

COMPENSATION SOURCEBOOK (AMENDMENT NO 3) INSTRUMENT 2004

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 156 (General supplementary powers);
 - (3) section 213 (The compensation scheme);
 - (4) section 214 (General);
 - (5) section 216 (Continuity of long-term insurance policies); and
 - (6) section 217 (Insurers in financial difficulties).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 October 2004.

Amendments to the Compensation sourcebook

- D. The Compensation sourcebook is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Compensation Sourcebook (Amendment No 3) Instrument 2004.

By order of the Board
16 September 2004

Annex

Amendments to the Compensation sourcebook

In this Annex underlining indicates new text and striking through indicates deleted text.

3.3.2C R ...

(4) Where a payment is due under (1), FSCS may:

- (a) make payments to or on behalf of *eligible claimants* on such terms (including any terms requiring repayment in whole or in part) and on such conditions as it thinks fit (subject to (1)); or
- (b) secure that payments (subject to (1)) are made to or on behalf of any such *eligible claimants* by the liquidator, administrator or provisional liquidator by giving him an indemnity covering any such payments or any class or description of such payments.

...

Insurance undertakings in financial difficulties

3.3.3 R (1) The *FSCS* may take such measures as it considers appropriate for the purpose of safeguarding the rights of *eligible claimants* under *protected contracts of insurance* which are:

...

- (b) *Long-term insurance contracts* with a *relevant person* which is an *insurance undertaking* in financial difficulties (see *COMP 3.3.6R*) but ~~which is not the subject of any of the proceedings listed in *COMP 6.3.3R* (1) to (5) in respect of which the *FSCS* is not securing continuity of insurance within *COMP 3.3.1R*;~~

...

11.2.3 R Where an *eligible claimant* has a *claim* under a *protected contract of insurance* against a *relevant person* that is in administration, provisional liquidation, or liquidation, the *FSCS* may, ~~unless arrangements have been or are being made to secure continuity of insurance or other measures are being taken to safeguard *eligible claimants* under *COMP 3.3*:~~

...