

SCHEDULE 5

Regulation 40.

“[SCHEDULE 2E
TO 1982 ACT]

INFORMATION FOR POLICY HOLDERS OF UK INSURERS AND EC COMPANIES

Information before contract of long term insurance

(1) Subject to sub-paragraph (2) below, this paragraph applies to a contract entered into by a UK or EC company or a member of Lloyd’s the effecting of which constitutes—

- (a) the carrying on in the United Kingdom of long term business which is not reinsurance business; or
- (b) the provision there of long term insurance.

(2) This paragraph does not apply to a contract entered into by an authorised person the effecting of which constitutes the carrying on in the United Kingdom of investment business; and in this sub-paragraph expressions which are also used in the Financial Services Act 1986(1) have the same meanings as in that Act.

(3) Before entering into a contract to which this paragraph applies, the company or member (“the insurer”) shall furnish the other party to the contract in writing with the information required by sub-paragraph (4) below and—

- (a) in the case of a company, the information required by sub-paragraph (5) below; and
- (b) in the case of a member, the information required by sub-paragraph (6) below.

(4) The information required by this sub-paragraph is—

- (a) a definition of each benefit and option;
- (b) the term of the contract and the means by which it may be terminated;
- (c) the method of paying premiums and the duration of the payments;
- (d) the method of calculating bonuses and the distribution of bonuses;
- (e) an indication of surrender and paid-up values and the extent to which such values are guaranteed;
- (f) an indication of the premiums for each benefit, whether a main or supplementary benefit;
- (g) in the case of a contract for a unit-linked policy, a definition of the units to which benefits are linked and an indication of the nature of the underlying assets;
- (h) information as to the following, namely—
 - (i) the arrangements with respect to the period within which the policy holder may cancel the contract;
 - (ii) the tax arrangements applicable to the policy to be effected by the contract;
 - (iii) the arrangements for handling any complaints concerning the contract, whether by the other party or any other person who is a life assured or beneficiary; and
 - (iv) any compensation or guarantee arrangements which will be available if the insurer is unable to meet its liabilities under the contract; and
- (i) whether the parties to the contract are entitled to choose the law applicable to the contract and—

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- (i) if so, the law which the insurer proposes to choose; and
 - (ii) if not, the law which will be so applicable.
- (5) The information required by this sub-paragraph is—
- (a) the name and legal form of the company;
 - (b) the company's home State and, where appropriate, the member State of the branch through which the contract is to be entered into; and
 - (c) the address of the company's head office and, where appropriate, the address of the branch through which the contract is to be entered into.
- (6) The information required by this sub-paragraph is—
- (a) the name or number of the syndicate which is to enter into the contract and a statement that it is a syndicate of members of Lloyd's;
 - (b) a statement that the syndicate's home State is the United Kingdom and, where appropriate, the member State of the branch through which the contract is to be entered into; and
 - (c) the address of the syndicate in the United Kingdom and, where appropriate, the address of the branch through which the contract is to be entered into.
- (7) Any information required by sub-paragraph (4), (5) or (6) above shall be furnished in English except that, where the other party to the contract so requests, it may instead be furnished in an official language of a member State other than the United Kingdom.

Information during contract of long term insurance

- (1) This paragraph applies where a UK or EC company or a member of Lloyd's has, on or after 1st July 1994, entered into a contract the effecting of which constitutes—
- (a) the carrying on in the United Kingdom of long term business which is not reinsurance business; or
 - (b) the provision there of long term insurance.
- (2) If during the term of the contract there is—
- (a) any change in the information mentioned in paragraphs (a) to (g) of sub-paragraph (4) of paragraph 1 above; or
 - (b) in the case of a company, any change in the information mentioned in sub-paragraph (5) of that paragraph; or
 - (c) in the case of a member, any change in the information mentioned in sub-paragraph (6) of that paragraph,
- the company or member ("the insurer") shall inform the other party to the contract in writing of the effect of the change.
- (3) If the contract provides for the payment of bonuses, the insurer shall, at least once in every calendar year except the first, inform the other party to the contract in writing of the amount of any bonus—
- (a) which has become payable under the contract, and
 - (b) of which that party has not been previously informed under this sub-paragraph.
- (4) There is a sufficient compliance with sub-paragraph (3) above if the insurer furnishes the other party to the contract with such information as will enable him to determine the amount of any such bonus as is mentioned in that sub-paragraph, or if the insurer informs that party of—
- (a) the total value of the benefits (including bonuses) which have accrued under the contract; and

- (b) the rates of bonus which have been declared since that party was previously informed under this sub-paragraph.
- (5) In this paragraph “bonus” does not include a bonus the amount of which is specified in the contract.

Information before contract of general insurance

(1) This paragraph applies to a contract entered into by a UK or EC company or a member of Lloyd’s if—

- (a) the effecting of the contract constitutes—
 - (i) the carrying on in the United Kingdom of general business which is not reinsurance business; or
 - (ii) the provision there of general insurance; and
- (b) the risk covered by the contract is situated in the United Kingdom.

(2) Before entering into a contract to which this paragraph applies, the company or member (“the insurer”) shall, if the other party (or one of the other parties) to the contract is an individual, inform that party in writing—

- (a) of any arrangements which exist for handling complaints concerning the contract including, where appropriate, the name and address of any body which deals with complaints from any party to the contract;
- (b) that the existence of a complaints body does not affect any right of action which any party to the contract may have against the insurer; and
- (c) as to whether the parties to the contract are entitled to choose the law applicable to the contract and—
 - (i) if so, of the law which the insurer proposes to choose; and
 - (ii) if not, of the law which will be so applicable.

(3) If the information required by sub-paragraph (2) above is furnished otherwise than in writing before the time when the contract is entered into, there is a sufficient compliance with that sub-paragraph if it is also furnished in writing as soon as practicable after that time.

(1) Subject to sub-paragraph (2) below, this paragraph applies to a contract to which paragraph 3 above applies.

(2) This paragraph does not apply to a contract entered into by a UK company or a member of Lloyd’s unless the effecting of the contract constitutes the provision of general insurance in the United Kingdom.

(3) Before entering into a contract to which this paragraph applies, the UK or EC company or the member of Lloyd’s (“the insurer”) shall, unless the contract is for the coverage of large risks only, inform the other party to the contract in writing of the member State in which is situated the establishment which will cover the risks; and any document issued to that party by the insurer shall also contain that information.

(4) If the information required by sub-paragraph (3) above is furnished otherwise than in writing before the time when the contract is entered into, there is a sufficient compliance with that sub-paragraph if it is also furnished in writing as soon as practicable after that time.

(5) Any relevant document issued by the insurer in relation to a contract to which this paragraph applies shall state—

- (a) the address of the establishment through which the risk is to be covered; and

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(b) where the contract relates to relevant motor vehicle risks and the effecting of the contract constitutes the provision of insurance in the United Kingdom, the name and address of the claims representative.

(6) In this paragraph “relevant document”, in relation to a contract to which this paragraph applies, means any proposal, policy or other document which, or statements contained in which, will or may bind the other party to the contract.”