
STATUTORY INSTRUMENTS

1994 No. 1696

**The Insurance Companies (Third
Insurance Directives) Regulations 1994**

PART II

AMENDMENTS OF 1982 ACT

CHAPTER II

REGULATION OF INSURANCE COMPANIES

Changes of director, controller or manager etc.

Approval of proposed managing director or chief executive

32. For subsection (3) of section 60 of the 1982 Act (approval of proposed managing director or chief executive) substitute—

“(3) The Secretary of State may serve a notice of objection under subsection (1) above on the ground—

- (a) that it appears to him that the person proposed to be appointed is not a fit and proper person to be appointed to the position in question; or
- (b) where the insurance company is a UK or non-EC company, that it appears to him that, if that person were appointed, the criteria of sound and prudent management would not or might not continue to be fulfilled in respect of the company.

(3A) Before serving such a notice the Secretary of State shall serve on the company and on the person proposed to be appointed a preliminary notice stating—

- (a) that the Secretary of State is considering the service on the company of a notice of objection on that ground; and
- (b) that the company or that person may, within the period of one month from the date of service of the preliminary notice, make written representations to the Secretary of State and, if the company or that person so requests, oral representations to an officer of the Department of Trade and Industry appointed for the purpose by the Secretary of State.”

Approval of proposed controller where section 60 does not apply

33. For subsection (2) of section 61 of the 1982 Act (approval of person proposing to become controller of insurance company where section 60 does not apply) substitute—

“(1A) The Secretary of State may serve a notice of objection under subsection (1) above on the ground—

- (a) that it appears to him that the person concerned is not a fit and proper person to become a controller of the company; or

- (b) where the company is a UK or non-EC company, that it appears to him that, if that person were to become such a controller, the criteria of sound and prudent management would not or might not continue to be fulfilled in respect of the company.
- (2) Before serving such a notice the Secretary of State shall serve on the person proposing to become a controller a preliminary notice stating—
 - (a) that the Secretary of State is considering the service on that person of a notice of objection on that ground; and
 - (b) that that person may, within the period of one month from the date of service of the preliminary notice, make written representations to the Secretary of State and, if that person so requests, oral representations to an officer of the Department of Trade and Industry appointed for the purpose by the Secretary of State.”

Approval of acquisition of notifiable holding in UK company

34. After section 61 of the 1982 Act insert—

“Approval of acquisition of notifiable holding in UK company.

61A.—(1) No person who is a controller of a UK company shall acquire a notifiable holding in that company, or in another company of which it is a subsidiary undertaking, unless—

- (a) he has served on the Secretary of State a written notice stating—
 - (i) that he intends to acquire such a holding; and
 - (ii) the number of the shares or details of the voting rights which he proposes to acquire; and
 - (b) either the Secretary of State has, before the expiration of the period of three months beginning with the date of service of that notice, notified him in writing that there is no objection to his proposed acquisition of the holding, or that period has elapsed without the Secretary of State having served on him a written notice of objection.
- (2) The Secretary of State may serve a notice of objection under subsection (1) above on the ground—
- (a) that it appears to him that the person concerned is not a fit and proper person to acquire such a holding; or
 - (b) that it appears to him that, if that person were to acquire such a holding, the criteria of sound and prudent management would not or might not continue to be fulfilled in respect of the company.
- (3) Subsections (2) to (4) of section 61 above⁽¹⁾ shall (with the necessary modifications) apply for the purposes of this section as they apply for the purposes of that section.”

Further provisions with respect to controllers of UK companies

35.—(1) After section 61A of the 1982 Act insert—

(1) Subsection (2A) of section 61 was inserted by [S.I. 1992/2890](#), reg 4.

“Further provisions with respect to controllers of UK companies.

61B. Schedule 2D to this Act (which makes further provision with respect to persons becoming or continuing to be companies, controllers of UK and persons who are such controllers acquiring or dealing with holdings in such companies) shall have effect.”

(2) After Schedule 2C to the 1982 Act insert Schedule 4 to these Regulations (further provisions with respect to controllers of UK companies), as Schedule 2D.

Duty to notify change of director, controller or manager

36.—(1) For subsection (1) of section 62 of the 1982 Act (duty to notify change of director, controller or manager) substitute—

“(1) If, in the case of a company to which this Part of this Act applies, a person becomes or ceases to be—

(a) a controller of the company; or

(b) where the company is a UK company, a 10 per cent.shareholder controller, a 20 per cent.shareholder controller, a 33 per cent.shareholder controller, a 50 per cent.shareholder controller or a majority shareholder controller of the company,

he shall, before the expiration of the period of seven days beginning with the day next following that on which he does so, notify the company in writing of that fact and of such other matters as may be prescribed.

(1A) If, after ceasing to be a shareholder controller of any description mentioned in paragraph (b) of subsection (1) above, a person will still be a shareholder controller of the company, his notice under that subsection shall state the percentage of the shares or voting power which he will (alone or with any associate or associates) hold or be entitled to exercise or control.

(1B) A person who becomes a director or manager of an insurance company to which this Part of this Act applies shall, before the expiration of the period of seven days beginning with the day next following that on which he does so, notify the company in writing of such matters as may be prescribed.”

(2) In subsection (2) of that section, for the words “subsection (1)” substitute the words “subsection (1), (1A) or (1B)”.

(3) After that subsection insert—

“(3) In this section ‘share’ has the same meaning as in Part VII of the Companies Act or Part VIII of the Companies (Northern Ireland) Order 1986.”

Change of manager etc. of company from outside United Kingdom

37.—(1) In subsection (1) of section 63 of the 1982 Act(2) (change of manager etc.of company from outside United Kingdom), for the words from “an insurance company” to “in relation to” substitute the words “a non-EC company whose head office is in an EFTA State or”.

(2) Section 63A of that Act(3) (duty to notify change of control) shall cease to have effect.

(2) Subsection (1) was amended by [S.I. 1993/3127](#), reg 3(10).

(3) Section 63A was inserted by [S.I. 1992/2890](#), reg 5.