabilities in respect of money purchase benefits during the assessment period),

were met in respect of the rights;

- (c) the rights remained unpaid at the time the transfer notice was received by the trustees or managers of the scheme, and
- (d) the member sends the Board a written request to make a payment in respect of the rights.”.

**Amendment of the Pension Protection Fund (Closed Schemes) Regulations**

**6.** In paragraph 1 of Part 1 of the Schedule to the Pension Protection Fund (Closed Schemes) Regulations (Northern Ireland) 2007(**18**) (valuation of the assets, the full scheme liabilities and the protected liabilities in relation to a closed scheme) in paragraph (b) of the definition of “relevant accounts” for “a true and fair value” substitute “a true and fair view”.

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(16) Regulation 16(1) was amended by regulation 3(5)(a) of [S.R. 2005 No. 194](#) and regulation 5 of [S.R. 2005 No. 387](#)

(17) [S.R. 2005 No. 84](#)

(18) [S.R. 2007 No. 186](#)

Sealed with the Official Seal of the Department for Social Development on 4th March 2009

(L.S.)

*John O'Neill*  
A senior officer of the Department for Social  
Development

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Pension Protection Fund (Entry Rules) Regulations (Northern Ireland) 2005 (“the Entry Rules Regulations”), the Pension Protection Fund (Valuation) Regulations (Northern Ireland) 2005 (“the Valuation Regulations”), the Pension Protection Fund (Compensation) Regulations (Northern Ireland) 2005 (“the Compensation Regulations”), the Pension Protection Fund (General and Miscellaneous Amendments) Regulations (Northern Ireland) 2006 (“the General Regulations”) and the Pension Protection Fund (Closed Schemes) Regulations (Northern Ireland) 2007 (“the Closed Schemes Regulations”).

Regulation 2 amends the Entry Rules Regulations to—

prescribe European Economic Area credit institutions and insurers as further categories of employer which can make an application to the Board of the Pension Protection Fund (“the Board”) (paragraphs (2), (3), (4) and (5)(b) and (c));

insert a missing cross reference (paragraph(5)(a));

extend the circumstances in which the Board can make payments in respect of certain scheme members who have died (paragraph (6)(a));

provide that the Board can pay contributions refunds and death benefits in respect of certain scheme members, despite them having died before an assessment period starts (paragraph (6) (b));

adopt the recognised auditing concept of “a true and fair view” rather than “a true and fair value” in audited scheme accounts (paragraph (7)).

Regulations 3 and 6 amend respectively the Valuation Regulations and the Closed Schemes Regulations to adopt the recognised auditing concept of “a true and fair view”.

Regulation 4 inserts regulation 13A into the Compensation Regulations. Regulation 13A modifies the way in which Schedule 6 to the Pensions (Northern Ireland) Order 2005 (“the Order”) applies to certain schemes which do not contain any rules on revaluation of benefits. The modifications ensure that the Board does not revalue members’ benefits when the scheme it becomes responsible for does not revalue the benefits of both active and deferred members.

Regulation 5 amends the General Regulations. Paragraphs (2) and (3) provide that the Board can pay contributions refunds and death benefits in respect of certain scheme members, despite them having died before an assessment period starts. Paragraph (4) inserts regulation 4A which requires the Board to pay 90% of certain transfer payments and contribution refunds to members of a pension scheme which has entered the Pension Protection Fund (“the Fund”). The transfer payments and contribution refunds are those which the member became entitled to before the assessment date, but which had not been paid by the date the pension scheme entered the Fund.

The Pensions (2005 Order) (Commencement No. 12) Order (Northern Ireland) 2009 ([S.R. 2009 No. 62 \(C. 3\)](#)) provides for the coming into operation of Article 150(6) of the Order, one of the enabling provisions under which these Regulations are made, on 1st March 2009.

As these Regulations make in relation to Northern Ireland only provision corresponding to provision contained in regulations made by the Secretary of State for Work and Pensions in relation to Great Britain, the requirement to consult under Article 289(1) of the Order does not apply by virtue of paragraph (2)(e) of that Article.

**Status:** *This is the original version (as it was originally made).*