



Finance Act 2012

2012 CHAPTER 14

PART 2

INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

CHAPTER 11

DEFINITIONS

139 Minor definitions

(1) In this Part—

“closing”, in relation to a period of account, means the position at the end of the period of account,

“derivative contract” has the same meaning as in Part 7 of CTA 2009,

“fair value”—

(a) in relation to money, means its amount, and

(b) in relation to other assets, means the amount which an independent person selling the assets would get,

“HMRC Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs,

“insurance business transfer scheme” means—

(a) a scheme falling within section 105 of FISMA 2000, including an excluded scheme falling within Case 2, 3, 4 or 5 of subsection (3) of that section, or

(b) a scheme which would fall within that subsection but for subsection (1) (b) of that section,

“insurance special purpose vehicle” means an undertaking which—

(a) assumes risks from insurance or re-insurance undertakings, and

(b) fully funds its exposures to those risks through the proceeds of a debt issue or other financing mechanism where the repayment rights of

Status: This is the original version (as it was originally enacted).

the providers of the mechanism are subordinated to the re-insurance obligations of the undertaking,

“liabilities”, in relation to an insurance company, means—

- (a) the mathematical reserves of the company as determined in accordance with section 1.2 of the Insurance Prudential Sourcebook, and
- (b) liabilities of the company (whose value falls to be determined in accordance with section 1.3 of the General Prudential Sourcebook) which arise from deposit back arrangements,

“overseas life insurance company” means an insurance company which is not resident in the United Kingdom but which carries on life assurance business in the United Kingdom through a permanent establishment there,

“re-insurance” includes retrocession,

“UK life insurance company” means an insurance company other than an overseas life insurance company,

“with-profits fund” has the meaning given by the Prudential Sourcebook (Insurers).

- (2) In this Part any reference to the debiting or crediting of an amount in accounts drawn up by an insurance company is a reference to bringing in the amount as a debit or credit in—

- (a) the company’s profit and loss account, income statement or statement of comprehensive income (or other comprehensive income),
- (b) a statement of total recognised gains and losses, or
- (c) any other statement of items used in calculating the company’s income or gains, or its losses or expenses, for accounting purposes,

irrespective of how any account or statement within any of paragraphs (a) to (c) is described or otherwise referred to.

- (3) For this purpose—

“credit” means an amount which for accounting purposes increases or creates a profit, or reduces a loss, for a period of account, and

“debit” means an amount which for accounting purposes reduces a profit, or increases or creates a loss, for a period of account.

- (4) In this section—

“deposit back arrangements” means arrangements by which an amount is deposited by the re-insurer under a contract of re-insurance with the cedant,

“the Insurance Prudential Sourcebook” means the Insurance Prudential Sourcebook made by the Financial Services Authority under FISMA 2000,

“the General Prudential Sourcebook” means the General Prudential Sourcebook made by the Financial Services Authority under FISMA 2000, and

“the Prudential Sourcebook (Insurers)” means the Interim Prudential Sourcebook for Insurers made by the Financial Services Authority under FISMA 2000.