1977 No. 72

INSURANCE

Insurance Companies (Valuation of Assets) Regulations (Northern Ireland) 1977

Made . . . . . 21*st March* 1977

Coming into operation . . . 1*st June* 1977

The Department(a) of Commerce, in exercise of the powers conferred upon it by Articles 88 and 93 of the Insurance Companies (Northern Ireland) Order 1976(b) and of every other power enabling it in that behalf, hereby makes the following regulations:

Citation, commencement and revocation

1.—(1) These regulations may be cited as the Insurance Companies (Valuation of Assets) Regulations (Northern Ireland) 1977 and shall come into operation on 1st June 1977.

(2) The Insurance Companies (Valuation of Assets) Regulations (Northern Ireland) 1975(c) are hereby revoked.

Interpretation

2.—(1) In these regulations—

"the Order" means the Insurance Companies (Northern Ireland) Order 1976;

"approved financial institution" means any of the following:

(*a*) the Bank of England,

(*b*) the National Savings Bank,

(*c*) a trustee savings bank within the meaning of the Trustee Savings Banks Act 1976(d),

(*d*) a banking or discount company within the meaning of paragraph 23 of the Sixth Schedule to the Companies Act (Northern Ireland) 1960(e) or paragraph 23 of the Eighth Schedule to the Companies Act 1948(f),

(*e*) a banking or discount company within the meaning of the Protection of Depositors Act 1963(g),

(*f*) a person duly authorised by the Treasury to act for the purposes of the Exchange Control Act 1947(h) as an authorised dealer in relation to any foreign currency,

(*g*) Finance for Industry Limited,
the International Bank for Reconstruction and Development,
the Inter-American Development Bank,
the African Development Bank,
the Asian Development Bank,
the Caribbean Development Bank, and

(a) Formerly Ministry: *see* 1973 c. 36 s. 40 and Sch. 5 para. 8(1)
(b) S.I. 1976/59 (N.I. 3) brought into operation by S.R. 1976 No. 56 (C. 2)
(c) S.R. 1975 No. 91 (I, p. 545)
(d) 1976 c. 4
(e) 1960 c. 22 (N.I.)
(f) 1948 c. 38
(g) 1963 c. 16
(h) 1947 c. 14

(*h*) the National Giro;

"approved securities" means any of the following:

(*a*) securities issued by Her Majesty's Government in the United Kingdom or by the Government of Northern Ireland, being fixed-interest securities registered in the United Kingdom, Treasury Bills, Tax Reserve Certificates and Certificates of Tax Deposit;

(*b*) securities the repayment of the principal of which, or the payment of interest on which, is guaranteed by Her Majesty's Government in the United Kingdom or by the Government of Northern Ireland;

(*c*) fixed-interest securities issued in the United Kingdom by any public authority or nationalised industry or undertaking in the United Kingdom;

(*d*) debentures issued by the Agricultural Mortgage Corporation Limited or the Scottish Agricultural Securities Corporation Limited;

(*e*) loans to any authority to which this paragraph applies charged on all or any of the revenues of the authority or on a fund into which all or any of those revenues are payable, any fixed-interest securities issued in the United Kingdom by any such authority for the purpose of borrowing money so charged, and deposits with any such authority by way of temporary loan made on the giving of a receipt for the loan by the treasurer or other similar officer of the authority and on the giving of an undertaking by the authority that, if requested to charge the loan as aforesaid, it will either comply with the request or repay the loan;

The authorities to which this paragraph applies are:

(i) any local authority in the United Kingdom;

(ii) any authority all the members of which are appointed or elected by one or more local authorities in the United Kingdom;

(iii) any authority the majority of the members of which are appointed or elected by one or more local authorities in the United Kingdom, being an authority which by virtue of any enactment has power to issue a precept to a local authority in England and Wales, or a requisition to a local authority in Scotland, or to the expenses of which, by virtue of any enactment, a local authority in the United Kingdom is or can be required to contribute;

(iv) the Receiver for the Metropolitan Police District or a combined police authority (within the meaning of the Police Act 1964(i));

(v) any water authority established under the Water Act 1973(j) and any water authority as defined in section 148 of the Local Government (Scotland) Act 1973(k);

(*f*) any loan to, or deposit with, an approved financial institution; and

(*g*) any securities issued or guaranteed by, and any deposits of cash with, any government, public or local authority or nationalised industry or undertaking outside the United Kingdom;

"asset" includes part of an asset;

"associate", except in relation to a "qualified valuer", has the same meaning as in Article 11(6) of the Order;

(i) 1964 c. 48
(j) 1973 c. 37
(k) 1973 c. 65

"building society" means a building society within the meaning of the Building Societies Act (Northern Ireland) 1967(**l**) or the Building Societies Act 1962(**m**);

"company" includes any body corporate;

"computer equipment" means the electro-mechanical and electronic units which make up a computer configuration;

"debenture" includes debenture stock and bonds, whether constituting a charge on assets or not, and loan stock or notes;

"debenture option" means a right exercisable within a specified period, at the option of the holder of the right, to acquire or dispose of any debenture at a specified price;

"debt" includes an obligation to pay a sum of money under a negotiable instrument;

"enactment" includes an enactment of the Parliament of the United Kingdom;

"equity share" means a share of equity share capital;

"equity share capital" has the same meaning as in section 148(5) of the Companies Act (Northern Ireland) 1960;

"fixed-interest securities" means securities which under their terms of issue bear a specified rate of interest;

"general business amount" has the meaning assigned to it in regulation 15(2);

"general business assets" and "general business liabilities" mean respectively assets and liabilities of an insurance company which are not long term business assets or long term business liabilities;

"holding company" shall be construed in accordance with section 148(4) of the Companies Act (Northern Ireland) 1960;

"industrial and provident society" means any society registered (or deemed to be registered) under the Industrial and Provident Societies Act (Northern Ireland) 1969(**n**) or the Industrial and Provident Societies Act 1965(**o**);

"insurance company" includes, in relation to the application of these regulations for the purposes of Article 8 of the Order, a body proposing to carry on insurance business;

"insurance liabilities" means, in relation to an insurance company, any debt due from or other liabilities of the company under any contract of insurance to which it is a party;

"intermediary" means a person who in the course of any business or profession invites other persons to make offers or proposals or to take other steps with a view to entering into contracts of insurance with an insurance company, other than a person who only publishes such invitations on behalf of, or to the order of, some other person;

"liability" includes a contingent or prospective liability and a part of a liability, but does not include a liability in respect of share capital;

"linked assets" means, in relation to an insurance company, long term business assets of the company which are, for the time being, identified in the records of the company as being assets by reference to the value of which property linked benefits are to be determined;

(**l**) 1967 c. 31 (N.I.)
(**m**) 1962 c. 37
(**n**) 1969 c. 24 (N.I.)
(**o**) 1965 c. 12

"local authority" in relation to the United Kingdom, means any of the following authorities—

(*a*) in England and Wales, a local authority within the meaning of the Local Government Act 1972(**p**), the Common Council of the City of London, the Greater London Council and the Council of the Isles of Scilly;

(*b*) in Scotland, a local authority within the meaning of the Local Government (Scotland) Act 1973;

(*c*) in Northern Ireland, a district council within the meaning of section 1 of the Local Government Act (Northern Ireland) 1972(**q**);

"long term business amount" has the meaning assigned to it in regulation 15(2);

"long term business assets" and "long term business liabilities" mean respectively assets of an insurance company which are, for the time being, identified as representing the long term fund or funds maintained by the company in respect of its long term business and liabilities of the company which are attributable to its long term business;

"middle market price" means—

(*a*) in relation to an investment for which two prices are quoted in the official list published for the relevant market, the average of the two prices so quoted for the relevant date or, if no official list has been published for that day, for the most recent day prior to that day for which the official list has been published; and

(*b*) in relation to an investment for which one price is quoted in the official list published for the relevant market, the price so quoted for the relevant date or, if no official list has been published for that day, for the most recent day prior to that day for which the official list has been published; and

(*c*) in any other case, the nearest equivalent to the average referred to in paragraph (*a*) above which is published or can be reasonably ascertained from information which is published;

"price earnings ratio" means the Financial Times-Actuaries estimated price earnings ratio (net) relating to the Industrial Group;

"proper valuation" means, in relation to land, a valuation made by a qualified valuer not more than three years before the relevant date which determined the amount which would be realised at the time of the valuation on an open market sale of the land free from any mortgage or charge;

"property linked benefits" means benefits provided for under any contracts of the kind mentioned in Article 3(2) of the Order, the amount of which is to be determined by reference to the value of property of any description (whether specified in the contract or not);

"qualified valuer" means a person who—

(*a*) is a fellow or professional associate of the Royal Institution of Chartered Surveyors or a fellow or associate of the Incorporated Society of Valuers and Auctioneers or the Rating and Valuation Association, and has knowledge and experience in the valuation of land, or

(*b*) is approved for the time being by the Department of Commerce for the purposes of these regulations;

(**p**) 1972 c. 70
(**q**) 1972 c. 9 (N.I.)

"quoted" means, in relation to an investment—

(*a*) that there has been granted a quotation or permission to deal in respect of that investment on a stock exchange which is a recognised stock exchange within the meaning of the Companies Act (Northern Ireland) 1960 and the Companies Act 1948;

(*b*) that there has been granted such a quotation or permission on any stock exchange of repute outside the United Kingdom; or

(*c*) that dealings in that investment are effected in a securities market of repute outside the United Kingdom being a market in which prices of all securities of which there are dealings are publicly quoted and which is supervised by a public authority;

and "unquoted" shall be construed accordingly;

"related company" means, in relation to an insurance company—

(*a*) a dependent of the insurance company,

(*b*) a company of which the insurance company is a dependent, or

(*c*) a dependent of a company of which the insurance company is a dependent;

"relevant date" means, in relation to the valuation of any asset for any purpose for which these regulations apply, the date when the asset falls to be valued for that purpose;

"salvage right" means any right of an insurance company under a contract of insurance to take possession of and to dispose of property by virtue of the fact that the company has made a payment or has become liable to make a payment in respect of a loss thereof;

"securities" includes shares, debentures, Treasury Bills, Tax Reserve Certificates and Certificates of Tax Deposit;

"share" includes stock;

"share option" means a right exercisable within a specified period, at the option of the holder of the right, to acquire or dispose of any share at a specified price;

"subsidiary" shall be construed in accordance with section 148 of the Companies Act (Northern Ireland) 1960.

"Treasury Bills" includes bills issued by Her Majesty's Government in the United Kingdom and Northern Ireland Treasury Bills.

(2) For the purposes of these regulations, a company is a dependent of another company if—

(*a*) that other company, either alone or with any associate or associates, is entitled to exercise, or control the exercise of, one-third or more of the voting power at any general meeting of the first-mentioned company, or

(*b*) the first-mentioned company is a dependent of any company which is that other company's dependent.

Application

3.—(1) Subject to the provisions of paragraph (2), these regulations apply with respect to the determination of the value of assets of insurance companies for the purposes of Articles 8, 28(6), 30, 32(2)(*b*), 35 and 55 of the Order, any investigation to which Article 18 of the Order applies and any investigation made in pursuance of a requirement under Article 38 of the Order.