STATUTORY INSTRUMENTS

1988 No. 352

INSURANCE

The Insurance (Fees) Regulations 1988

Made - - - -	*1st March 1988*
Laid before Parliament	*2nd March 1988*
Coming into force -	*1st April 1988*

Whereas the Secretary of State has had regard to the object of securing (so far as practicable) that the amount of the fees payable under section 94A of the Insurance Companies Act 1982(a) in the year beginning on 1 April 1988 by insurance companies and the Council of Lloyd's is equal to the cost likely to be incurred in that period by the Secretary of State in exercising the functions specified in Regulation 10 of these Regulations:

Now, therefore, the Secretary of State, in exercise of his powers under section 94A and 97 of that Act, and of all other powers enabling him in that behalf, hereby makes the following Regulations:

1. These Regulations may be cited as the Insurance (Fees) Regulations 1988 and shall come into force on 1st April 1988.

2. The Insurance (Fees) Regulations 1987(b) are hereby revoked.

3. In these Regulations–

"the Act" means the Insurance Companies Act 1982;

"gross premiums receivable" means–

(*a*) where an insurance company carries on either long term business or general business but not both, the gross amount of premiums receivable in respect of its global business required to be included in the documents required to be deposited under section 22(1) of the Act in relation to the financial year to which the documents relate, or where such amount is not required to be included, the amount which would otherwise have been required to be so included;

(*b*) where an insurance company carries on both long term business and general business, the sum of the gross amounts of premiums receivable in respect of its global long term business and global general business respectively required to be included in the documents required to be deposited under section 22(1) of the Act in relation to the financial year to which the documents relate, or where such amounts are not required to be included, the amounts which would otherwise have been required to be so included;

"group" means a body corporate together with–

(a) 1982 c.50; section 94A was inserted by the Insurance (Fees) Act 1985 (c.46).
(b) S.I. 1987/350.

(*a*) all of its wholly-owned subsidiaries;
(*b*) any body corporate of which it is a wholly-owned subsidiary;
(*c*) all bodies corporate which are wholly-owned subsidiaries of any such body corporate as is first mentioned in (*b*) above;

"wholly-owned subsidiary" has the meaning given to it by section 736(5) of the Companies Act 1985**(a)**;
"winding up" includes an analogous procedure under any jurisdiction other than that of any part of the United Kingdom.

4. Subject to Regulations 5 to 8 below, when documents are deposited under section 22(1) of the Act the insurance company concerned shall pay to the Secretary of State the fee as set out in the table below, according to the amount of its gross premiums receivable for the financial year to which the documents deposited relate:–

Gross premiums receivable	*Fee*
Over £50,000 up to and including £250,000	£250
Over £250,000 up to and including £500,000	£500
Over £500,000 up to and including £750,000	£750
Over £750,000 up to and including £1,000,000	£1,000
Over £1,000,000 up to and including £1,500,000	£3,000
Over £1,500,000	£6,000

5. These Regulations do not apply in the case of an insurance company where its gross premiums receivable in respect of the financial year to which documents deposited by it under section 22(1) of the Act relate do not exceed £50,000.

6.—(1) Subject to paragraph (2) below, where the sum of the fees payable under Regulations 4 and 5 above by all the insurance companies within a group exceeds £42,000 the fee in respect of each of those insurance companies shall be abated proportionaly so that the sum of the fees payable by those insurance companies is £42,000.

(2) For the purposes of paragraph (1) above, an insurance company shall be deemed to be a member of a group at the date upon which it deposits documents in respect of a financial year in accordance with section 22(1) of the Act, if it was a member of that group at the end of the financial year to which those documents relate.

7. No fee shall be payable under Regulation 4 where, at the date upon which documents are deposited under section 22(1) of the Act–

(*a*) the insurance company is subject to the process of winding-up and cannot lawfully effect any contracts of insurance;
(*b*) the insurance company is subject to a direction by the Secretary of State given under section 11 of the Act or section 11 of the Insurance Companies Act 1981**(b)** that it shall cease to be authorised to effect contracts of insurance (including reinsurance) of all classes for which it had been authorised under section 3 or 4 of the Act or under section 3 or 4 of the said Act of 1981; or
(*c*) the insurance company is subject to a restriction imposed under section 68 of the Companies Act 1967**(c)**, or section 13 of the Insurance Companies Amendment Act 1973**(d)**, or imposed or deemed to have been imposed under section 29 of the Insurance Companies Act 1974**(e)** which, in any of these cases and taking into account the authorisation of the company, has the result that the

(a) 1985 c.6.
(b) 1981 c.31.
(c) 1967 c.81.
(d) 1973 c.58.
(e) 1974 c.49.

company is prohibited from effecting any contract of insurance (including reinsurance) in the United Kingdom.

8. These Regulations do not apply when copies of an abstract of an actuary's report of an investigation made under section 18(1) of the Act are deposited with the Secretary of State unless the abstract is of a report of an investigation which is required to be made by paragraph (*a*) of that subsection.

9. Where a statement is deposited under section 86(1) of the Act by the Council of Lloyd's it shall pay to the Secretary of State a fee of £30,000.

10. For the purposes of section 94A(6) of the Act, the relevant functions of the Secretary of State in relation to insurance companies and the members of Lloyd's are anything done for or for the purpose of or in connection with–

(*a*) sections 11 to 13, Part II, sections 75 and 78 and Part IV of the Act, including prosecution of offences alleged to have been committed under any of those provisions or under provisions in earlier legislation which are analogous to those provisions;

(*b*) proposals for United Kingdom and European Communities legislation.

Francis Maude
Parliamentary Under-Secretary of State,
Department of Trade and Industry

1st March 1988

EXPLANATORY NOTE

(This note is not part of the Regulations)

1. These Regulations, which come into force on 1 April 1988, replace the Insurance (Fees) Regulations 1987 and set out the fees to be paid to the Secretary of State by insurance companies when they deposit their accounts and other documents as required by section 22(1) of the Insurance Companies Act 1982 and by the Council of Lloyd's when the statement in respect of Lloyd's is deposited under section 86(1) of that Act. Some fees are being increased although those payable by companies with premium income of £1.5 million or less are unchanged.

2. The level of fee for an insurance company is fixed according to the amount of its gross premiums receivable in respect of its global business, aggregating the amounts for long-term and general business where both types of business are being carried on, for the financial year to which the annual accounts relate, subject, where the company is a member of a group, to a limit of £42,000 in respect of the whole group. The Regulations specify that no fee is payable where the company is in the process of being wound up, whether in the United Kingdom or another jurisdiction, or the company is precluded from effecting contracts of insurance in the United Kingdom at the date when the documents are deposited with the Secretary of State.

3. The amount of gross premiums receivable in respect of general business is the amount required to be included in respect of an insurance company's global general business in Column 1, line 11 of Form 11 in Schedule 1 to the Insurance Companies (Accounts and Statements) Regulations 1983 (S.I. 1983/1811), or where such amount is not required to be included, the amount which would otherwise have been required to be so included. The amount of gross premiums receivable in respect of long term business is the amount required to be included in respect of an insurance company's global long term business in Column 1 of line 9 of Form 41 in Schedule 3 to those Regulations, or

where such amount is not required to be included, the amount which would otherwise have been required to be so included.

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