

THRESHOLD CONDITIONS (AMENDMENT) INSTRUMENT 2001

Powers exercised

- A. The Financial Services Authority amends Threshold Conditions (COND) in the exercise of the power in section 157(1) the Financial Services and Markets Act 2000 (Guidance).

Commencement

- B. This instrument comes into force immediately.

Amendments to Threshold Conditions

- C. COND is amended:
- (1) in accordance with Annex A to this instrument (Amendments to made text);
 - (2) by deleting the existing COND 1 Annex 1G and replacing it with the material in Annex B to this instrument (COND 1 Annex 1G);
 - (3) by inserting the material in Annex C to this instrument (COND 1 Annex 2G);
and
 - (4) by deleting the existing COND 2 Annex 1G and replacing it with the material in Annex D to this instrument (COND 2 Annex 1G).

Citation

- D. This instrument may be cited as the Threshold Conditions (Amendment) Instrument 2001.

By order of the Board
15 November 2001

Annex A

Amendments to made text

- 1.1.1G (1) For “. ” at the end of (1) and (2), insert “ ; ”.
- (2) After (2), insert:
- “(3) *threshold conditions* 3, 4 and 5 do not apply to a *Swiss General Insurance Company*; and
- (4) *COND 2.6* (Additional conditions) is only relevant to *non-EEA insurers*.”
- 1.2.1G After “set out in”, insert "or under"
- 1.3.4G After “set out in”, insert "or under"
- 2.1.1 In paragraph 1(1), after “body corporate” insert:
- “(other than a limited liability partnership)”
- 2.4.6G(3) In the second sentence, for “General *guidance* on the contents of a business plan is”, insert:
- “Notes on the contents of a business plan are”
- 2.5.4G(3) In the second sentence, after "(The FSA's general duties)", insert “;”
- 2.6.1 After “(b) ... **insurance business**”, insert a new heading and text:
- “Article 3 of The Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001 (SI 2001/2507)**
- Non-EEA insurers**
- 3. - (1) If paragraph 8 of Schedule 6 (additional conditions applying to non-EEA insurers) applies to the person concerned, it must, for the purposes of section 41 and Schedule 6, satisfy the following additional conditions -**
- (a) it must have a representative who is resident in the United Kingdom and who has authority to bind it in its relations with third parties and to represent it in its relations with the [FSA] and the courts in the United Kingdom;**
- (b) subject to paragraph (2), if the person concerned is not a Swiss general insurance company -**

(i) it must be a body corporate entitled under the law of the place where its head office is situated to effect and carry out contracts of insurance;

(ii) it must have in the United Kingdom assets of such value as may be specified;

(iii) unless the regulated activity in question relates solely to reinsurance, it must have made a deposit (of money or securities, as may be specified) of such an amount and with such a person as may be specified, and on such terms and subject to such other provisions as may be specified.

(2) Where the person concerned is seeking to carry on an activity relating to insurance business in one or more other EEA States (as well as in the United Kingdom), and the [FSA] and the supervisory authority in the other EEA State or States concerned so agree -

(a) the reference in paragraph (1)(b)(ii) to the United Kingdom is to be read as a reference to the United Kingdom and the other EEA State or States concerned; and

(b) the reference in paragraph (1)(b)(iii) to such a person as may be specified is to be read as a reference to such a person as may be agreed between the [FSA] and the other supervisory authority or authorities concerned.”

2.6.2G

For 2.6.2G, and following 2.6.2G, insert:

“2.6.2 G The Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001 (SI 2001/2507) imposes certain additional conditions on non-*EEA insurers*, as set out above.

2.6.3 G The order referred to in *COND 2.6.2G* implements requirements under *the Insurance Directives*, and the *Act* extends these requirements to *firms* outside of the *EEA*.

2.6.4 G The effect of article 3(a) of the Order is that a non-*EEA insurer* (including a *Swiss General insurance company*) must appoint an *authorised UK representative*.

2.6.5 G (1) A non-*EEA insurer* must be a *body corporate* formed under the law of the country where its head office is situated.

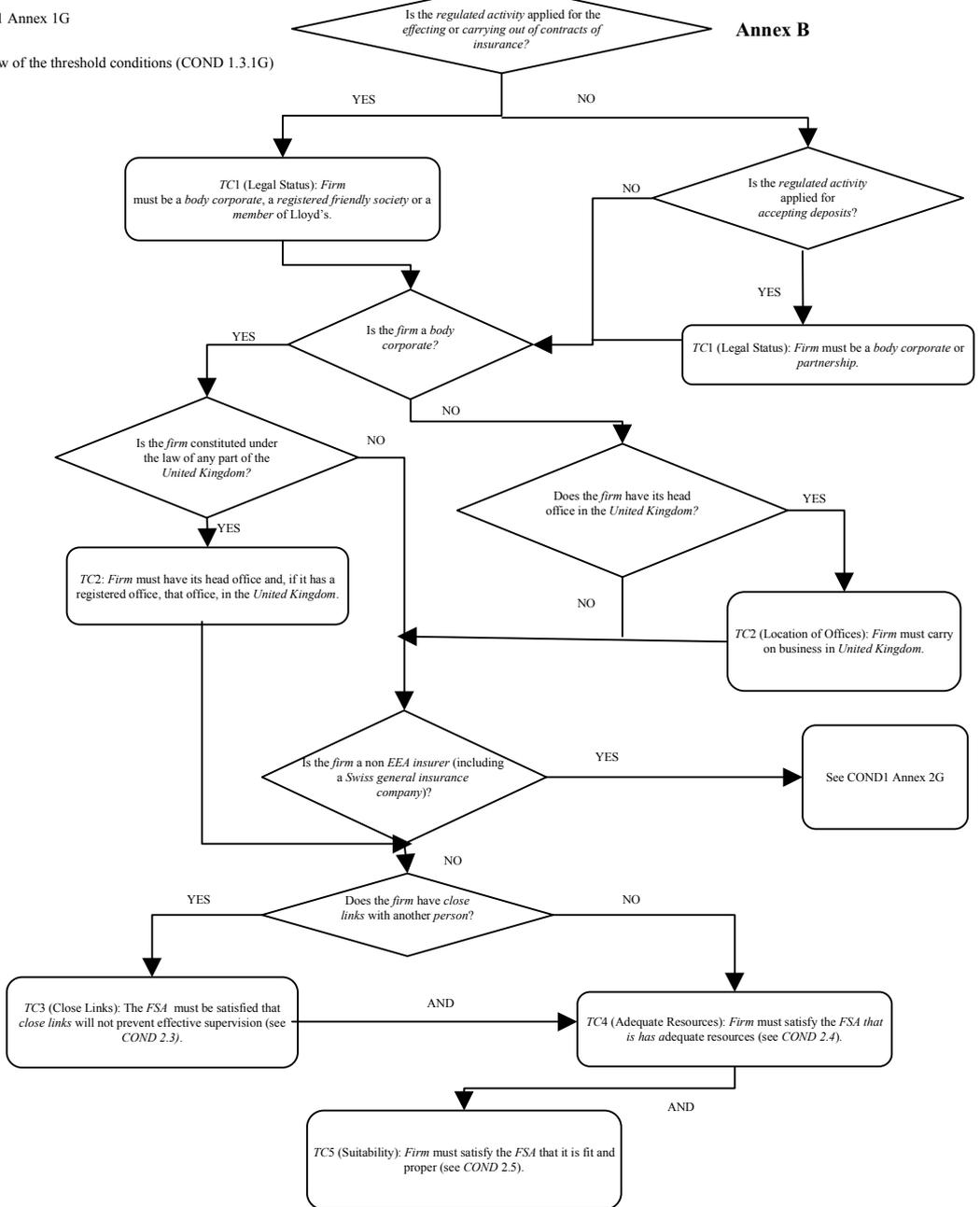
(2) A *person* seeking to carry on *insurance business* in the *United Kingdom* must have assets in the *United Kingdom* to a value specified in *IPRU(INS)*. Where the applicant wants to carry on *insurance business*

in other *EEA States*, the applicant must have assets in those other *EEA States* as are agreed between the *FSA* and the supervisory authorities in the other states.

- (3) Unless the *regulated activity* to be carried on by the applicant relates solely to reinsurance business, the applicant must make a deposit of an amount and type and on terms with a *person* and agreed between the *FSA* and the supervisory authorities in other *EEA States* where the applicant wishes to carry on *insurance business*. This deposit will be subject to the provisions as set out in *IPRU(INS)*.

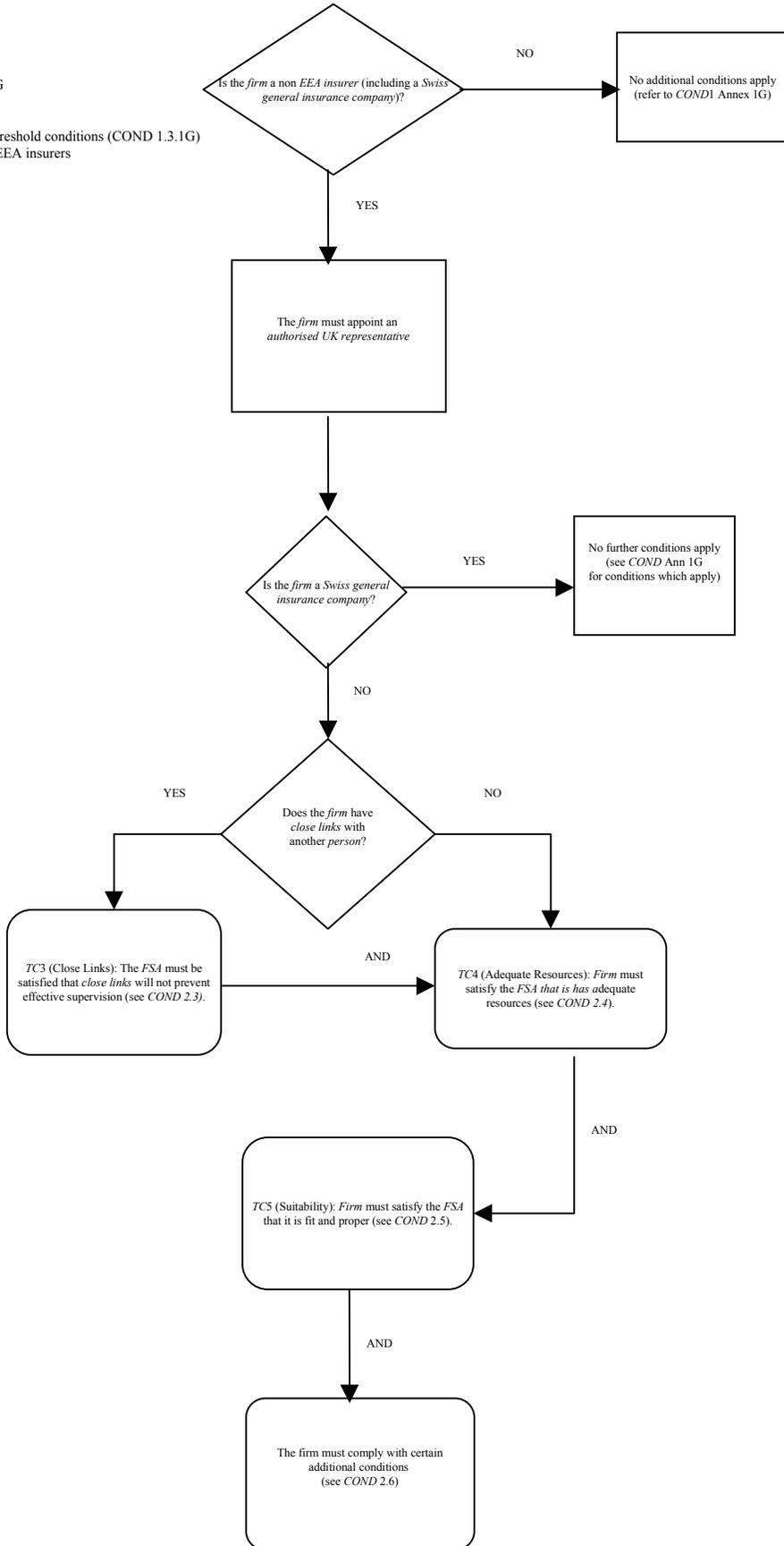
2.6.6 G The additional conditions in *AUTH 2.6.5G(1), (2) and (3)* do not apply to *Swiss general insurance companies*.”

Overview of the threshold conditions (COND 1.3.1G)



COND 1 Annex 2G

Overview of the threshold conditions (COND 1.3.1G) applicable to non-EEA insurers



Close links: is an undertaking the parent undertaking of another undertaking (COND 2.3.7G(2))

