

Realised profits of assurance companies

1444. (1) In the case of—

(a) a designated activity company,

(b) a public limited company, or

(c) a company limited by guarantee,

carrying on life assurance business, or industrial assurance business or both, any amount properly transferred to the profit and loss account of the company from a surplus in the fund or funds maintained by it in respect of that business and any deficit in that fund or those funds shall be respectively treated for the purposes of Chapter 7 of Part 3 as a realised profit and a realised loss, and, subject to the foregoing, any profit or loss arising on the fund or funds maintained by it in respect of that business shall be left out of account for those purposes.

(2) In subsection (1)—

(a) the reference to a surplus in any fund or funds of a company is a reference to an excess of the assets representing that fund or those funds over the liabilities of the company attributable to its life assurance or industrial assurance business, as shown by an actuarial investigation, and

(b) the reference to a deficit in any such fund or funds is a reference to the excess of those liabilities over those assets, as so shown.

(3) In this section—

“actuarial investigation” means an investigation to which section 5 of the Assurance Companies Act 1909 applies or provision in respect of which is made by regulations under section 3 of the European Communities Act 1972 ;

“life assurance business” and “industrial assurance business” have the same meaning they have as in section 3 of the Insurance Act 1936 .