

## 1977 No. 1552

## INSURANCE

**The Insurance Companies (Classes of General Business)  
Regulations 1977**

*Made* - - - - - 20th September 1977

*Laid before Parliament* 29th September 1977

*Coming into Operation* 1st January 1978

The Secretary of State, being a Minister designated(a) for the purposes of section 2(2) of the European Communities Act 1972(b) in relation to the authorisation of the carrying on of insurance business and the regulation of such business and its conduct and in relation to anything supplemental or incidental thereto, in exercise of the powers conferred by that section, hereby makes the following Regulations:—

*Citation and commencement*

1. These Regulations may be cited as the Insurance Companies (Classes of General Business) Regulations 1977 and shall come into operation on 1st January 1978.

*Interpretation*

2.—(1) In these Regulations—

“the 1974 Act” means the Insurance Companies Act 1974(c);

“class”, except in a reference to the former classes, means a class of the kind mentioned in regulation 3(1) below;

“the former classes” means the classes specified in section 1(1)(c) to (h) of the 1974 Act as in force immediately before the relevant date;

“group” means a group of the kind mentioned in regulation 3(2) below;

“the relevant date” means the commencement of these Regulations;

“Schedule” means Schedule to these Regulations.

(2) A reference in these Regulations to a numbered class or to a numbered group is a reference to the class so numbered in Schedule 1 or to the group so numbered in Schedule 2, as the case may be.

(3) Except as provided by paragraphs (1) and (2) above, expressions used in these Regulations have the same meaning as in the 1974 Act.

(a) The European Communities (Designation) (No. 2) Order 1976 S.I. 1976/2141 (1976 III, p. 5931).

(b) 1972 c. 68.

(c) 1974 c. 49.

(4) The Interpretation Act 1889(a) shall apply for the interpretation of these Regulations as it applies for the interpretation of an Act of Parliament.

*Classes of general business*

3.—(1) The seventeen classes of general business specified in Schedule 1 shall constitute the classes of general business that are relevant for the purposes of Part I of the 1974 Act.

(2) An authorisation, in describing the classes or parts of classes to which it relates, may do so by reference to the appropriate groups specified in Schedule 2.

(3) If an insurance company authorised to carry on ordinary long term insurance business effects and carries out a contract of insurance which combines ordinary long term insurance business and additional business of the kind specified in Schedule 1 in relation to class 1 or 2, the additional business shall as respects that contract be regarded as ordinary long term insurance business and not as general business.

(4) The following kinds of insurance business, namely—

(a) tontines,

(b) marriage dowry insurance, and

(c) insurance providing a sum on the birth of a child,

shall be regarded as ordinary long term insurance business and not as general business.

*Ancillary risks*

4.—(1) Subject to paragraph (2) below, an insurance company authorised under the 1974 Act to carry on a class of general business may, in effecting and carrying out a contract of insurance against a risk (“the principal risk”) within that class, include in the contract provision whereby the company incidentally assumes liability against a risk (“the ancillary risk”) that is not within that class.

(2) Paragraph (1) above shall apply only if—

(a) the assumption of liability against the ancillary risk is included in the same contract as that providing for the assumption of liability against the principal risk, and

(b) the ancillary risk is related to the principal risk and to the object, state, condition or person that is insured against the principal risk, and

(c) the ancillary risk is not of the kind to which class 14 or 15 relates and is otherwise such that insurance against it constitutes general business.

*Hovercraft*

5. In classes 6 and 12 “vessels” includes hovercraft to which the 1974 Act applies (as defined in section 85(1) of that Act).

*Modification of the 1974 Act and of certain references*

6. The 1974 Act and certain references to the former classes in other Acts and instruments are hereby modified in the manner provided in Schedule 3.

*Transitional provisions*

7. The transitional provisions in Schedule 4 shall have effect notwithstanding any other provision of these Regulations.

20th September 1977.

*Stanley Clinton Davis,*  
Parliamentary Under Secretary of State,  
Department of Trade.

**SCHEDULE 1**  
**CLASSES OF GENERAL BUSINESS**

Number	Designation	Nature of Business
1	Accident	Effecting and carrying out contracts of insurance providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of both) against risks of the persons insured — (a) sustaining injury as the result of an accident or of an accident of a specified class, or (b) dying as the result of an accident or of an accident of a specified class, or (c) becoming incapacitated in consequence of disease or of disease of a specified class, inclusive of contracts relating to industrial injury and occupational disease but exclusive of contracts falling within section 83(2) (b) of the 1974 Act or within class 2.
2	Sickness	Effecting and carrying out contracts of insurance providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of the two) against risks of loss to the persons insured attributable to sickness or infirmity.
3	Land Vehicles	Effecting and carrying out contracts of insurance against loss of or damage to vehicles used on land, including motor vehicles but excluding railway rolling stock.
4	Railway Rolling Stock	Effecting and carrying out contracts of insurance against loss of or damage to railway rolling stock.
5	Aircraft	Effecting and carrying out contracts of insurance upon aircraft or upon the machinery, tackle, furniture or equipment of aircraft.
6	Ships	Effecting and carrying out contracts of insurance upon vessels used on the sea or on inland water, or upon the machinery, tackle, furniture or equipment of such vessels.
7	Goods in Transit	Effecting and carrying out contracts of insurance against loss of or damage to merchandise, baggage and all other goods in transit, irrespective of the form of transport.
8	Fire and Natural Forces	Effecting and carrying out contracts of insurance against loss of or damage to property (other than property to which classes 3 to 7 relate) due to fire, explosion, storm, natural forces other than storm, nuclear energy or land subsidence.
9	Damage to Property	Effecting and carrying out contracts of insurance against loss of or damage to property (other than property to which classes 3 to 7 relate) due to hail or frost or to any event (such as theft) other than those mentioned in class 8.

Number	Designation	Nature of Business
10	Motor Vehicle Liability	Effecting and carrying out contracts of insurance against damage arising out of or in connection with the use of motor vehicles on land, including third-party risks and carrier's liability.
11	Aircraft Liability	Effecting and carrying out contracts of insurance against damage arising out of or in connection with the use of aircraft, including third-party risks and carrier's liability.
12	Liability for Ships	Effecting and carrying out contracts of insurance against damage arising out of or in connection with the use of vessels on the sea or on inland water, including third-party risks and carrier's liability.
13	General Liability	Effecting and carrying out contracts of insurance against risks of the persons insured incurring liabilities to third parties, the risks in question not being risks to which class 10, 11 or 12 relates.
14	Credit	Effecting and carrying out contracts of insurance against risks of loss to the persons insured arising from the insolvency of debtors of theirs or from the failure (otherwise than through insolvency) of debtors of theirs to pay their debts when due.
15	Suretyship	Effecting and carrying out contracts of insurance against risks of loss to the persons insured arising from their having to perform contracts of guarantee entered into by them.
16	Miscellaneous Financial Loss	Effecting and carrying out contracts of insurance against any of the following risks, namely — (a) risks of loss to the persons insured attributable to interruptions of the carrying on of business carried on by them or to reduction of the scope of business so carried on; (b) risks of loss to the persons insured attributable to their incurring unforeseen expense; (c) risks neither falling within head (a) or (b) above nor being of a kind such that the carrying on of the business of effecting and carrying out contracts of insurance against them constitutes the carrying on of insurance business of some other class.
17	Legal Expenses	Effecting and carrying out contracts of insurance against risks of loss to the persons insured attributable to their incurring legal expenses (including costs of litigation).

**SCHEDULE 2  
GROUPS**

Number	Designation	Composition
1	Accident and Health	Classes 1 and 2
2	Motor	Class 1 (to the extent that the relevant risks are risks of the person insured sustaining injury, or dying, as the result of travelling as a passenger) and classes 3, 7 and 10
3	Marine and Transport	Class 1 (to the said extent) and classes 4, 6, 7 and 12
4	Aviation	Class 1 (to the said extent) and classes 5, 7 and 11
5	Fire and Other Damage to Property	Classes 8 and 9
6	Liability	Classes 10, 11, 12 and 13
7	Credit and Suretyship	Classes 14 and 15
8	General	All classes

**SCHEDULE 3**  
**MODIFICATIONS**

**1.** Section 1(1) of the 1974 Act shall have effect as if it contained, in place of the reference to the former classes in paragraphs (c) to (h), a reference to the classes mentioned in regulation 3(1) above.

**2.** The following references, that is to say—

- (a) the reference in section 2(3) of the 1974 Act to pecuniary loss insurance business, and
- (b) the references in section 84(4) of the 1974 Act to marine, aviation and transport insurance business, motor vehicle insurance business and property insurance business,

shall include references to the appropriate corresponding business in column 2 of the table in Schedule 4.

**3.** Section 83(9) of the 1974 Act shall cease to have effect.

**4.** The expression “ordinary long term insurance business” in the 1974 Act shall include business regarded as ordinary long term insurance business by virtue of regulation 3(3) and (4) above.

**5.** An insurance company that acts in accordance with regulation 4 above shall be regarded as authorised to do so under the 1974 Act.

**6.** The reference in section 8(4)(a) of the Policyholders Protection Act 1975(a) to marine, aviation and transport insurance business shall be construed in relation to contracts made on or after the relevant date as a reference to classes 5, 6, 7, 11 and 12.

**7.** The following references, that is to say—

- (a) the reference to motor vehicle insurance business in section 145(2) of the Road Traffic Act 1972(b),
- (b) the references to liability insurance business and pecuniary loss insurance business in the definition of “authorised insurers” in section 87(1) of the Solicitors Act 1974(c) and section 29(1) of the Insurance Brokers (Registration) Act 1977(d), and
- (c) as regards the former classes, the reference to insurance business of any class in the definition of “authorised insurer” in section 1(3)(b) of the Employers’ Liability (Compulsory Insurance) Act 1969(e),

shall include references to the appropriate corresponding business in column 2 of the table in Schedule 4.

**8.** Any reference to any of the former classes in—

- (a) any requirement imposed under sections 29 to 37 of the 1974 Act, or
- (b) any order under section 56 or 57 of the 1974 Act, or
- (c) any corresponding requirement or order having effect by virtue of section 88(3) of the 1974 Act,

shall, if the requirement or order is in force immediately before the relevant date, include a reference to the appropriate corresponding business in column 2 of the table in Schedule 4 unless the reference relates to an account or other document prepared for the purposes of the Insurance Companies (Accounts and Forms) Regulations 1968(f) as amended from time to time.

(a) 1975 c. 75.

(b) 1972 c. 20.

(c) 1974 c. 47.

(d) 1977 c. 46.

(e) 1969 c. 57.

(f) S.I. 1968/1408 (1968 II, p. 4056).

## SCHEDULE 4

## TRANSITIONAL PROVISIONS

1. Where immediately before the relevant date an insurance company ("the existing insurer") was authorised under the 1974 Act to carry on business of any of the former classes shown in column 1 of the table below, the company shall be regarded as authorised under the 1974 Act to carry on the appropriate corresponding business shown in column 2 of the table.

Former Classes	Corresponding Business
Liability insurance business	Class 13
Marine, aviation and transport insurance business	Groups 3 and 4 and class 15
Motor vehicle insurance business	Group 2
Pecuniary loss insurance business	Groups 1 and 7 and classes 16 and 17
Personal accident insurance business	Group 1
Property insurance business	Group 5 and class 7
All the above	Group 8

2. Where the existing insurer satisfies the Secretary of State that the appropriate corresponding business in the said column 2 excludes any general business which the existing insurer was carrying on (or had firm plans to carry on) under the 1974 Act immediately before the relevant date, the company shall be regarded as authorised to carry on, in addition to the appropriate corresponding business shown in the said column 2, any general business of the class covering the business so excluded.

3. Where—

- (a) the existing insurer is not authorised under the 1974 Act to carry on ordinary long term insurance business, and
- (b) the existing insurer was carrying on (or had firm plans to carry on) under the 1974 Act business of any of the kinds mentioned in regulation 3(4) above,

the company shall be regarded as authorised under the 1974 Act to carry on (in addition to the appropriate corresponding business in the said column 2 and any additional business carried on by virtue of paragraph 2 above) ordinary long term insurance business limited under section 8 of the 1974 Act to business of the kind in question.



## EXPLANATORY NOTE

*(This Note is not part of the Regulations.)*

These Regulations give effect to the classification of risks contained in EEC Council Directive No. 73/239/EEC (O.J. No. L228, 16.8.73, p. 3) on the taking-up and pursuit of the business of direct insurance other than life assurance. At present, general business (ie non-life business) is divided into six classes for the purposes of Part I of the 1974 Act. These Regulations replace those six classes with the seventeen classes set out in the Directive. The new classes are specified in Schedule 1 to the Regulations. Transitional provisions are necessary because existing authorisations to carry on insurance business relate to the six existing classes. Schedule 4 to the Regulations provides for existing authorisations to be transferred to the corresponding business in the new classification so that existing insurers will be able to carry on the same kind of business as before. The Regulations make consequential modifications to the 1974 Act.

SI 1977/1552  
ISBN 0-11-071552-7

