

STATUTORY INSTRUMENTS

**1998 No. 1870**

**The Individual Savings Account Regulations 1998**

**[<sup>F1</sup>Insurance policies]**

9.—[<sup>F2</sup>(1) Policies referred to in regulation 7(2)(n) or (o) <sup>F3</sup>... must, subject to compliance with [<sup>F4</sup>paragraphs (4) to (9) as appropriate], satisfy the conditions specified in paragraph (3).]

[<sup>F2</sup>(2) In paragraph (1) “policies” includes rights under a linked long-term contract specified as a stakeholder product by regulation 6 of the Stakeholder Products Regulations.]

(3) The conditions specified in this paragraph are that—

- (a) the insurance is on the life of the account investor only;
- (b) the terms and conditions of the policy provide—

- (i) that the policy may only be owned or held as a qualifying investment for <sup>F5</sup>...an account which satisfies the provisions of these Regulations;

- (ii) [<sup>F6</sup>in the case of a policy that is held under an account that is not a junior ISA account,] that the policy shall automatically terminate if [<sup>F7</sup>it comes to the notice of the account manager, in any manner, that either of the events specified in paragraph (8) has occurred in relation to the policy;]

- [<sup>F8</sup>(ia) in the case of a policy that is held under an account that is a junior ISA account, that the policy shall automatically terminate if it comes to the notice of the account manager, in any manner, that the event specified in paragraph (8A) has occurred in relation to the policy;]

- [<sup>F9</sup>(iii) subject to paragraph (3B), for an express prohibition of any transfer, assignment or (in Scotland) assignation of the policy to the account investor who holds the account under which the policy is held or, in the case of a policy held under an account that is a junior ISA account, the registered contact or named child in relation to that account;]

- <sup>F10</sup>(iv) .....

- [<sup>F11</sup>(c) the policy evidences or secures a contract of insurance which—

- (i) falls within paragraph I or III of Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, or
  - (ii) would fall within either of those paragraphs if the insurer was a company with permission under Part 4 of the Financial Services and Markets Act 2000 to effect or carry out contracts of insurance;]

- (d) the policy is not—

- (i) a contract to pay an annuity on human life, or
  - (ii) a personal portfolio bond within the meaning given by [<sup>F12</sup>[<sup>F13</sup>section 516 of ITTOIA 2005], or]
  - (iii) a contract, the effecting and carrying out of which constitutes “pension business” within the meaning given by section 431B(1) of the Taxes Act <sup>M1</sup>; and

- (e) after the first payment in respect of a premium in relation to the policy has been made, there is no contractual obligation on any person to make any other such payment.
- [<sup>F14</sup>(3A) In paragraphs (3)(b)(iii) and (3B), “policy” includes—
- (a) the rights conferred by a policy; and
  - (b) any share or interest in the rights conferred by a policy.
- (3B) The prohibition required by paragraph (3)(b)(iii) must not prohibit—
- (a) the cash proceeds from the termination of the policy or a partial surrender of the policy ownership—
    - (i) being paid to the account investor where the policy is held under an account that is not a junior ISA account;
    - (ii) being withdrawn in accordance with regulation 4ZD (permitted withdrawals from a junior ISA account) or 4ZE (permitted withdrawals from a junior ISA account where the named child is terminally ill);
  - (b) the transfer of title to the policy so that it is vested as required from time to time by regulations 4(6)(b)(i) and (ia) (general conditions for accounts) and 15(a) (special provisions relating to insurer-managers) by virtue of—
    - (i) a transfer of an account in accordance with regulations 21 or 21B;
    - (ii) a change of registered contact in relation to a junior ISA account; or
    - (iii) an account ceasing to be a junior ISA account upon the named child in relation to the account attaining 18 years;
  - (c) the vesting of the policy in the personal representatives of the account investor.]
- (4) A policy <sup>F15</sup>...must not be connected with any other policy (“the linked policy”), held by the account investor or any other person, and for this purpose a policy is connected with another if—
- (a) either policy was issued in respect of an insurance made with reference to the other, or with a view to enabling the other to be made on particular terms, or with a view to facilitating the making of the other on particular terms, and
  - (b) the terms on which the first-mentioned policy in this paragraph was issued would have been significantly less favourable to the holder if the linked policy had not been issued.
- (5) References to “the linked policy” in paragraph (4) shall include a contract of insurance, and references to the issuing of the linked policy shall include the making of such a contract.
- (6) No sum may at any time, at or after the making of the insurance, be lent to or at the direction of the account investor by or by arrangement with the insurer for the time being responsible for the obligations under the policy.
- [<sup>F16</sup>(7) Where [<sup>F17</sup>any of the events specified in paragraphs (8) or (8A)] occurs in relation to a policy, the policy shall nevertheless be treated, for the purposes of these Regulations, [<sup>F18</sup>excepting paragraphs (3)(b)(ii) and (iia), (8) and (8A)] and regulation 36, as if it had satisfied the conditions in paragraph (3)(b)(i) during the period—
- (a) commencing at the time at which the specified event occurred, and
  - (b) ending immediately before—
    - (i) the end of the [<sup>F19</sup>final insurance year in relation to the policy, within the meaning given by section 499 of ITTOIA 2005], or
    - (ii) the time at which the specified event came to the notice of the account manager, whichever first occurs (the “termination event”).
- (8) The events specified in this paragraph are—

- (a) that the policy has ceased to be one in respect of which the conditions in paragraph (3)(b)(i) are satisfied; and
- (b) that those conditions were not satisfied in relation to the policy at the date on which the insurance was made.

[<sup>F20</sup>(8A) The event specified in this paragraph is that—

- (a) the policy has ceased to be one in respect of which the conditions in paragraph (3)(b)(i) are satisfied or those conditions were not satisfied in relation to the policy at the date on which the insurance was made; and
- (b) the breach or non-compliance cannot be remedied in accordance with regulation 21C or has not been remedied within a reasonable time.]

(9) Where—

- (a) it comes to the notice of the account manager, in any manner, that an event specified in [<sup>F21</sup>paragraph (8) or (8A)] has occurred in relation to a policy, and
- (b) the account manager is not the insurer for the time being responsible for the obligations under the policy or, where the policy is not still in existence, the person who was the last such insurer,

the account manager shall, within 30 days of the event coming to his notice, give notice to that insurer, specifying the event mentioned in sub-paragraph (a), and the termination event.]

#### Textual Amendments

- F1** Reg. 9 heading substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2004 \(S.I. 2004/2996\)](#), regs. 1(1), **13(a)**
- F2** Reg. 9(1)(2) substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2004 \(S.I. 2004/2996\)](#), regs. 1(1), **13(b)**
- F3** Words in reg. 9(1) omitted (1.7.2014) by virtue of [The Individual Savings Account \(Amendment No. 2\) Regulations 2014 \(S.I. 2014/1450\)](#), regs. 1, **16**
- F4** Words in reg. 9(1) substituted (1.11.2011) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2011 \(S.I. 2011/1780\)](#), regs. 1, **16(a)**
- F5** Words in reg. 9(3)(b)(i) omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of [The Individual Savings Account \(Amendment No. 2\) Regulations 2004 \(S.I. 2004/2996\)](#), regs. 1(1), **13(c)**
- F6** Words in reg. 9(3)(b)(ii) inserted (1.11.2011) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2011 \(S.I. 2011/1780\)](#), regs. 1, **16(b)**
- F7** Words in reg. 9(3)(b)(ii) substituted (6.4.1999) by [The Individual Savings Account \(Amendment\) Regulations 1998 \(S.I. 1998/3174\)](#), regs. 1, **7(2)**
- F8** Reg. 9(3)(b)(ia) inserted (1.11.2011) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2011 \(S.I. 2011/1780\)](#), regs. 1, **16(c)**
- F9** Reg. 9(3)(b)(iii) substituted (1.11.2011) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2011 \(S.I. 2011/1780\)](#), regs. 1, **16(d)**
- F10** Reg. 9(3)(b)(iv) omitted (1.11.2011) by virtue of [The Individual Savings Account \(Amendment No. 2\) Regulations 2011 \(S.I. 2011/1780\)](#), regs. 1, **16(e)**
- F11** Reg. 9(3)(c) substituted (1.12.2001) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), arts. 1(2)(b), **174**
- F12** Words in reg. 9(3)(d)(ii) substituted (6.4.2001) by [The Individual Savings Account \(Amendment\) Regulations 2001 \(S.I. 2001/908\)](#), regs. 1, **4**
- F13** Words in reg. 9(3)(d)(ii) substituted (6.4.2008) by [The Individual Savings Account \(Amendment\) Regulations 2008 \(S.I. 2008/704\)](#), regs. 1, **8(2)**
- F14** Reg. 9(3A)(3B) inserted (1.11.2011) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2011 \(S.I. 2011/1780\)](#), regs. 1, **16(f)**

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- F15** Words in reg. 9(4) omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of [The Individual Savings Account \(Amendment No. 2\) Regulations 2004 \(S.I. 2004/2996\)](#), regs. 1(1), **13(d)**
- F16** Reg. 9(7)-(9) substituted for reg. 9(7) (6.4.1999) by [The Individual Savings Account \(Amendment\) Regulations 1998 \(S.I. 1998/3174\)](#), regs. 1, **7(3)**
- F17** Words in reg. 9(7) substituted (1.11.2011) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2011 \(S.I. 2011/1780\)](#), regs. 1, **16(g)(i)**
- F18** Words in reg. 9(7) substituted (1.11.2011) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2011 \(S.I. 2011/1780\)](#), regs. 1, **16(g)(ii)**
- F19** Words in reg. 9(7)(b)(i) substituted (6.4.2008) by [The Individual Savings Account \(Amendment\) Regulations 2008 \(S.I. 2008/704\)](#), regs. 1, **8(3)**
- F20** Reg. 9(8A) inserted (1.11.2011) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2011 \(S.I. 2011/1780\)](#), regs. 1, **16(h)**
- F21** Words in reg. 9(9) substituted (1.11.2011) by [The Individual Savings Account \(Amendment No. 2\) Regulations 2011 \(S.I. 2011/1780\)](#), regs. 1, **16(i)**

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**Marginal Citations**

- M1** Section 431B was inserted by paragraphs 2, 57(1) and 58 of Schedule 8 to the [Finance Act 1995 \(c.4\)](#).

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**Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:**

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- reg. 4A(1)(1A) substituted for reg. 4A(1) by [S.I. 2024/350 reg. 9\(a\)](#)
- reg. 8A(2)(cb) inserted by [S.I. 2024/350 reg. 16\(a\)](#)
- reg. 8A(5)(6) inserted by [S.I. 2024/350 reg. 16\(b\)](#)
- reg. 12(3)(fa) omitted by [S.I. 2024/350 reg. 19\(b\)\(iv\)](#)
- reg. 17(2)(c) and word inserted by [S.I. 2024/350 reg. 21\(b\)](#)
- reg. 17A(2)(c) and word inserted by [S.I. 2024/350 reg. 22\(c\)](#)
- reg. 31(3)(d)(ia) inserted by [S.I. 2024/350 reg. 24\(a\)\(v\)](#)
- reg. 31(4)(d)(iv) and word inserted by [S.I. 2024/350 reg. 24\(b\)\(ii\)](#)