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STATUTORY INSTRUMENTS

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**1999 No. 3308**

**The Lloyd's Underwriters (Special Reserve Funds) Regulations 1999**

**Amendments to and modifications of Schedule 20**

- 6.—(1) Paragraph 11 of Schedule 20 is modified as follows.
- (2) In sub-paragraph (2)—
- (a) for the words “any payment which is” there shall be substituted the words “the aggregate of any payments which are”;
  - (b) after the word “above” there shall be inserted the words “(except where they are also made under paragraph 6(2) above)”;
  - (c) in paragraph (a) at the beginning there shall be inserted the words “subject to sub-paragraph (2A) below,”;
  - (d) in paragraph (b) after the words “being a” there shall be inserted the word “single”.
- (3) After sub-paragraph (2) the following sub-paragraph shall be inserted—
- “(2A) Where the member ceases to carry on his underwriting business by reason of his death, any payment falling within sub-paragraph (2) above shall be treated, for the purposes of sections 59C and 86 of the Management Act(1), as if made immediately after the commencement of his final year of assessment.”
- (4) In sub-paragraph (3)—
- (a) in paragraph (b) after the word “paragraph” there shall be inserted “3(1),”;
  - (b) the word “and” which immediately follows paragraph (b) shall be omitted;
  - (c) at the end the following paragraphs shall be added—
    - “(d) as increased by an amount equal to any profits, and reduced by an amount equal to any losses, arising to the trustees from assets after the end of that year (excluding any gains or losses on assets whose transfer is treated as an acquisition by sub-paragraph (4)(a) or (b) below); and
    - (e) as increased by the aggregate amount of any payments made—
      - (i) by the trustees to the member or his personal representatives or assigns,
      - (ii) out of his special reserve fund under paragraph 7(1) above (except where they are also made under paragraph 6(2) above), or otherwise than out of his special reserve fund, and
      - (iii) before the end of that year,and for this purpose the amount of any payment which is made by way of the transfer of an asset shall be taken to be the market value of the asset at the date of

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(1) 1970 c. 9; section 59C was inserted by section 194 of the Finance Act 1994, and amended by section 109(1) of the Finance Act 1995. Section 86 was substituted by section 110(1) of the Finance Act 1995.

the transfer and “market value” shall be construed in accordance with section 272 of the Taxation of Chargeable Gains Act 1992(2).”

- (5) In sub-paragraph (4)—
- (a) after the word “above” there shall be inserted the words “or otherwise than out of his special reserve fund”;
  - (b) for the words from “, to be” to the end there shall be substituted—
    - (a) “in a case where the asset was held by the trustees at the end of the penultimate underwriting year, as an acquisition of the asset by the member or his personal representatives or assigns at the end of that year for a consideration equal to its market value at that time;
    - (b) in a case where the asset was acquired by the trustees after the end of the penultimate underwriting year, as an acquisition of the asset by the member or his personal representatives or assigns, at the date on which, and for the consideration for which, the asset was acquired by the trustees; and
    - (c) in a case where the asset was both acquired by the trustees and transferred by them to the member or his personal representatives or assigns before the end of the penultimate underwriting year, as an acquisition of the asset by the member or his personal representatives or assigns at the date of the transfer and for a consideration equal to its market value at that time.”