STATUTORY INSTRUMENTS

1983 No. 469

INSURANCE

The Insurance Companies (Accounts and Statements) (Amendment) (General Business Reinsurance) Regulations 1983

Made - - -	*25th March* 1983
Laid before Parliament	*28th March* 1983
Coming into Operation	*18th April* 1983

The Secretary of State, in exercise of his powers under sections 17, 21, 96(1) and 97 of the Insurance Companies Act 1982(**a**) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

Citation, commencement, interpretation and revocation

1.—(1) These Regulations may be cited as the Insurance Companies (Accounts and Statements) (Amendment) (General Business Reinsurance) Regulations 1983 and shall come into operation on 18th April 1983.

(2) In these Regulations, except where the context otherwise requires, references to numbered Regulations and Schedules are references to Regulations and Schedules respectively so numbered in the Insurance Companies (Accounts and Statements) Regulations 1980(**b**).

(3) Sub-paragraphs (*a*) and (*c*) of Regulation 3(2) of the Insurance Companies (Accounts and Statements) (Amendment) (No. 2) Regulations 1982(**c**) are hereby revoked.

Amendment of Regulation 13

2. Regulation 13 is hereby amended by the insertion after the words "Regulation 11 above" of the words "or 15D or 15E below".

New Regulation 15BB

3. After Regulation 15B there shall be inserted the following Regulation—

"*Information on major general business reinsurance cedants*

15BB.—(1) Subject to the provisions of Regulation 15C below, a company shall annex to the documents referred to in Regulations 6, 7 and 8 above and relating to each financial year of the company beginning after 31st December 1982 a statement of—

(**a**) 1982 c.50.
(**b**) S.I. 1980/6, as amended by S.I. 1981/1656, 1982/305 and 1795.
(**c**) S.I. 1982/1795.

(*a*) the full name of each of its major cedants and the address of the registered office or of the principal office in the country where it is incorporated (or, in the case of an unincorporated body, of the principal office) of each such cedant;

(*b*) whether (and, if so, how) the company was at any time in the financial year connected with any such cedant; and

(*c*) the amount of the total of the gross premiums receivable by the company from each such cedant in respect of general business treaty reinsurance accepted in the financial year to which the return relates,

or a statement that it has no such cedant.

(2) For the purposes of this Regulation, a major cedant of a company is another insurance company from which (whether from that company alone or from that company and any body corporate which is connected with that company) the company has accepted general business treaty reinsurance in respect of which the gross premiums receivable exceed the greater of—

(*a*) five per cent of the gross premiums receivable by the company in respect of general business treaty reinsurance, and

(*b*) two per cent of the gross premiums receivable by the company in respect of general business,

in the financial year in question or in any of the three immediately preceding financial years of the company (being a financial year beginning after 31st December 1982).".

Amendment of Regulation 15C

4. Regulation 15C is hereby amended as follows—

(*a*) in the heading and in paragraphs (4) and (5), by the substitution for the words "and 15B" in each place where they appear of the words ", 15B and 15BB";

(*b*) in paragraph (1) by the substitution for the words "and 15B(b)" of the words ", 15B(b) and 15BB" and by the substitution for sub-paragraph (*b*) of the following sub-paragraph—

"(*b*) one of them is controlled by the other or both are controlled by the same person,";

(*c*) by the substitution for paragraph (3) of the following paragraph—

"(3) In relation to a company—

(*a*) making a statement pursuant to Regulation 15A above, a reinsurer shall not be taken by virtue of paragraph (2) above to be connected with another reinsurer, or

(*b*) making a statement pursuant to Regulation 15BB above, a cedant shall not be taken by virtue of paragraph (2) above to be connected with another cedant,

for the purposes of paragraph (2) of the said Regulation 15A or 15BB, as the case may be, unless it is also connected by virtue of paragraph (1) above with the company making the statement."; and

(*d*) in paragraph (6), by the substitution for the words "and 15B(*a*) to (*c*)" of the words ", 15B(*a*) to (*c*) and 15BB".

New Regulations 15D and 15E

5. After Regulation 15C there shall be inserted the following Regulations—

"Additional information on general business reinsurance accepted under reinsurance treaties (proportional and non-proportional)

15D.—(1) Every company which carries on general business shall, for the purposes of this Regulation, allocate its general business treaty reinsurance accepted (but, in the case of proportional reinsurance business, only in respect of classes 5, 6, 11 and 12 and, if accounted for on a three-year basis, class 7) to separate categories including—

(*a*) casualty (including classes 1, 2 and 13);

(*b*) property (including classes 4, 8 and 9);

(*c*) aviation (including classes 5 and 11); and

(*d*) marine (including classes 6 and 12),

and shall, in respect of each financial year and in accordance with the requirements of Schedule 2 hereto, prepare Form 29 showing the information specified in respect of each such category of reinsurance business accepted:

Provided that—

(i) instead of allocating business within a class or classes referred to in any one of sub-paragraphs (*a*) to (*d*) above to a category therein mentioned, a company may allocate all its reinsurance business within that class or those classes to a separate category comprising only that class or those classes; and

(ii) the number of categories to which business is allocated in accordance with this paragraph shall not exceed ten.

(2) For the purposes of paragraph (1) above—

(*a*) acceptance of proportional retrocessions of non-proportional treaty reinsurance business shall be treated as non-proportional treaty reinsurance business unless—

(i) the company is unable to show information relating to it on Form 29, and

(ii) the information is shown on Form 27 in respect of all such business as a single category separate from other categories and an explanation is given in a note annexed to the Form of why the information is so given; and

(*b*) all reinsurance treaties accepted, other than those included in the categories mentioned in sub-paragraphs (*a*) to (*d*) of paragraph (1) above, under which it may reasonably be foreseen that a substantial proportion of claims will be settled more than ten years after the inception of the business shall be allocated to one or more separate categories including only such treaties.

(3) Information relating to reinsurance treaties accepted which fall within more than one category for the purposes of paragraph (1) above shall be shown—

(*a*) in respect of each such category (amounts being apportioned as necessary), or

(*b*) in the category within which the greater part of the business to which the treaty relates falls,

and an explanation shall be given in a note annexed to the Form of the method used in any such apportionment or of the business to which it relates falling outside the category within which it is included, as the case may require.

(4) Unless an explanation is given in a note annexed to Form 29 for allocation of the information in question to a different category—

(*a*) where information relating to an underwriting year of a reinsurance treaty accepted has been shown in a return in respect of a financial year, information relating to that underwriting year of the treaty shall be included in the same category in each relevant later financial year; and

(*b*) where a reinsurance treaty accepted relates to risks which are of a description similar to those to which an earlier treaty (in relation to which information has been given in respect of an earlier financial year) related and covers those descriptions of risk in similar proportions, information relating to that reinsurance treaty shall be included in the same category as information relating to the earlier treaty.

(5) Subject to paragraph (7) below, where the gross premiums receivable by a company in a financial year in respect of general business reinsurance treaties do not exceed $2\frac{1}{2}$ per cent of the gross premiums receivable by the company in that year in respect of general business, no information shall be shown on Form 29 relating to reinsurance treaties.

(6) Subject to paragraph (7) below, where the gross premiums receivable by a company in a financial year in respect of general business reinsurance treaties falling within a category in respect of which information is required to be shown on Form 29 do not exceed the lesser of £100,000 and $2\frac{1}{2}$ per cent of the gross premiums receivable by the company in that year in respect of general business treaty reinsurance accepted in that year, no information shall be shown on Form 29 relating to reinsurance treaties included in any such category.

(7) Where a company has, in respect of any financial year, shown information on Form 29 relating to any reinsurance business then, notwithstanding the provisions of paragraph (5) or paragraph (6) above, as the case may be, information relating to that business shall be shown on Form 29 with respect to each relevant later financial year.

(8) Nothing in this Regulation requires Form 29 to be prepared in respect of a financial year of a company beginning before 1st January 1983.

(9) Where information is shown on Form 29 in relation to a reinsurance treaty accepted before the first financial year of the company in respect of which Form 29 is required to be prepared, information relating to that treaty in respect of business incepted in earlier financial years—

(*a*) may be aggregated instead of being shown separately in respect of each such financial year, and

(*b*) may, in the case of business incepted before 1st January 1983 for which the information is not available, be shown as an estimate.

(10) In this Regulation references to a numbered class are references to the class so numbered in Schedule 2 to the Insurance Companies Act 1982(**a**).

Additional information on general business reinsurance accepted under reinsurance treaties (proportional)

15E.—(1) Without prejudice to Regulation 9 above, this Regulation has effect in relation to all proportional treaty reinsurance business accepted in respect of which, in relation to a financial year of a company, information is not shown on Form 29 pursuant to Regulation 15D above.

(2) Every company which carries on general business shall, for the purposes of this Regulation, allocate its general business proportional treaty reinsurance accepted to separate categories including—

(*a*) casualty (including classes 1, 2 and 13); and

(*b*) property (including classes 4, 8 and 9),

and shall, in respect of each financial year and in accordance with the requirements of Schedule 2 hereto prepare Form 27 showing the information specified in respect of each such category of proportional reinsurance business:

Provided that—

(i) instead of allocating business within a class or classes referred to in either of sub-paragraphs (*a*) and (*b*) above to a category therein mentioned, a company may allocate all its reinsurance business within that class or those classes to a separate category comprising only that class or those classes; and

(ii) the number of categories to which business is allocated in accordance with this paragraph shall not exceed ten.

(3) For the purposes of paragraph (2) above, all reinsurance treaties accepted, other than those included in the categories mentioned in sub-paragraphs (*a*) and (*b*) of that paragraph, under which it may reasonably be foreseen that a substantial proportion of claims will be settled more than ten years after the inception of the business shall be allocated to one or more separate categories including only such treaties.

(4) Paragraphs (3) to (8) and (10) of Regulation 15D above shall have effect for the purposes of this Regulation as they have effect for the purposes of that Regulation with the substitution for references to Form 29 of references to Form 27.".

Amendment of Regulation 19

6. Regulation 19 is hereby further amended by the insertion after the number "15A" of the numbers "15BB, 15D, 15E".

Amendment of Schedule 2

7. Schedule 2 is hereby further amended—

(*a*) in the heading and in paragraph 1, by the substitution for the words "(Forms 20 to 28 and 30 to 37)" of the words "(Forms 20 to 37)";

(**a**) 1982 c.50.

(*b*) in paragraph 1, by the substitution for the words "Form 30" of the words "Forms 29 and 30";

(*c*) in paragraph 3, by the insertion after the words "amounts on" of the words "Form 29 submitted in accordance with Regulation 15D and on";

(*d*) in paragraph 4 by the insertion after the word "Forms" of the number "29";

(*e*) by the insertion after paragraph 4 of the following paragraph—

"4A.—(1) Where premiums are receivable by a company or claims are paid by it under a reinsurance treaty,—

(*a*) notwithstanding paragraphs 2 to 4 above, amounts shown on Form 29 may be shown in sterling or in United States dollars or in Canadian dollars or in an appropriately weighted average of European currencies; and

(*b*) if in a financial year the proportion of gross premiums receivable, or of claims paid by the company or outstanding from the company, in any one currency other than sterling, United States dollars or Canadian dollars exceeds ten per cent of such premiums or claims under all such treaties, Form 29 may be prepared in that currency,

and where the provisions of this sub-paragraph have been applied in respect of a reinsurance treaty in relation to a financial year, those provisions shall be applied in the same manner in respect of that treaty in relation to any later financial year.

(2) An explanation in a note annexed to the Form shall be given of the method by which the said average has been determined and of any change from the manner in which Form 29 was prepared in respect of the preceding financial year.";

(*f*) by the insertion after paragraph 11 of the following paragraph—

"*Reconciliation of returns: general business reinsurance*
11A. An explanation shall be given—

(*a*) in a note annexed to Form 27 prepared pursuant to Regulation 9 above reconciling all amounts shown on that Form with amounts shown on each Form 27 prepared pursuant to Regulation 15E above and with amounts shown on each Form 29, and

(*b*) in a note annexed to Form 29 reconciling all amounts (in whatever currency) shown on that Form with amounts shown on each Form 29 prepared pursuant to Regulation 15D above and with amounts shown on each Form 24 and each Form 27.";

(*g*) in paragraph 13, by the insertion after the words "and 19" of the words "(and accordingly also at lines 1, 2 and 4 of Form 29)";

(*h*) in Form 27, by the insertion after the words "Financial year ended" of the words "Total /Category (to be specified)"; and

(*i*) by the insertion after Form 28 of Form 29 as set out in the Schedule hereto.

Amendment of Schedule 6

8. Schedule 6 is hereby further amended—

(*a*) in paragraph 1, by the substitution for the number "28" of the number "29";

(*b*) by the substitution for paragraph 1A of the following paragraph—

"1A. Subject to paragraph 5 below, the certificate required by Regulation 18(*a*) of these Regulations shall state, in relation to the part of the return comprising a statement required by Regulation 15A, 15B or 15BB of these Regulations, that, for the purposes of preparing the statement—

(*a*) proper records have been maintained and, as necessary, reasonable enquiries have been made by the company for the purpose of finding whether any person and any body corporate are connected for the purposes of Regulations 15A(1)(*b*) and (2), 15B(*b*) and 15BB(1)(*b*) and (2) of these Regulations, and

(*b*) an appropriate system of control has been established and maintained by the company over its transactions and records."; and

(*c*) by the substitution for Part III of the following Part—

"PART III

Auditors' report

8. The report required by Regulation 19 of these Regulations shall, in addition to any statement required by section 14(4) and (6) of the Companies Act 1967(**a**) as applied by Regulation 19 of these Regulations, state—

(*a*) in the auditors' opinion, whether the parts of the return required to be audited (that is Forms 10 to 16, 20 to 29, 31 to 37 and 40 to 51 and information furnished pursuant to Regulations 15A and 15BB of these Regulations) have been properly prepared in accordance with the provisions of these Regulations; and

(*b*) in the auditors' opinion and according to the information and explanations they have received—

(i) whether the certificate required to be signed in accordance with Regulation 18(*a*) of these Regulations has been properly prepared in accordance with these Regulations; and

(ii) whether it was reasonable for the persons giving the certificate to have made the statements made therein,

but, in so far as the certificate is given pursuant to paragraph 1A of this Schedule, only to the extent that it applies to the information required by Regulations 15A and 15BB of these Regulations.".

Gerard Vaughan,
Minister of State,
Department of Trade.

25th March 1983.

(**a**) 1967 c.81.

(Regulation 7(*i*))

SCHEDULE

FORM 29

Returns under Insurance Companies Legislation
General business (reinsurance accepted): Analysis in respect of non-proportional and certain proportional general business treaty reinsurance.

Name of Company

Global business/UK branch business/Community branch business

Financial year ended

Category

Note: *Information is to be shown separately in respect of each year before the financial year (but see Regulation 15D(9))*

Amounts receivable or payable in the financial year in respect of treaties incepted in			Each year before the financial year	The financial year	Total
Premiums	Receivable under reinsurance treaties accepted	1			
	Payable to retrocessionaires	2			
	Amounts receivable net of retrocessions in respect of outstanding claims and loss portfolios	3			
	Receivable net (1 −2 + 3)	4			
Claims	Paid under reinsurance treaties accepted	5			
	Recoverable from retrocessionaires	6			
	Paid net (5 − 6)	7			
Expenses	Expenses and commissions (net)	8			
Funds	Brought forward	9			
	Carried forward	10			
	Increase (decrease) in the financial year (10 −9)	11			
	Balance on each underwriting year (4 − 7 − 8 − 11)	12			

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

Insurance companies authorised to carry on business in the United Kingdom are required under the Insurance Companies (Accounts and Statements) Regulations 1980 to make annual returns to the Secretary of State including information about reinsurance business which they have accepted. These Regulations require a more detailed analysis of general business treaty reinsurance accepted and also particulars of insurance companies from which reinsurers obtain a significant amount of their general business treaty reinsurance.

New Regulation 15BB requires reinsurers to provide the name and address of any major cedant which (individually or with other cedants with which it is connected within the meaning of Regulation 15C) has provided more than a specified amount of the reinsurer's general business treaty reinsurance. The reinsurer must also declare any connection (as defined in Regulation 15C) between itself and a major cedant and also state the amount of gross premiums receivable by the company from each major cedant in the year to which the return relates in respect of general business treaty reinsurance.

New Regulation 15D requires reinsurers to analyse amounts receivable and payable relating to general business treaty reinsurance and falling in the year to which the return relates between various categories of business and by reference to the years in which the business was incepted. New Regulation 15E provides for a simplified analysis in respect of certain kinds of proportional general business treaty reinsurance for which a complete analysis cannot be provided.

Consequential amendments are made, including amendments to the directors' and auditors' reports required by Schedule 6 to the 1980 Regulations (Regulation 8).

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