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STATUTORY INSTRUMENTS

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**1994 No. 1516**

**The Insurance Companies Regulations 1994**

**PART X**

**CREDIT INSURANCE BUSINESS**

**Credit insurance business: equalisation reserve**

**76.**—(1) Subject to regulation 77 below—

(a) every UK company which carries on credit insurance business; and

(b) every non-EC company which carries on credit insurance business in the United Kingdom,

shall maintain a reserve (in these Regulations referred to as an “equalisation reserve”) in respect of that business, determined (at the option of the company) in accordance with one of the four methods set out in Schedule 14.

(2) In applying section 32(5) of the Act<sup>(1)</sup> the value of the company’s liabilities shall be treated as being increased by the amount of the equalisation reserve.

**Exemption from regulation 76**

**77.**—(1) Regulation 76 shall not apply—

(a) in the case of a UK company, where the premiums or contributions receivable in any financial year in respect of its credit insurance business are less than 4 per cent. of the total premiums or contributions receivable by it in that financial year and less than 2,500,000 units of account; and

(b) in the case of a non-EC company, where the premiums or contributions receivable in any financial year in respect of its credit insurance business carried on through a branch in the United Kingdom are less than 4 per cent. of the total premiums or contributions receivable by it in that financial year in respect of business carried on through that branch and less than 2,500,000 units of account.

(2) For the purposes of paragraph (1) above “premiums or contributions receivable” in any financial year in respect of any business means the premiums or contributions recorded in the company’s books as due to it in respect of contracts relating to that business commencing in that year or commencing in earlier financial years but not accounted for in the company’s revenue account prior to that financial year, whether or not received by the company during that financial year, after deducting discounts, refunds and rebates of premiums as recorded in respect of the same period and after deducting premiums for reinsurance ceded in respect of that period; and for the purpose of determining whether a premium is due no account shall be taken of any credit arrangements made in respect thereof.

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(1) Section 32(5) was amended by [S.I. 1994/1696](#), reg. 14(2).

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*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

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### **Default in complying with regulation 76(1)**

**78.** A UK or non-EC company commits an offence if it makes default in complying with regulation 76(1) above and is liable, on summary conviction in England and Wales and Scotland, to a fine not exceeding level 5 on the standard scale and, on summary conviction in Northern Ireland, to a fine not exceeding £2,000.