
STATUTORY INSTRUMENTS

2004 No. 353

The Insurers (Reorganisation and Winding Up) Regulations 2004

PART IV

PRIORITY OF PAYMENT OF INSURANCE CLAIMS IN WINDING UP ETC.

Preferential debts: long term insurers and general insurers

21.—(1) This regulation applies in the case of a winding up of—

- (a) a long term insurer;
- (b) a general insurer;
- (c) a composite insurer, where the long term business of that insurer has been or is to be transferred as a going concern to a person who may lawfully carry out the contracts in that long term business in accordance with section 376(2) of the 2000 Act.

(2) Subject to paragraph (3), the debts of the insurer must be paid in the following order of priority—

- (a) preferential debts;
- (b) insurance debts;
- (c) all other debts.

(3) Preferential debts rank equally among themselves [^{F1}after the expenses of the winding up] and must be paid in full, unless the assets are insufficient to meet them, in which case they abate in equal proportions.

(4) Insurance debts rank equally among themselves and must be paid in full, unless the assets available after the payment of preferential debts are insufficient to meet them, in which case they abate in equal proportions.

(5) Subject to paragraph (6), so far as the assets of the insurer available for the payment of unsecured creditors are insufficient to meet the preferential debts, those debts (and only those debts) have priority over the claims of holders of debentures secured by, or holders of, any floating charge created by the insurer, and must be paid accordingly out of any property comprised in or subject to that charge.

(6) The order of priority specified in paragraph (2)(a) and (b) applies for the purposes of any payment made in accordance with paragraph (5).

(7) Section 176A of the 1986 Act [^{F2}and Article 150A of the 1989 Order][^{F3}have] effect with regard to an insurer so that insurance debts must be paid out of the prescribed part in priority to all other unsecured debts.

F1 Words in reg. 21(3) inserted (3.3.2004) by [The Insurers \(Reorganisation and Winding Up\) \(Amendment\) Regulations 2004 \(S.I. 2004/546\)](#), regs. 1, **2(4)**

Changes to legislation: *There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Insurers (Reorganisation and Winding Up) Regulations 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)*

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| F2 | Words in reg. 21(7) inserted (6.4.2007) by The Insurers (Reorganisation and Winding Up) (Amendment) Regulations 2007 (S.I. 2007/851) , regs. 1, 2(13) |
| F3 | Word in reg. 21(7) substituted (6.4.2007) by The Insurers (Reorganisation and Winding Up) (Amendment) Regulations 2007 (S.I. 2007/851) , regs. 1, 2(13) |

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Changes and effects yet to be applied to :

- Regulations power to modify conferred by [2023 c. 29 s. 3Sch. 1 Pt. 2](#)
- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)