

**PURE PROTECTION CONTRACT DEFINITION (REMOVAL OF AGE LIMIT)
INSTRUMENT 2007**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 138 (General rule-making power);
 - (b) section 156 (General supplementary powers); and
 - (2) the other powers listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- 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 6 June 2007.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Insurance: Conduct of Business sourcebook (ICOB) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Pure Protection Contract Definition (Removal of Age Limit) Instrument 2007.

By order of the Board
26 April 2007

Annex A

Amendments to the Glossary of definitions

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

Amend the following definition as shown.

- pure protection contract*
- (1) a ~~long-term insurance contract~~ long-term insurance contract in respect of which the following conditions are met:
- (a) the benefits under the contract are payable only on death or in respect of incapacity due to injury, sickness or infirmity;
 - (b) ~~the contract provides that benefits are payable on death (other than death due to an accident) only where the death occurs within ten years of the date on which the life of the person in question was first insured under the contract, or where the death occurs before that person attains a specified age not exceeding seventy years; [deleted]~~
 - (c) the contract has no surrender value, or the consideration consists of a single premium and the surrender value does not exceed that premium; and
 - (d) the contract makes no provision for its conversion or extension in a manner which would result in it ceasing to comply with ~~any of (a), (b) or (c);~~ or
 - (e) [deleted]
- (2) a *reinsurance contract* covering all or part of a risk to which a *person* is exposed under a *long-term insurance contract*.

Annex B

Amendments to the Insurance: Conduct of Business sourcebook (ICOB)

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

~~Pension term assurance policies~~ Pure protection contracts: election to apply COB rules

- 1.2.17 R (1) ~~ICOB~~ This sourcebook does not apply to the extent that:
- (a) the activities ~~within ICOB 1.2.1R~~ to which this sourcebook applies relate to a ~~pension term assurance policy~~ pure protection contract; and
 - (b) the *firm* has elected to comply with ~~COB~~ the Conduct of Business sourcebook;

but the *firm* must then comply with the rest of the *Handbook* treating the ~~pension term assurance policy~~ pure protection contract as a *life policy* and a *designated investment*, and not as a *non-investment insurance contract*.

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TP 1 Transitional provisions

TP 1.1

(1)	(2)	(3)	(4)	(5)	(6)
Material to which the transitional provision applies	Transitional provision	Transitional provision: dates in force	Handbook provision: coming into force		
...
<u>12</u>	<u>ICOB 1.2.17R</u>	<u>R</u>	<u>A firm is not required to make, and retain a record of, the election to comply with the Conduct of Business sourcebook.</u>	<u>6 June 2007 to 5 June 2008</u>	<u>6 June 2007</u>

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Schedule 1 Record keeping requirements

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ICOB Sch 1.3

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Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
<i>ICOB</i> 1.2.17R(2)	Record of election to comply with COB <u>Conduct of Business sourcebook rules</u> for pension term assurance policies <u>pure protection contracts</u> (including amendment or reversal of election)	Date of election and precise description of parts of the <i>firm's</i> business that will comply with COB <u>Conduct of Business sourcebook</u> provisions	Not specified	Indefinitely
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