
 STATUTORY INSTRUMENTS

1982 No. 1795

INSURANCE

**The Insurance Companies (Accounts and Statements) (Amendment)
(No. 2) Regulations 1982**

Made - - - 13th December 1982

Laid before Parliament 15th December 1982

Coming into Operation 5th January 1983

The Secretary of State, in exercise of his powers under sections 13, 17, 85(1) and 86(1) and (1A) of the Insurance Companies Act 1974(a) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

1. These Regulations may be cited as the Insurance Companies (Accounts and Statements) (Amendment) (No. 2) Regulations 1982 and shall come into operation on 5th January 1983.

2. The Insurance Companies (Accounts and Statements) Regulations 1980(b) are hereby amended by the insertion after Regulation 15 of the following Regulations:—

“Additional information on general business reinsurance ceded under reinsurance treaties

15A.—(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 ending after 22nd December 1982 a statement of—

- (a) the full name of each of its major reinsurers 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 reinsurer;
- (b) whether (and, if so, how) the company was at any time in the financial year connected with any such reinsurer; and
- (c) the amount—
 - (i) of the reinsurance premiums payable in the financial year to each major reinsurer in respect of general business ceded under reinsurance treaties, and

(a) 1974 c.49; section 86(1A) was inserted by section 33(2) of the Insurance Companies Act 1981 (c.31).

(b) S.I. 1980/6, as amended by S.I. 1981/1656 and 1982/305.

(ii) of any debt of the reinsurer to the company in respect of general business ceded under reinsurance treaties at the end of the financial year included at line 53 of Form 13, or a statement that it has no major reinsurer.

(2) For the purposes of this Regulation, a major reinsurer of a company is another insurance company to which (whether alone or with any body corporate which is connected with such other company) the company has ceded general business reinsurance under one or more reinsurance treaties—

- (a) in the case of proportional reinsurance, for which the total amount of the reinsurance premiums payable is equal to not less than 2 per cent of the gross premiums receivable by the company in respect of general business, or
- (b) in the case of other reinsurance, for which the total amount of the reinsurance premiums payable is equal to not less than 5 per cent of the total premiums payable by the company in respect of all such other reinsurance,

in the financial year in question or in any of the five immediately preceding financial years of the company (not being a financial year ending before 23rd December 1982).

Additional information on general business reinsurance ceded under facultative reinsurance contracts

15B. 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 ending after 22nd December 1982 a statement of—

- (a) the full name of each reinsurer under a facultative reinsurance contract included in the number inserted in column 7 or in column 9 of Form 30 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 reinsurer;
- (b) whether (and, if so, how) the company was at any time in the financial year connected with any such reinsurer; and
- (c) the amount of the total premiums payable in the financial year to each such reinsurer in respect of general business ceded under facultative reinsurance contracts and included in column 8 or column 10, as the case may be, of that Form.

Provisions supplemental to Regulations 15A and 15B

15C.—(1) Subject to the provisions of this Regulation, for the purposes of Regulations 15A(1)(b) and (2) and 15B(b) above, a body corporate and another person are connected with each other if—

- (a) the other person is—
 - (i) a subsidiary of the body corporate;
 - (ii) a holding company of the body corporate; or
 - (iii) a subsidiary of the holding company of the body corporate; or
- (b) the other person and the body corporate are controlled by the same person,

but a body corporate shall not be taken to be connected with another person if the company furnishing the statement does not know and could not upon reasonable enquiry be expected to find that it is so connected with the other person.

(2) Except as provided in paragraph (3) below, for the purposes of paragraph (1)(b) above, a person shall be taken to control a body corporate if he is a person—

- (a) in accordance with whose directions or instructions the directors of that body corporate or of a body corporate of which it is a subsidiary are accustomed to act, or
- (b) who, either alone or with any other person who in accordance with paragraph (4)(c) below is to be treated as one with that person, is entitled to exercise, or control the exercise of, one-third or more of the voting power at any general meeting of the body corporate or of a body corporate of which it is a subsidiary.

(3) In relation to a company 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 for the purposes of paragraph (2) of the said Regulation unless it is also connected by virtue of paragraph (1) above with the company making the statement.

(4) In Regulations 15A and 15B above and this Regulation—

(a) “full name” means—

- (i) in the case of a body corporate, its corporate name, and
- (ii) in the case of an individual or an unincorporated body, the name under which the individual or body lawfully carries on business;

(b) “holding company” and “subsidiary” shall be construed in accordance with section 154 of the Companies Act 1948(a) or section 148 of the Companies Act (Northern Ireland) 1960(b); and

(c) the following persons shall be treated as one, that is to say—

- (i) an individual and his wife and minor child (including step-child and, in relation to Scotland, a pupil); and
- (ii) an individual and any body corporate of which the individual is a director.

(5) The following provisions of Schedule 1 below shall apply for the purposes of Regulations 15A(1)(c) and (2) and 15B above—

(a) paragraphs 4 and 5 (which relate to currencies other than sterling); and

(b) sub-paragraphs (1) and (2) of paragraph 8 (which, among other things, relate to amounts due to the company) with the substitution in sub-paragraph (1) for the words “sub-paragraphs (2) and (3)” of the words “sub-paragraph (2)”.

(6) Regulations 15A(2) and 15B(a) to (c) above shall apply to the members of Lloyd’s taken together as they apply to an insurance company and the foregoing provisions of this Regulation shall not have effect.”.

(a) 1948 c.38.

(b) 1960 c.22 (N.I.).

3.—(1) The Insurance Companies (Accounts and Statements) Regulations 1980 are hereby further amended, in Regulation 19, by the insertion after the words “Regulations 14, 15” of the number “15A”.

(2) The said Regulations are hereby further amended, in Schedule 6,—

(a) by the insertion after paragraph 1 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 or 15B(b) 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) and 15B of these Regulations, and

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

(b) in paragraph 5(1), by the insertion after the words “paragraphs 1” of the number “1A”, 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) whether, in the auditors’ opinion, the parts of the return required to be audited (that is Forms 10 to 16, 20 to 28, 31 to 37 and 40 to 51 and information furnished pursuant to Regulation 15A of these Regulations) have been properly prepared in accordance with the provisions of these Regulations;

(b) in their 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 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 information required by Regulation 15A of these Regulations.”.

Gerard Vaughan,
Minister of State,
Department of Trade.

13th December 1982.

(a) 1967 c. 81.

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 some particulars of their reinsurance arrangements. These Regulations require additional information about reinsurers which have accepted a significant amount of the reporting company's general reinsurance business.

Treaty and facultative reinsurance are dealt with separately (new Regulations 15A and 15B) but in all cases the information is to include the name of the reinsurer, any connection (as defined in new Regulation 15C) between the reporting company and a reinsurer and the amount of the total premiums payable in the year to which the returns relate. In the case of treaty reinsurance, companies are also required to state the amount of certain debts due to them from the reinsurers.

The particulars are to be given in respect of treaty reinsurers which (either individually or with other reinsurers with whom they are connected within the meaning of new Regulation 15C) have accepted more than a specified proportion of the reporting company's general business (new Regulation 15A(2)). Particulars are required in respect of facultative reinsurers about whom certain aggregated information is required under the 1980 Regulations (new Regulation 15B(a)).

Consequential amendments are made to the directors' and auditors' reports required by Schedule 6 to the 1980 Regulations (Regulation 3).

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