



# Insurance Companies Act 1981

## 1981 CHAPTER 31

### PART I

#### RESTRICTION ON CARRYING ON INSURANCE BUSINESS

##### *Withdrawal of authorisation*

#### **11 Withdrawal of authorisation in respect of new business**

- (1) The Secretary of State may, at the request of the company or on any grounds set out in subsection (2) below, direct that an insurance company authorised under section 3 or 4 above to carry on insurance business shall cease to be authorised to effect contracts of insurance, or contracts of any description specified in the direction.
- (2) The grounds referred to in subsection (1) above are—
  - (a) that it appears to the Secretary of State that the company has failed to satisfy an obligation to which it is subject by virtue of the 1974 Act or this Act;
  - (b) that there exists a ground on which he would be prohibited by section 7, 8 or 9 above from issuing an authorisation to the company;
  - (c) that the company has ceased to be authorised to effect contracts of insurance, or contracts of a particular description, in a member State where it has its head office or where it has in accordance with section 9(2) above made a deposit.
- (3) After giving a direction under this section otherwise than at the request of the company concerned the Secretary of State shall inform the company in writing of his reasons for giving the direction.
- (4) A direction under this section shall not prevent a company from effecting a contract of insurance in pursuance of a term of a subsisting contract of insurance.
- (5) Where a direction under this section has been given in respect of a company which has its head office, or has in accordance with section 9(2) above made a deposit, in a member State other than the United Kingdom, the Secretary of State may revoke or

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vary the direction if after consultation with the supervisory authority in that member State he considers it appropriate to do so.

- (6) Subject to subsection (5) above a direction given under this section in respect of any insurance company may not be revoked or varied; but if the Secretary of State subsequently issues to the company under section 3 above an authorisation to carry on insurance business of a class to which the direction relates, the direction shall cease to have effect in relation to such business.

## **12 Notices of withdrawal under section 11**

- (1) Before giving a direction under section 11 above otherwise than at the request of the company concerned the Secretary of State shall serve on the company a written notice stating—
- (a) that he is considering giving a direction and the ground on which he is considering it; and
  - (b) that the company may, within the period of one month from the date of service of the notice, make written representations to the Secretary of State and, if the company so requests, oral representations to an officer of the Department of Trade appointed for the purpose by the Secretary of State.
- (2) Before giving a direction under section 11 above in respect of a company on the ground that he would be prohibited by section 7(3), 8(2) or 9(5) from issuing an authorisation to the company, the Secretary of State shall serve on the person whose fitness is in question a written notice stating—
- (a) that he is considering giving a direction on that ground ; and
  - (b) that the person on whom the notice is served may, within the period of one month from the date of service of the notice, make written representations to the Secretary of State and, if that person so requests, oral representations to an officer of the Department of Trade appointed for the purpose by the Secretary of State.
- (3) Subject to subsection (4) below, the Secretary of State shall consider any representations made in response to a notice under subsection (2) above before serving a notice under subsection (1) above.
- (4) Subsection (3) above shall not apply where the position held by the person on whom the notice under subsection (2) above is served, and whose fitness for that position is in question, is controller of a company.
- (5) A notice under subsection (1) or (2) above shall give particulars of the ground on which the Secretary of State is considering giving a direction.
- (6) Where representations are made in response to a notice under subsection (1) or (2) above, the Secretary of State shall take them into consideration before giving a direction.
- (7) Any notice to be served on a person under subsection (1) or (2) above may be served by post, and a letter containing the notice shall be deemed to be properly addressed if it is addressed to that person at his last known residence or last known place of business in the United Kingdom.
- (8) After giving a direction under section 11 above the Secretary of State shall publish notice of it in the London, Edinburgh and Belfast Gazettes and in such other ways as appear to him expedient for notifying the public.

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### **13 Final withdrawal of authorisation**

- (1) Where an insurance company ceases to carry on in the United Kingdom any insurance business, or insurance business of any class, the Secretary of State may direct that it shall cease to be authorised under section 3 or 4 above to carry on insurance business, or insurance business of that class.
- (2) If a body authorised under section 3 above to carry on insurance business of any class has not at any time carried on business of that class, and at least twelve months have elapsed since the issue of the authorisation, the Secretary of State may direct that it shall cease to be authorised to carry on business of that class.
- (3) A direction under this section is without prejudice to the subsequent issue of an authorisation to carry on insurance business of a class to which the direction relates.