

1973. No. 507

[C]

INSURANCE

Long Term Assets and Liabilities

REGULATIONS, DATED 18TH DECEMBER 1973, MADE BY THE MINISTRY OF COMMERCE UNDER SECTIONS 7(3) AND (4) AND 53(1) OF THE INSURANCE COMPANIES AMENDMENT ACT 1973.

The Ministry of Commerce, on behalf of the Secretary of State and in exercise of the powers conferred upon it by sections 7(3) and (4) and 53(1) of the Insurance Companies Amendment Act 1973(a) and of all other powers enabling it in that behalf, hereby makes the following Regulations:—

Citation and commencement

1. These Regulations may be cited as the Insurance Companies (Identification of Long Term Assets and Liabilities) Regulations (Northern Ireland) 1973 and shall come into operation on 1st January 1974.

Interpretation

2. In these Regulations—

“asset” includes any part of an asset;

“base date”, in relation to a company, means the last day of its current financial year;

“current financial year”, in relation to a company, means the financial year of the company which ends next after the date on which these Regulations are made;

“liability” includes any part of a liability;

“next financial year”, in relation to a company, means the financial year of the company which begins next after the date on which these Regulations are made;

“other business”, in relation to a company, means such of that company’s business as is not long term business;

“relevant date”, in relation to a company, means the last day of its next financial year; and

“the apportionment fraction” has the meaning assigned to it by the Schedule to these Regulations.

Application

3.—(1) These Regulations apply to every insurance company to which the Insurance Companies Act (Northern Ireland) 1968(b) applies which was carrying on long term business at 25th July 1973, and are made for the purposes of paragraph (a) of section 7(3) of the Insurance Companies Amendment Act 1973.

(2) The arrangements to be made during the next financial year by companies to which these Regulations apply for identifying their assets and liabilities as on the relevant date which are attributable to their long term business shall be made in accordance with the provisions of Regulations 4, 5 and 6.

Assets and liabilities unidentified at the base date

4.—(1) This Regulation applies for the purposes of identifying as attributable to the long term business assets and liabilities on the base date which were then neither identified as attributable to the long term business nor identified as attributable to the other business.

(2) The assets and liabilities to which this Regulation applies may be identified either—

(a) by the identification of a proportion equal to the apportionment fraction of any such asset or liability as attributable to the long term business as on the base date, or

(b) by the identification and apportionment of such assets and liabilities having regard to their value as on the base date, which in the case of assets shall be a fair market value.

(3) In the case of identification in accordance with paragraph (2)(b) above the apportionment shall be such that—

(a) in the case of assets, the aggregate of the values of the assets so identified when divided by the aggregate of the values of all the assets valued, and

(b) in the case of liabilities, the aggregate of the values of the liabilities so identified when divided by the aggregate of the values of all the liabilities valued,

is in each case a fraction equal to the apportionment fraction.

Further identification during next financial year

5.—(1) Assets and liabilities which were already identified as attributable to the long term business on the base date or which are to be so identified as on the base date shall, if they are still assets and liabilities on the relevant date, be identified as attributable to the long term business as on the relevant date.

(2) Assets acquired during the next financial year, to the extent that they are acquired out of the receipts of the company during that financial year in respect of its long term business, shall, if they are still assets on the relevant date, be identified to that extent as assets attributable to the company's long term business as on the relevant date.

(3) Where any such assets as are referred to in paragraphs (1) and (2) have been disposed of before the relevant date, the proceeds of that disposal or the relevant part thereof or any assets acquired therewith shall be identified as assets attributable to the company's long term business as on the relevant date.

(4) Any income accruing during the next financial year from any asset of the company which falls to be identified as an asset attributable to the company's long term business shall also be so identified as on the relevant date.

(5) Liabilities of the company assumed during the next financial year, to the extent that they are assumed in the course or for the purposes of the company's long term business, shall, if they are still liabilities on the relevant date, be identified to that extent as liabilities attributable to the company's long term business as on the relevant date.