
Basic life assurance and general annuity business

1 Re-insurance in the course of transfer of BLAGAB

- (1) In Part 2 of FA 2012 (insurance companies carrying on long-term business), after section 130 insert—

“130A Re-insurance in the course of transfer of BLAGAB

- (1) This section applies to a re-insurer in relation to the re-insurance of the whole, or part of, a cedant’s basic life assurance and general annuity business, if—
- (a) the business is not excluded business for the purposes of section 57(2)(e), and
 - (b) it is reasonable to suppose that the arrangements for the re-insurance are made, or are operated, in connection with an insurance business transfer scheme under which the business will be transferred to the re-insurer or a person connected with the re-insurer.
- (2) Where the arrangements are operated, but were not made, in connection with the insurance business transfer scheme, this section is to apply to the re-insurer from the later of—
- (a) the beginning of the accounting period in which it is reasonable to suppose that the arrangements were first operated in connection with the transfer, and
 - (b) 15 December 2022.
- (3) Where this section applies in relation to re-insurance, that re-insurance (so far as it is of basic life assurance and general annuity business) is to be treated as excluded business for the purposes of section 57(2)(e) (and that business is referred to in this section as “the re-insured business”).
- (4) Accordingly—
- (a) the re-insured business is, or forms part of, the separate basic life assurance and general annuity business of the re-insurer (see section 66(2)), and
 - (b) accounting profit or loss and the tax adjustments (within the meaning of section 114(4)) referable to the re-insured business are, for the purposes of provision made by or under this Part or Schedule 5 to FA 2022, to be allocated to the basic life assurance and general annuity business.
- (5) But, subject to subsection (6), no amount referable to the re-insured business is to be included in the determination of the I-E profit of the re-insurer for an accounting period (and accordingly, subject to that subsection, the I-E profit referable to that business for the accounting period will be nil).
- (6) Any BLAGAB trade loss relieved for an accounting period (see section 78(5)) that is referable to the re-insured business is to be included (as

a deduction in Step 4 in section 76) in determining the adjusted BLAGAB management expenses of the re-insurer for the accounting period (which, accordingly, may result in the I-E profit referable to that business for the accounting period being greater than nil).

- (7) Nothing in this section is to be taken to affect the liability of the cedant to corporation tax.
 - (8) For the purposes of this section “arrangements” includes any agreement, scheme, transaction or understanding (whether or not legally enforceable).
 - (9) Section 1122 of CTA 2010 (connected persons) has effect for the purposes of this section.”
- (2) The amendment made by this section is treated as having come into force on 15 December 2022 and applies to the re-insurance of basic life assurance and general annuity business whenever the arrangements for that re-insurance were made.
 - (3) Where, on or after 15 December 2022, a re-insurer adopts IFRS 17 in relation to one or more accounting periods that commence before that date, the amendment made by this section has effect, in relation to that re-insurer, for those accounting periods.
 - (4) In subsection (3) “IFRS 17” means International Financial Reporting Standard 17 (insurance contracts) issued by the International Accounting Standards Board.

2 Certain re-insurance sums not to count as deemed I-E receipts

- (1) Section 92 of FA 2012 (certain BLAGAB trading receipts to count as deemed I-E receipts) is amended as follows.
- (2) In subsection (5)–
 - (a) after paragraph (a) insert–

“(aa) sums paid to the company under re-insurance arrangements under which the re-insurer assumes substantially all of the insurance risks relating to the business that is re-insured,” and
 - (b) in paragraph (b), after “sums” insert “, other than sums falling within paragraph (aa),”.
- (3) In subsection (6), in the words before paragraph (a), after “contract” insert “, other than a sum falling within paragraph (aa),”.
- (4) The amendments made by this section have effect for accounting periods ending on or after 15 December 2022.