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STATUTORY INSTRUMENTS

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**1996 No. 943**

**INSURANCE**

**The Insurance Companies (Accounts  
and Statements) Regulations 1996**

<i>Made</i>	- - - -	<i>24th March 1996</i>
<i>Laid before Parliament</i>		<i>28th March 1996</i>
<i>Coming into force</i>		
<i>Regulation 34</i>		<i>30th April 1996</i>
<i>Remainder</i>		<i>23rd December 1996</i>

The Secretary of State, in exercise of the powers conferred on him by sections 17, 18, 21, 96(1) and 97 of the Insurance Companies Act 1982<sup>(1)</sup> and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

**Citation and commencement**

1.—(1) These Regulations may be cited as the Insurance Companies (Accounts and Statements) Regulations 1996.

(2) Regulation 34 below shall come into force on 30th April 1996 and all other regulations shall come into force on 23rd December 1996.

**Application**

2.—(1) These Regulations, other than regulation 34, apply to the accounts and statements (as hereinafter specified) of every company to which Part II of the Act applies in respect of any financial year ending on or after 23rd December 1996.

(2) Where the Secretary of State has directed, pursuant to paragraph 7(2) of Part I of Schedule 2F to the Act (recognition in the United Kingdom of EC and EFTA companies)<sup>(2)</sup>, that Part II of the Act shall apply to an EC company, these Regulations shall apply to that company as they apply to a company with its head office in an EFTA State.

(3) These Regulations do not apply to—

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(1) 1982 c. 50; section 21 was amended by the Companies Consolidation (Consequential Provisions) Act 1985 (1985 c. 9), section 30 and Schedule 2; and by S.I.1991/1997, reg. 2 and Schedule, para. 47.  
(2) Schedule 2F was inserted by S.I. 1994/1696, reg. 45(2) and Schedule 6.

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*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

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- (a) an EEA deposit company or an EFTA company, in relation to long term business or general business carried on by it outside the United Kingdom; or
- (b) a Swiss general insurance company, in relation to general business carried on by it outside the United Kingdom.

### Interpretation

3.—(1) In these Regulations, unless the context requires otherwise—

“the 1983 Regulations” means the Insurance Companies (Accounts and Statements) Regulations 1983(3);

“the 1985 Act” means the Companies Act 1985(4);

“the 1986 Order” means the Companies (Northern Ireland) Order 1986(5);

“accounting class” means an accounting class set out in the following table—

<i>Accounting class</i>	<i>Corresponding groups of classes under paragraph 75(3) of the shareholder accounts rules</i>	<i>Corresponding general business classes</i>
<b>1</b> Accident and health	accident and health	1 (other than 1(p)), 2
<b>2</b> Motor	motor (third party liability)	1(p), 10
	motor (other classes)	3
<b>3</b> Aviation	marine, aviation and transport	1(p), 5, 11
<b>4</b> Marine		1(p), 6, 12
<b>5</b> Transport		7
<b>6</b> Property	fire and other damage to property	4, 8, 9
<b>7</b> Third party liability	third party liability	13
<b>8</b> Miscellaneous pecuniary loss	and credit and suretyship, legal expenses, assistance, miscellaneous	14, 15, 16, 17, 18
<b>9</b> Non-proportional treaty		
<b>10</b> Proportional treaty		
<b>11</b> Marine, aviation and transport treaty		

“the Act” means the Insurance Companies Act 1982;

“accumulating with-profits policy” means a with-profits policy which has a readily identifiable current benefit, whether or not this benefit is currently realisable, which is adjusted by an amount explicitly related to the amount of any premium payment and to which additional

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(3) S.I. 1983/1811; amended by S.I. 1987/2130; S.I. 1988/672; S.I. 1989/1952; S.I. 1990/1181; S.I. 1990/1333; S.I. 1991/2736; S.I. 1992/2890; S.I. 1993/946; S.I. 1993/3127; S.I. 1994/1515; S.I. 1994/3133 and S.I. 1996/944; and by the European Economic Area Act 1993 (1993 c. 51).

(4) 1985 c. 6.

(5) S.I. 1986/1032 (N.I.6.).

benefits are added in respect of participation in profits by additions directly related to the current benefit;

“admissible asset” means an asset which is not required by regulation 45(3) of the Insurance Companies Regulations to be left out of account for the purposes specified in regulation 45(1) of those Regulations;

“available assets” means the excess of a company’s assets (other than implicit items) over its liabilities, in each case valued in accordance with the rules contained in Parts VIII and IX and regulation 23 of the Insurance Companies Regulations;

“appointed actuary” means the person appointed as actuary to a company under section 19 of the Act or under any corresponding enactment previously in force;

“charges for management” means amounts chargeable in respect of the management of an internal linked fund in accordance with the conditions of those contracts of insurance under which property linked benefits are linked to the value of the fund or units of the fund;

“claim” means a claim against a company under a contract of insurance;

“claims-made policy” means a contract of liability insurance which provides that no liability is incurred by the company in respect of an incident unless—

- (a) the incident is notified to the company (or its agent or representative); and
- (b) such notification is received by the company (or its agent or representative) before the end of a specified period which is no longer than three years following the final date for which cover is provided under the contract;

“claims management costs” refers to those claims management costs required by the shareholder accounts rules (note (4) to the profit and loss account format) to be included in claims incurred other than those which, whether or not incurred through the employment of the company’s own staff, are directly attributable to particular claims;

“commission payable”, in relation to long term business, means the amounts recorded during a financial year of the company as due to intermediaries and cedants in respect of the inception, amendment or renewal of contracts of insurance, whether or not paid during that year;

“company” means an insurance company;

“contract of insurance” includes a contract of reinsurance;

“direct and facultative” refers to direct insurance business and inwards facultative reinsurance business;

“discounting” refers to discounting or deductions to take account of investment income within the meaning of paragraph 48 of the shareholder accounts rules;

“EEA deposit company” means a company (other than a pure reinsurer) whose head office is not in an EEA State and which has made a deposit in an EEA State other than the United Kingdom in accordance with section 9(2)(b) of the Act;

“established surplus” has the same meaning as in section 30(4) of the Act;

“external company” means a company whose head office is outside the United Kingdom, other than an EC company, an EFTA company, a Swiss general insurance company or a company to which section 9(2) of the Act applies;

“the financial year in question” means the financial year which last ended before the date on which accounts and statements (as hereinafter specified) of the company relating to that financial year are required to be deposited with the Secretary of State pursuant to section 22 of the Act; and the “preceding financial year” and “previous financial years” shall be construed accordingly;

“general business class” means a class of general business specified in Part I of Schedule 2 to the Act except that “general business class 1(p)” means the effecting and carrying out of contracts of insurance against risks of death of or injury to passengers which normally fall within general business class 1, to the extent that a company has elected to attribute such risks to accounting class 2, 3 or 4, as appropriate;

“guarantee fund” has the same meaning as in the Insurance Companies Regulations;

“home foreign business” means general business written in the United Kingdom primarily relating to risks situated outside the United Kingdom, but excluding business in accounting classes 3, 4 and 5 and business where the risk commences in the United Kingdom;

“hybrid linked contract” means a contract of insurance the effecting of which constitutes the carrying on of long term business and which contains an option or options such that at some future time the contract may, according to how such option or options are exercised, constitute either a linked contract or a non-linked contract;

“incepted” has the same meaning as in Part IV of the Insurance Companies Regulations; and “incepting” and “inception” shall be construed accordingly;

“index linked benefits” means benefits—

- (a) provided for under any contract the effecting of which constitutes the carrying on of ordinary long term insurance business; and
- (b) determined by reference to fluctuations in any index of the value of property (whether specified in the contract or not);

“index linked contract” means a linked contract conferring index linked benefits;

“industrial assurance company” means an insurance company to which Part II of the Act applies and which carries on industrial assurance business;

“Insurance Companies Regulations” means the Insurance Companies Regulations 1994(6) as from time to time in force;

“intermediary” means a person who in the course of any business or profession invites other persons to make offers or proposals or to take other steps with a view to entering into contracts of insurance with a company, other than a person who only publishes such invitations on behalf of, or to the order of, some other person;

“internal linked fund” means an account to which a company appropriates certain linked assets and which may be sub-divided into units the value of each of which is determined by the company by reference to the value of those linked assets;

“linked assets” means, in relation to an insurance company, long term business assets of the company which are, for the time being, identified in the records of the company as being assets by reference to the value of which property linked benefits are to be determined;

“linked contract” means a contract of insurance—

- (a) the effecting of which constitutes the carrying on of long term business; and
- (b) under which linked benefits (as defined by section 35A(4) of the Act) are payable to the policy holder;

and “non-linked contract” shall be construed accordingly;

“long term business assets” means assets of an insurance company which are, for the time being, identified as representing the long term fund or funds maintained by the company in respect of its long term business;

“management expenses”, in relation to long term business, means all expenses, other than commission, incurred in the administration of a company or its business;

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(6) S.I. 1994/1516, as amended by S.I. 1994/3133, S.I. 1995/3248 and S.I. 1996/942.

“mathematical reserves” has the same meaning as in the Insurance Companies Regulations;  
“minimum guarantee fund” has the same meaning as in the Insurance Companies Regulations;  
“parent undertaking” shall be construed in accordance with section 258 of the 1985 Act(7) and article 266 of the 1986 Order(8);

“period of risk” means the period for which a contract of insurance provides cover;

“permanent health contract” means a contract falling within class IV of long term business as specified in Schedule 1 to the Act;

“profit and loss account”, in relation to a company not trading for profit, means an income and expenditure account;

“property linked benefits” means benefits other than index linked benefits—

- (a) provided for under any contract, the effecting of which constitutes the carrying on of ordinary long term insurance business; and
- (b) determined by reference to the value of, or the income from, property of any description (whether specified in the contract or not);

“property linked contract” means a linked contract conferring property linked benefits;

“proportional reinsurance treaty” means a reinsurance treaty under which a pre-determined proportion of each claim payment by the cedant under policies subject to the treaty is recoverable from the reinsurer; and “non-proportional reinsurance treaty” shall be construed accordingly;

“pure re-insurer” means—

- (a) an insurance company whose head office is in the United Kingdom and whose business is restricted to reinsurance business; or
- (b) an insurance company whose head office is not in the United Kingdom and whose business in the United Kingdom is restricted to reinsurance business;

“receivable”, in relation to a company, a financial year and a premium means due to the company in respect of contracts of insurance incepted during that financial year, whether or not the premium is received during that financial year;

“reinsurance” and “reinsurer” include retrocession and retrocessionaire respectively;

“reinsurance recoveries” means amounts in respect of claims receivable by an insurance company from a reinsurer under a contract of reinsurance;

“required margin of solvency” has the same meaning as in Part IV of the Insurance Companies Regulations;

“required minimum margin” means the greater of the appropriate required margin of solvency and the amount of the appropriate minimum guarantee fund; and “required EEA minimum margin” and “required United Kingdom minimum margin” shall be construed accordingly;

“return” includes every document required by sections 17 and 18 of the Act and prepared in accordance with these Regulations;

“the shareholder accounts rules” means the rules contained in Schedule 9A to the 1985 Act(9) and Schedule 9A to the 1986 Order(10) for the preparation of accounts by insurance companies, as from time to time in force;

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(7) Section 258 was substituted by the Companies Act 1989 (1989 c. 40), section 21.

(8) Article 266 was substituted by the Companies (Northern Ireland) Order 1990 (S.I. 1990/593 (N.I.5)), article 23.

(9) Schedule 9A was substituted by S.I. 1993/3246, reg. 4.

(10) Schedule 9A was substituted by S.R. (N.I.) 1994 No. 428, reg. 4.

“subsidiary” shall be construed in accordance with section 736 of the 1985 Act<sup>(11)</sup> and article 4 of the 1986 Order<sup>(12)</sup>;

“subsidiary undertaking” shall be construed in accordance with section 258 of the 1985 Act and article 266 of the 1986 Order;

“United Kingdom deposit company” means a company (other than a pure reinsurer) whose head office is not in an EEA State and which has made a deposit in the United Kingdom in accordance with section 9(2)(b) of the Act; and

“with-profits policy” means a contract falling within a class of long term business as specified in Schedule 1 to the Act which is eligible to participate in any part of any established surplus; and “non-profit policy” shall be construed accordingly.

(2) In regulations 19 to 21, 23, 24 and 26 below, and in the Schedules to these Regulations, unless the context otherwise requires—

- (a) words and expressions which are also used in Parts IV, VIII and IX of, and Schedules 3, 10 and 12 to, the Insurance Companies Regulations shall have the same meanings as in those Regulations; and
- (b) subject to sub-paragraph (a) above, words and expressions which are also used in the shareholder accounts rules shall have the same meanings as in those rules.

(3) In these Regulations—

- (a) any reference to long term business or general business shall, in relation to an EEA deposit company or an EFTA company, be taken to refer to long term business or general business carried on by it through a branch in the United Kingdom; and
- (b) any reference to general business shall, in relation to a Swiss general insurance company, be taken to refer to general business carried on by it through a branch in the United Kingdom;

and accordingly, any reference to, or requirement imposed in respect of, the accounts and balance sheet (including any notes, statements, reports and certificates annexed thereto) shall be taken as referring to, or imposing the requirement in respect of, business carried on through that branch.

(4) In these Regulations, any reference to long term business or to general business shall—

- (a) in relation to an external company (other than a pure reinsurer), be taken to refer to its entire long term business or to its entire general business and to any long term business or general business carried on by it through a branch in the United Kingdom;
- (b) in relation to a United Kingdom deposit company, be taken to refer to its entire long term business or to its entire general business and to any long term business or general business carried on by it through a branch in any EEA State;

and accordingly, any reference to, or requirement imposed in respect of, the accounts and balance sheet (including any notes, statements, reports and certificates annexed thereto) relevant to long term business or to general business shall be taken as referring to or, as the case may be, imposing the requirement in respect of—

- (i) accounts prepared in respect of its entire long term business or entire general business; and
- (ii) accounts prepared in respect of the long term business or the general business carried on, in the case of an external company, by the branch in the United Kingdom and, in the case of a United Kingdom deposit company, by the branches in question in the EEA States taken together.

(5) In these Regulations—

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<sup>(11)</sup> Section 736 was substituted by the Companies Act 1989, section 144.

<sup>(12)</sup> Article 4 was substituted by the Companies (No.2) (Northern Ireland) Order 1990 (S.I. 1990/1504 (N.I.10)), article 62.

- (a) any reference to a numbered Form is a reference to the Form so numbered in Schedules 1, 2, 3 and 4 below; and
- (b) references to a numbered class of general business are references to the class so numbered in Part I of Schedule 2 to the Act.

#### **Value of assets and amount of liabilities**

4. Unless otherwise provided in these Regulations, in the documents which a company is required to prepare in accordance with these Regulations—

- (a) the value or amount given for an asset (other than a linked asset) or a liability of the company shall be the value or amount of that asset or liability as determined in accordance with Parts VIII and IX of the Insurance Companies Regulations as they apply for the purposes specified in regulations 45 and 59 of those Regulations at the end of the financial year in question; and
- (b) in the case of a linked asset of the company, the value given shall be the value of that asset as determined in accordance with generally accepted accounting concepts, bases and policies or other generally accepted methods appropriate for insurance companies.

#### **Content and form of accounts**

5. Every account, balance sheet, note, statement, report and certificate required to be prepared by a company pursuant to section 17(1), (2) and (3) of the Act (annual accounts and balance sheets) shall be prepared in the manner hereinafter specified and shall fairly state the information provided on the basis required by these Regulations.

#### **Balance sheet**

6.—(1) The balance sheet required to be prepared by every company under section 17(1) of the Act shall comply with the requirements of Schedule 1 below and shall be in Forms 9 to 15 and 17 completed (as may be appropriate) as specified in paragraphs (2) to (8) below.

(2) Form 9 shall be completed by every company, other than an EFTA company, a Swiss general insurance company or an EEA deposit company.

(3) Form 10 shall be completed by every company.

(4) Forms 11 and 12 shall be completed by every company which carries on general business, other than an EFTA company, a Swiss general insurance company or an EEA deposit company.

(5) Form 13 shall be completed (as appropriate)—

- (a) by every company which carries on long term business in respect of—
  - (i) its total long term business assets; and
  - (ii) the long term business assets appropriated by it in respect of each separate long term business fund or group of funds for which separate assets have been appropriated;
- (b) by every company in respect of its total assets other than long term business assets;
- (c) by every external company (other than a pure reinsurer) in respect of long term or general business carried on by it through a branch in the United Kingdom in respect of those assets which are—
  - (i) deposited with the Accountant General;
  - (ii) maintained in the United Kingdom; and
  - (iii) maintained in the United Kingdom and the other EEA States; and

- (d) by every United Kingdom deposit company in respect of long term or general business carried on by it through branches in the EEA States concerned in respect of those assets which are—
- (i) deposited with the Accountant General;
  - (ii) maintained in the United Kingdom and such other EEA States where business is carried on; and
  - (iii) maintained in the United Kingdom and the other EEA States.
- (6) Form 14 shall be completed by every company which carries on long term business.
- (7) Form 15 shall be completed by every company except a company not trading for profit which carries on only long term business.
- (8) For each Form 13 which a company is required to complete under paragraph (5)(a) or (b) above, it shall complete Form 17 in respect of the same business; except that where in respect of that Form all amounts required to be shown would be zero and no supplementary note would be required, Form 13 may instead be accompanied by a supplementary note to that effect and Form 17 may be returned in blank.

### **Profit and loss account**

7. The profit and loss account required to be prepared by every company under section 17(1) of the Act shall comply with the requirements of Schedule 1 below and shall be in Form 16.

### **Revenue account**

8. The revenue account to be prepared by every company under section 17(1) of the Act—
- (a) in the case of a company carrying on general business, shall comply with the requirements of Schedule 2 below and shall be in Form 20 so, however, that every such company shall prepare a separate account in Form 20 in respect of each accounting class and a summary account in that Form in respect of the whole of the general business carried on by it; and
  - (b) in the case of a company carrying on long term business, shall comply with the requirements of Schedule 3 below and shall be in Form 40 so, however, that—
    - (i) every such company shall prepare a separate account in Form 40 in respect of each long term business fund maintained by it; and
    - (ii) where there is more than one fund for ordinary long term insurance business or for industrial assurance business, the company shall also prepare a summary Form 40 for ordinary long term insurance business or for industrial assurance business, as the case may require.

### **Additional information on general business (accounting classes and discounting)**

9.—(1) Every company which carries on general business shall, in accordance with the requirements of Schedule 2 below, prepare in respect of each accounting class—

- (a) Forms 21, 22 and 23 for business accounted for on an accident year basis; and
  - (b) Forms 24 and 25 for business accounted for on an underwriting year basis.
- (2) For the purposes of paragraph (1) above, business shall be taken to be accounted for on an underwriting year basis where it relates to risks—
- (a) which have been reported previously under these Regulations on Forms 24 and 25;
  - (b) in respect of which the claims outstanding for such business is set using the method described in paragraph 52 of the shareholder accounts rules; or



(c) which have not previously been reported on any Form under these Regulations and which the company accounts for on an underwriting year basis, and business not accounted for on an underwriting year basis shall be taken to be accounted for on an accident year basis.

(3) Every company which, in respect of any financial year, includes in Form 22 or 25 amounts relating to adjustments for discounting shall prepare Form 30 in accordance with the requirements of Schedule 2 below.

**Business categories for general business (reinsurance treaties accepted)**

**10.**—(1) Every company which carries on general business shall, for the purposes of this regulation, allocate its business falling within accounting classes 9, 10 and 11 to separate business categories, that is to say—

- (a) accident and health (corresponding general business classes 1 (other than 1(p)) and 2);
- (b) motor (corresponding general business classes 1(p), 3 and 10);
- (c) aviation (corresponding general business classes 1(p), 5 and 11);
- (d) marine (corresponding general business classes 1(p), 6 and 12);
- (e) transport (corresponding general business class 7);
- (f) property (corresponding general business classes 4, 8 and 9);
- (g) third party liability (corresponding general business class 13); and
- (h) miscellaneous and pecuniary loss (corresponding general business classes 14, 15, 16, 17 and 18).

(2) A company may allocate its business falling within general business class 7 (goods in transit) to the aviation and marine business categories and not to the transport business category and where such allocation is made the aviation and marine business categories shall be referred to as “aviation and transport” and “marine and transport” respectively.

(3) Instead of allocating all business falling within the classes of general business specified in any of sub-paragraphs (a) to (h) of paragraph (1) above to the business category stated in that sub-paragraph, a company may allocate such business to two or more separate business categories, each of which shall consist only of business which would otherwise fall in the first-mentioned business category.

(4) Where business is allocated to business categories pursuant to paragraph (3) above, the company shall, in the Forms to be prepared in accordance with the requirements of Schedule 2 below, refer to each business category so created by a name which—

- (a) describes the general nature of the business included; and
- (b) distinguishes that category from other business categories.

**Additional information on general business (reinsurance treaties accepted)**

**11.**—(1) Every company which carries on general business shall, in relation to each business category to which business has been allocated for the purposes of regulation 10 above, in accordance with the requirements of Schedule 2 below prepare—

- (a) Forms 26 and 27 for business reported on Forms 21, 22 and 23; and
- (b) Forms 28 and 29 for business reported on Forms 24 and 25.

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

- (a) in the Forms prepared for each such business category (amounts being apportioned as necessary); or
- (b) in the Forms prepared for the business category within which the greater part of the business to which the treaty relates falls,

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

(3) Unless an explanation is given in a supplementary note annexed to Form 26 or 28 (as appropriate) for the allocation of the information in question to a different business category—

- (a) where information relating to a reinsurance treaty accepted has been given in respect of any financial year, information relating to that treaty shall be included in the same business category in the return prepared in respect of each later financial year; and
- (b) where a reinsurance treaty accepted relates to risks which are of a similar description 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 risks in similar proportions, information relating to the first-mentioned reinsurance treaty shall be included in the same business category as information relating to the earlier treaty.

### **Risk groups for general business**

**12.**—(1) Every company which carries on general business shall, in the manner provided in this regulation and for the purpose of the forms specified in regulation 13 below, classify the direct and facultative business carried on by it in each country into risk groups by reference to accounting classes 1 to 8 as appropriate.

(2) Each risk group classified for the purposes of this regulation shall comprise risks within an accounting class insured by the company in each country which, in the opinion of the directors, are not significantly dissimilar, either by reference to the nature of the objects exposed to such risks or by reference to the nature of the cover against such risks provided by the company.

(3) Subject to paragraph (4) below, the company shall classify its risks so that—

- (a) risks are not included in the same risk group where, having regard to the patterns of risk, claims incurrence and settlement patterns, it is necessary to group them separately for the purposes of applying statistical methods (within the meaning of paragraph 47(1) of the shareholder accounts rules) in calculating the provision for claims outstanding in accordance with generally accepted accounting practice;
- (b) claims-made policies are not included in the same risk group as policies which are not claims-made policies;
- (c) policies falling within general business class 14, 15, 16, 17 or 18 are not included in the same risk group as policies falling within any other of those general business classes, except that policies falling within general business class 14 may be included in the same risk group as policies falling within general business class 15;
- (d) policies in respect of private motor car risks are not included in the same risk group as policies in respect of other risks falling within accounting class 2;
- (e) policies in respect of comprehensive private motor car risks are not included in the same risk group as policies in respect of non-comprehensive private motor car risks; and
- (f) policies transferred to the company by way of a transfer approved by the Secretary of State pursuant to Schedule 2C of the Act(13) are not included in the same risk group as other policies.

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(13) Schedule 2C was inserted by S.I. 1994/1696, reg. 28 and amended by S.I. 1994/3123, reg. 7.

(4) Paragraph (3) above shall not apply in relation to the risk group mentioned in any sub-paragraph of that paragraph where, in the case of any financial year—

- (a) the gross premiums written for that year in respect of that risk group are less than 2½ per cent. of the world-wide gross premiums written for all accounting classes for that year, or £500,000; or
- (b) the gross premiums written for that year in respect of the risk groups in which policies would in accordance with that sub-paragraph be included (except the largest) are less than ½ per cent. of the world-wide gross premiums written for all accounting classes for that year, or £100,000.

(5) Subject to paragraphs (2) to (4) above, a company may in respect of any accounting class include all business carried on by it in any country in any financial year as a single risk group.

(6) Notwithstanding the provisions of paragraphs (2) to (4) above, a company may classify all business carried on by it in any country in respect of any accounting class in any financial year as a single risk group, provided that gross premiums written for that year in respect of that business are less than—

- (a) 5 per cent. of the world-wide gross premiums written for all accounting classes for that year; or
- (b) £500,000.

(7) Notwithstanding the provisions of paragraphs (1) to (4), no risk groups need be classified by a company in respect of a country if the gross premiums written in respect of business falling within accounting classes 1 to 8 and carried on in that country are—

- (a) in the case of any financial year ending before 23rd December 1997, less than—
  - (i) 2½ per cent. of the world-wide gross premiums written for all accounting classes for that year; or
  - (ii) £100,000.
- (b) in the case of any financial year ending on or after that date, less than—
  - (i) 1 per cent. of the world-wide gross premiums written for all accounting classes for that year; or
  - (ii) £100,000;

(8) For the purposes of this regulation and regulation 13 below, home foreign business shall be treated as though it were carried on in a different country from other business carried on in the United Kingdom.

#### **Additional information on general business (direct and facultative business)**

**13.**—(1) Every company which carries on general business shall, with respect to the financial year in question and in relation to each country and each risk group (as classified by it under regulation 12 above), prepare in accordance with the requirements of Schedule 2 below—

- (a) Form 31 for direct and facultative business, other than business falling within accounting class 2, reported on Forms 21, 22 and 23;
- (b) Form 32 for direct and facultative business falling within accounting class 2 reported on Forms 21, 22 and 23; and
- (c) Form 34 for direct and facultative business reported on Forms 24 and 25.

(2) Where a company has reported business with respect to any previous financial year and relating to a country and a risk group in Form 31, 32 or 34 pursuant to paragraph (1) above, it shall continue to report that business for that financial year for the same country and risk group in Form 31, 32 or 34 (as appropriate).

(3) Where any of Forms 31, 32 or 34 has been prepared in respect of the entire business of a company, no separate forms need be prepared—

- (a) in the case of an external company, in respect of business carried on by it through a branch in the United Kingdom; and
- (b) in the case of a United Kingdom deposit company, in respect of business carried on by it through a branch in any EEA State where business is carried on.

**Additional information on general business (direct and facultative reconciliation business)**

**14.**—(1) Every company which carries on general business shall, with respect to the financial year in question and in accordance with the requirements of Schedule 2 below, prepare—

- (a) Form 33 for business reported on Forms 21, 22 and 23 but not reported on Form 31 or 32; and
- (b) Form 35 for business reported on Forms 24 and 25 but not reported on Form 34.

(2) No separate Form 33 or 35 need be prepared where, in the cases referred to in regulation 13(3) (a) or (b) above, no separate Forms 31, 32 or 34 need be prepared.

**Currencies other than sterling**

**15.** Every company which, in respect of a financial year, prepares a Form under regulation 11 or 13 above containing figures in a currency other than sterling shall prepare Form 36 in accordance with the requirements of Schedule 2 below.

**Additional information on prescribed general business**

**16.**—(1) This regulation applies to general business prescribed for the purposes of section 34A of the Act(14).

(2) Every company to which section 34A of the Act applies which carries on general business to which this regulation applies shall, in accordance with the requirements of Schedule 2 below, prepare—

- (a) Form 37;
- (b) Form 38 for business reported on Forms 21, 22 and 23; and
- (c) Form 39 for business reported on Forms 24 and 25.

(3) In Forms 37 to 39, words and expressions which are also used in the Insurance Companies (Reserves) Regulations 1996 (as from time to time in force) shall have the same meaning as in those Regulations.

**Additional information on long term business**

**17.** Every company which carries on long term business shall, in respect of the financial year in question and in accordance with the requirements of Schedule 3 below, prepare—

- (a) Forms 41 to 45 in respect of each revenue account prepared separately under regulation 8(b)(i) above; and
- (b) summary Forms 41 to 44 in respect of each summary Form 40 prepared under regulation 8(b)(ii) above.

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(14) Section 34A was inserted by the Insurance Companies (Reserves) Act 1995 (1995 c. 29), section 1(1). The Insurance Companies (Reserves) Regulations 1996 (S.I. 1996/946), reg. 3(2) and (3) and prescribes for the purposes of section 34A business to which Parts II and III of those Regulations apply.

### **Forms prepared pursuant to regulations 9, 11 and 13 to 17**

18. The Forms prepared pursuant to regulations 9, 11 and 13 to 17 above shall be annexed to the documents referred to in regulations 6, 7 and 8 above.

### **Additional information on general business: major treaty reinsurers**

19.—(1) Subject to the provisions of regulation 22 below, a company which carries on general business shall annex to the documents referred to in regulations 6, 7 and 8 above, and relating to the financial year in question, a statement of—

- (a) the full name of each of its major treaty 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;
- (c) the amount of the reinsurance premiums payable in the financial year to each such reinsurer in respect of—
  - (i) general business ceded under proportional reinsurance treaties; and
  - (ii) general business ceded under non-proportional reinsurance treaties;
- (d) the amount of any debt of each such reinsurer to the company in respect of general business ceded under reinsurance treaties, included at line 75 of Form 13;
- (e) the amount of any deposit received from each such reinsurer under reinsurance treaties as included at line 31 of Form 15; and
- (f) the amount of any anticipated recoveries from each such reinsurer under reinsurance treaties to the extent that such recoveries have been taken into account by the company in determining the reinsurers' share of technical provisions in respect of claims outstanding as shown at line 61 of Form 13; except that, in respect of claims incurred but not reported, such recoveries need only be included to the extent that they are in respect of any specific occurrences for which provisions have been allocated by the company,

or a statement that it has no major treaty reinsurer.

(2) For the purposes of this regulation, a major treaty reinsurer of a company is another company—

- (a) to which (whether alone or with any body corporate which is connected with such other company) the company has ceded general business under one or more reinsurance treaties—
  - (i) 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
  - (ii) in the case of non-proportional 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 non-proportional reinsurance,

in the financial year in question or in any of the five immediately preceding financial years of the company; or

- (b) in relation to which (whether alone or with any body corporate which is connected with such other company) the aggregate of the amounts referred to in sub-paragraphs (1)(d) and (f) above exceeds 5 per cent. of the company's general business amount (as calculated in accordance with the Insurance Companies Regulations).

### **Additional information on general business: major facultative reinsurers**

**20.**—(1) Subject to the provisions of regulation 22 below, a company which carries on general business shall annex to the documents referred to in regulations 6, 7 and 8 above, and relating to the financial year in question, for each major facultative reinsurer of—

- (a) its full name 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);
- (b) whether (and, if so, how) the company was at any time in the financial year connected with such reinsurer;
- (c) the amount of the reinsurance premiums payable in the financial year;
- (d) the amount of any debt to the company included at line 75 of Form 13;
- (e) the amount of any deposit received as included at line 31 of Form 15; and
- (f) the amount of any anticipated recoveries to the extent that such recoveries have been taken into account by the company in determining the reinsurers' share of technical provisions in respect of claims outstanding as shown at line 61 of Form 13; except that, in respect of claims incurred but not reported, such recoveries need only be included to the extent that they are in respect of any specific occurrences for which provisions have been allocated by the company,

or a statement that it has no major facultative reinsurer.

(2) For the purposes of this regulation, a major facultative reinsurance contract is a contract under which general business has been ceded by the company on a facultative basis—

- (a) under which the total amount of premiums payable to any reinsurer (a “major facultative reinsurer”) is equal to not less than  $\frac{1}{2}$  per cent. of the gross premiums receivable by the company in respect of general business; or
- (b) in relation to which, in respect of any reinsurer (a “major facultative reinsurer”) the aggregate of amounts in sub-paragraphs (1)(d) and (e) above exceeds one per cent. of the company’s general business amount (as calculated in accordance with the Insurance Companies Regulations).

### **Information on major general business reinsurance cedants**

**21.**—(1) Subject to the provisions of regulation 22 below, a company which carries on general business shall annex to the documents referred to in regulations 6, 7 and 8 above, and relating to the financial year in question, a statement of—

- (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;
- (c) the amount of the total of the gross premiums receivable in the financial year from each such cedant in respect of general business accepted under reinsurance treaties;
- (d) the amount of any deposit made with any such cedant as included at line 57 of Form 13; and
- (e) the amount of any debt of each such cedant in respect of general business accepted under reinsurance treaties, included at line 74 of Form 13,

or a statement that it has no major cedant.

(2) For the purposes of this regulation, a major cedant of a company is another company from which (whether alone or with any body corporate which is connected with such other company) the

company has accepted general business under one or more reinsurance treaties for which the gross premiums receivable exceed the greater of—

- (a) 5 per cent. of the gross premiums receivable by the company in respect of general business accepted under reinsurance treaties; and
- (b) 2 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.

### **Provisions supplemental to regulations 19 to 21**

**22.**—(1) Subject to the provisions of this regulation, for the purposes of regulations 19(1)(b) and (2), 20(1)(b) and 21(1)(b) and (2) above, a body corporate and another person are connected with each other if—

- (a) the other person is—
  - (i) a subsidiary undertaking of the body corporate;
  - (ii) a parent undertaking of the body corporate; or
  - (iii) a subsidiary undertaking of the parent undertaking of the body corporate; or
- (b) one of them is controlled by the other or both 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 the 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 associate or associates, is entitled to exercise, or control the exercise of, 15 per cent. 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—

- (a) making a statement pursuant to regulation 19 or 20 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 21 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 regulations 19, 20 or 21, as the case may be, unless it is also connected by virtue of paragraph (1) above with the company making the statement.

(4) In regulations 19, 20 and 21 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 any unincorporated body, the name under which the individual or body lawfully carries on business; and
- (b) “associate” shall be construed in accordance with section 96C(4) of the Act<sup>(15)</sup> as it has effect for the purpose of determining for the purposes of the Act whether any person is a controller of an insurance company other than a UK company.

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(15) Section 96C was inserted by S.I. 1994/1696, reg. 52.

(5) The following provisions of Schedule 1 below shall apply for the purposes of regulations 19, 20 and 21 above—

- (a) paragraphs 4 and 5 (which relate to currencies other than sterling);
- (b) sub-paragraphs (1) and (2) of paragraph 8 (which, among other things, relate to amounts due to the company); and
- (c) paragraph 9 (which provides for amounts to be shown to the nearer £1,000).

(6) Regulations 19(2), 20(1)(a) to (c) and 21 above shall apply in relation to the members of Lloyd's taken together as they apply in relation to an insurance company to which Part II of the Act applies and in relation to the members of Lloyd's paragraphs (1) to (4) of this regulation shall not apply.

### **Additional information on derivative contracts**

**23.**—(1) Every company shall, in respect of the financial year in question, annex to the documents referred to in regulations 6, 7 and 8 above a statement comprising a brief description of—

- (a) any investment guidelines operated by the company for the use of derivative contracts;
- (b) any provision made by such guidelines for the use of contracts under which the company had a right or obligation to acquire or dispose of assets which was not, at the time when the contract was entered into, reasonably likely to be exercised and, if so, the circumstances in which, pursuant to that provision, such contracts would be used;
- (c) the extent to which the company was during the financial year a party to any contracts of the kind described in sub-paragraph (b) above;
- (d) the extent to which any of the amounts recorded in Form 13 would be changed if assets which the company had a right or obligation to acquire or dispose of under derivative contracts outstanding at the end of the financial year (being, in the case of options, only those options which it would have been prudent to assume would be exercised) had been so acquired or disposed of;
- (e) how different the information provided pursuant to sub-paragraph (d) above would have been if such options as were outstanding at the end of the year had been exercised in such a way as to change the amounts referred to in that sub-paragraph to the maximum extent;
- (f) how different the information provided pursuant to sub-paragraphs (d) and (e) above would have been if, instead of applying to contracts outstanding at the end of the financial year, those sub-paragraphs had applied to derivative contracts outstanding at such other time during the financial year as would have changed the amounts referred to in those sub-paragraphs to the maximum extent;
- (g) the maximum loss which would be incurred by the company on the failure by any one other person to fulfil its obligations under derivative contracts outstanding at the end of the financial year, both under existing market conditions and in the event of other foreseeable market conditions, together with an assessment of whether such maximum loss would have been materially different at any other time during the financial year;
- (h) the circumstances surrounding the use of any derivative contract held at any time during the financial year which did not fall within paragraph (2) of regulation 55 of, or (where appropriate) paragraph 15 of Schedule 10 to, the Insurance Companies Regulations(16); and
- (i) the total value of any fixed consideration received by the company (whether in cash or otherwise) during the financial year in return for granting rights under derivative contracts and a summary of contracts under which such rights have been granted.

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(16) Regulation 55 and Schedule 10 were substituted by S.I. 1995/3248, reg. 10 and reg. 19.



(2) In this regulation, “derivative contract” includes a contract or asset which has the effect of a derivative contract within the meaning of regulation 56 of the Insurance Companies Regulations and, for the purposes of paragraph (1)(h) above, such a contract or asset shall be treated as falling within paragraph (2) of regulation 55 of, or paragraph 15 of Schedule 10 to, the Insurance Companies Regulations, as appropriate, if it has the effect of a derivative contract which would fall within that paragraph.

(3) For the purposes of this regulation, a company which is a party to—

- (a) a contract for differences; or
- (b) any other contract which is to be, or may be, settled in cash,

shall be taken to have a right or obligation to acquire or dispose of the assets underlying the contract.

#### **Additional information on shareholder controllers**

**24.** Every UK company shall, in respect of the financial year in question, annex to the documents referred to in regulations 6, 7 and 8 above—

- (a) a statement naming each person who, to the knowledge of the company, has been, at any time during the financial year, a shareholder controller of that company; and
- (b) in the case of each person so named, a statement of—
  - (i) the percentage of shares which, to the knowledge of the company, he held at the end of the financial year in question in the company, or in another company of which the company is a subsidiary undertaking; and
  - (ii) the percentage of the voting power which, to the knowledge of the company, he was entitled at the end of the financial year in question to exercise, or control the exercise of, at any general meeting of the company, or another company of which it is a subsidiary undertaking,

in each case, either alone or with any associate or associates.

#### **Periodic actuarial investigation**

**25.** Save in relation to paragraph (b) below, for the purposes of section 18 of the Act (periodic actuarial investigation of company with long term business) ordinary long term insurance business and industrial assurance business shall be treated separately and the abstract of the report of the actuary on long term business—

- (a) shall comply with the requirements of Schedule 4 below and shall contain the information (together with such of Forms 46 to 49 and 51 to 58 as may be appropriate) specified in that Schedule; and
- (b) except in the case of an EFTA company and an EEA deposit company, shall also include Form 60 and, where appropriate, Form 61.

#### **Additional information on general business ceded**

**26.** A company which carries on general business shall annex to the documents referred to in regulations 6, 7 and 8 above, and relating to the financial year in question, a statement of the information required by Schedule 5 below.

#### **Signature of documents**

**27.—(1)** In respect of any document relating to the business of a company, wherever it may be carried on, the persons prescribed for the purposes of section 22(3) of the Act are—

- (a) in any case—
    - (i) where there are more than two directors of the company, at least two of those directors and, where there are not more than two directors, all the directors; and
    - (ii) a chief executive, if any, of the company or (if there is no chief executive) the secretary, if any; and
  - (b) in the case of an abstract under section 18 of the Act, the actuary who made the investigation to which the abstract relates.
- (2) In respect of any document relating to business carried on through a branch in the United Kingdom by an EFTA company, a Swiss general insurance company, an EEA deposit company or an external company or through branches in any EEA States taken together by a United Kingdom deposit company, the persons prescribed for the purposes of section 22(3) of the Act are—
- (a) in any case—
    - (i) the representative referred to in section 8(1)(17) or 9(4)(18) of the Act or, where the representative is a body corporate, the individual representative referred to in section 10(5) of the Act(19); and
    - (ii) an officer or employee of the description specified in section 8(4)(b) of the Act(20) or, if there is no such officer or employee or he is also the representative referred to above, an employee of the description specified in section 8(4)(c) of the Act; and
  - (b) in the case of an abstract under section 18 of the Act, the actuary who made the investigation to which the abstract relates.

### Certificates

- 28.** There shall be annexed to the documents referred to in regulations 6, 7 and 8 above—
- (a) a certificate in accordance with the requirements of Part I of Schedule 6 below which shall be signed by the persons required by regulation 27 above to sign the documents to which the certificate relates; and
  - (b) in the case of a company which has at any time during the financial year in question carried on long term business, a certificate in accordance with the requirements of Part II of Schedule 6 below which shall be signed by the appointed actuary.

### Audit and auditor's report

**29.**—(1) The documents referred to in regulations 6, 7 and 8 above, and every statement, analysis, report or certificate annexed thereto pursuant to regulations 18, 19, 20, 21, 23 and 28(a) above, shall be audited by a person of the description prescribed under regulation 32 below who shall make and annex to the documents aforesaid a report in accordance with the requirements of Part III of Schedule 6 below.

- (2) For the purposes of these Regulations—
  - (a) section 237(1), (2) and (3)(21) and section 389A(1)(22) of the 1985 Act and article 245(1), (2) and (3)(23) and article 397A(1)(24) of the 1986 Order shall apply as if—

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(17) Section 8(1) was amended by S.I. 1994/1696, reg. 8(1).

(18) Section 9(4) was amended by S.I. 1994/1696, reg. 9(1).

(19) Section 10(5) was amended by the Companies Consolidation (Consequential Provisions) Act 1985 (1985 c. 9), section 30 and Schedule 2 and by the Companies Consolidation (Consequential Provisions) (Northern Ireland) Order 1986 (S.I. 1986/1035), article 23 and Schedule 1, Part II.

(20) Section 8(4) was amended by S.I. 1994/1696, reg. 8(3).

(21) Section 237 was substituted by the Companies Act 1989 (1989 c. 40), section 9.

(22) Section 389A was inserted by the Companies Act 1989, sections 118 and 120(1).

(23) Article 245 was substituted by the Companies (Northern Ireland) Order 1990 (S.I. 1990/593) (N.I.5), article 11.

- (i) the references to the profit and loss account contained in the definition of “individual accounts” in section 226(1)(25) of that Act and article 234(1)(26) of that Order respectively included references to the revenue account; and
  - (ii) the auditors of a company were not under a duty for the purposes of preparing their report to carry out any investigation into information given in Forms 31, 32 and 34 relating wholly or partly to the number of claims notified or the amount of payments made prior to the financial year of the company to which the Insurance Companies (Accounts and Statements) Regulations 1980(27) first applied; and
- (b) section 389A(3) and (4) of the 1985 Act and article 397A(3) and (4) of the 1986 Order shall apply as if the references therein to a “parent company” were references to the insurance company.

### Qualification of actuary

**30.**—(1) For the purposes of the definition of “actuary” in section 96(1) of the Act, it is hereby prescribed that a person qualified for appointment as an actuary under section 19 of the Act shall be a Fellow of the Institute of Actuaries or of the Faculty of Actuaries and shall have attained the age of 30 years.

(2) Any person who, immediately before 1st January 1981, held an appointment as actuary to a company by virtue of regulation 15 of the Insurance Companies (Accounts and Forms) Regulations 1968(28) shall, notwithstanding paragraph (1) above, be deemed for the purposes of these Regulations and for the period during which he continues to hold that appointment to be qualified to hold that appointment.

### Information on appointed actuary

**31.**—(1) Subject to the provisions of this regulation, there shall be annexed to the documents referred to in regulations 6, 7 and 8 above, as respects every person who, at any time during the financial year in question, was the appointed actuary to the company, a statement of the following information—

- (a) particulars of any shares in, or debentures of, the company in which the actuary was interested at any time during that year;
- (b) particulars of any pecuniary interest of the actuary in any transaction between the actuary and the company and subsisting at any time during that year or, in the case of transactions of a minor character, a general description of such interests;
- (c) the aggregate amount of—
  - (i) any remuneration and the value of any other benefits (other than a pension or other future or contingent benefit) under any contract of service of the actuary with, or contract for services by the actuary to, the company; and
  - (ii) any emoluments, pensions or compensation as director of the company which are required by Part I of Schedule 6 to the 1985 Act(29) or Part I of Schedule 6 to the 1986 Order(30) to be included in a note to the accounts of the company under section 232 of the 1985 Act(31) and Article 239 of the 1986 Order(32),

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(24) Article 397A was inserted by the Companies (No.2) (Northern Ireland) Order 1990 (S.I. 1990/1504) (N.I.10), articles 53 and 55(1).

(25) Section 226 was substituted by the Companies Act 1989, section 4(1).

(26) Article 234 was substituted by the Companies (Northern Ireland) Order 1990, article 6(1).

(27) S.I. 1980/6.

(28) S.I. 1968/1408.

(29) Part I of Schedule 6 was inserted by the Companies Act 1989, section 6(4) and Schedule 4.

(30) Part I of Schedule 6 was inserted by the Companies (Northern Ireland) Order 1990, article 8(4) and Schedule 4.

receivable by the actuary in respect of any period in that year; and

- (b) a general description of any other pecuniary benefit (including any pension and other future or contingent benefit) received by the actuary from the company in that year or receivable by him from the company,

together with the statement specified in paragraph (2) below.

(2) The statement last referred to in paragraph (1) above is a statement that the company has made a request to the actuary to furnish to it the particulars specified in that paragraph and identifying any particulars furnished pursuant to that request.

(3) For the purposes of sub-paragraphs (a) to (d) of paragraph (1) above—

(a) references to the actuary include reference to—

- (i) the spouse and any minor child (including step-child) of the actuary;
- (ii) any person who is a partner of the actuary;
- (iii) any person (other than the company) of which the actuary is an employee; and
- (iv) any person (other than the company) of which the actuary is a director or which is controlled by him;

(b) a person shall be deemed to be interested in shares or debentures of a body corporate if he is interested in them according to the rules set out in Part I of Schedule 13 to the 1985 Act<sup>(33)</sup> with the addition, in paragraph 11 of that Part of that Schedule, of a reference to a scheme under section 25 of the Charities Act (Northern Ireland) 1964<sup>(34)</sup>; and

(c) a person shall be deemed to have any interest or benefit if he has a beneficial interest in it.

(4) For the purposes of sub-paragraphs (a) to (d) of paragraph (1) above and of paragraph (3)(a) above, references to a company include references to any body corporate which is the company's subsidiary undertaking or parent undertaking and to any other subsidiary undertaking of its parent undertaking.

(5) For the purposes of paragraph (3) 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 falling within sub-paragraph (a) of that paragraph, is entitled to exercise, or control the exercise of, 15 per cent. 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.

### Qualifications of auditor

**32.**—(1) For the purposes of section 21 of the Act<sup>(35)</sup> (audit of accounts), it is hereby prescribed that the description of the person qualified to audit the accounts and statements of a company under regulation 29 above shall be a person who would be eligible for appointment as a company auditor to that company under Part II of the Companies Act 1989 or Part III of the Companies (Northern Ireland) Order 1990 (eligibility for appointment) if they were the accounts prepared under

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<sup>(31)</sup> Section 232 was substituted by the Companies Act 1989, section 6(3).

<sup>(32)</sup> Article 239 was substituted by the Companies (Northern Ireland) Order 1990, article 8(1).

<sup>(33)</sup> Part I of Schedule 13 has been amended by the Financial Services Act 1986 (1986 c. 60), section 212(2) and Schedule 16, para. 25; the Charities Act 1992 (1992 c. 41), section 78(1) and Schedule 6, para. 11(b) and the Charities Act 1993 (1993 c. 10), section 98(1) and Schedule 6, para. 20(1) and (3).

<sup>(34)</sup> 1964 c. 33 (N.I.).

<sup>(35)</sup> Section 21 was amended by the Companies Consolidation (Consequential Provisions) Act 1985 (1985 c. 9), section 30 and Schedule 2; and by S.I. 1991/1997, reg. 2 and Schedule, paragraph 47.

section 226 of the 1985 Act or under article 234 of the 1986 Order of a company within the meaning of that Act or that Order.

(2) Notwithstanding paragraph (1) above, a person to whom section 34(1) of the Companies Act 1989 (eligibility of individuals retaining only 1967 Act authorisation) applies shall not be qualified to audit the accounts and statements of a company under regulation 29 above.

### **Transitional provisions**

**33.**—(1) Every document submitted to the Secretary of State pursuant to section 22 of the Act in respect of a financial year of a company preceding that financial year of the company to which these Regulations first apply shall be in the form in which it would have been if these Regulations (other than regulation 34) had not been made; and regulation 35 below shall be construed accordingly.

(2) Any reference in any provision of these Regulations to a document submitted to the Secretary of State or prepared in respect of a financial year of a company which is a financial year of the company preceding that to which these Regulations first apply shall be construed as a reference to the document so submitted or prepared in accordance with the corresponding provisions of the Regulations hereby revoked.

(3) Business in respect of a financial year of a company preceding that financial year of the company to which these Regulations first apply which has been reported pursuant to the 1983 Regulations in any of Forms 24 to 29 shall be deemed to be business accounted for on an underwriting year basis for the purposes of regulation 9 above.

(4) Notwithstanding regulation 12 above, business in respect of a financial year of a company preceding that financial year of the company to which these Regulations first apply shall continue to be classified into risk groups according to the requirements contained in regulation 10 of the 1983 Regulations.

### **Amendments of the 1983 Regulations**

**34.**—(1) In paragraph (1) of regulation 3 of the 1983 Regulations (interpretation), for the definition of “receivable” there shall be substituted—

““receivable”, in relation to a company, a financial year and a premium means due to the company in respect of contracts of insurance incepted during that financial year, whether or not the premium is received during that financial year;”.

(2) For regulation 4 of the 1983 Regulations (value of assets and amount of liabilities) there shall be substituted—

#### **“Value of assets and amount of liabilities**

**4.**—(1) Unless otherwise provided in these Regulations, in the documents which a company is required to prepare in accordance with these Regulations—

- (a) the value or amount given for an asset or a liability of the company shall be the value or amount of that asset or liability as determined in accordance with any applicable valuation regulations;
- (b) where there are no applicable valuation regulations, then,
  - (i) in the case of an asset of the company other than a linked asset, the value given shall be the value which that asset would have if valuation regulations were applicable, and
  - (ii) in the case of a linked asset of the company, the value given shall be the value of that asset as determined in accordance with generally accepted accounting

concepts, bases and policies or other generally accepted methods appropriate for insurance companies.

(2) For the purposes of this regulation, references to applicable regulations shall be taken to be—

- (a) such regulations as they apply on the date on which the documents are drawn up; or
- (b) in respect of any financial year ending before 1st July 1996, at the option of the company (which must be exercised in respect of all its assets and liabilities), such regulations as they applied immediately before the Insurance Companies (Amendment) Regulations 1995<sup>(36)</sup> came into force.”

(3) For regulation 22B of the 1983 Regulations<sup>(37)</sup> (additional information and derivative contracts) there shall be substituted—

**“Additional information on derivative contracts**

**22B.**—(1) Every company shall, in respect of the financial year in question, annex to the documents referred to in regulations 6, 7 and 8 above a statement comprising a brief description of—

- (a) any investment guidelines operated by the company for the use of derivative contracts;
- (b) any provision made by such guidelines for the use of contracts under which the company had a right or obligation to acquire or dispose of assets which was not, at the time when the contract was entered into, reasonably likely to be exercised and, if so, the circumstances in which, pursuant to that provision, such contracts would be used;
- (c) the extent to which the company was during the financial year a party to any contracts of the kind described in sub-paragraph (b) above;
- (d) the extent to which—
  - (i) any of the amounts recorded in Form 13; and
  - (ii) in the case of a company carrying on long term business, any of the amounts recorded in Form 45,
 would be changed if assets which the company had a right or obligation to acquire or dispose of under derivative contracts outstanding at the end of the financial year (being, in the case of options, only those options which it would have been prudent to assume would be exercised) had been so acquired or disposed of;
- (e) how different the information provided pursuant to sub-paragraph (d) above would have been if such options as were outstanding at the end of the year had been exercised in such a way as to change the amounts referred to in that sub-paragraph to the maximum extent;
- (f) how different the information provided pursuant to sub-paragraph (d) above would have been if, instead of applying to contracts outstanding at the end of the financial year, that sub-paragraph had applied to derivative contracts outstanding at such other time during the financial year as would have changed the amounts referred to in that sub-paragraph to the maximum extent;
- (g) the maximum loss which would be incurred by the company on the failure by any one other person to fulfil its obligations under derivative contracts outstanding at the end of the financial year, both under existing market conditions and in the event of

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<sup>(36)</sup> S.I. 1994/1515.

<sup>(37)</sup> Regulation 22B was inserted by S.I. 1994/1515, reg. 9.

other foreseeable market conditions, together with an assessment of whether such maximum loss would have been materially different at any other time during the financial year;

- (h) the circumstances surrounding the use of any derivative contract held at any time during the financial year which does not fall within paragraph (2) of regulation 55 of, or (where appropriate) paragraph 15 of Schedule 10 to, the Insurance Companies Regulations; and
- (i) the total value of any fixed consideration received by the company (whether in cash or otherwise) during the financial year in return for granting rights under derivative contracts and a summary of contracts under which such rights have been granted.

(2) In this regulation—

- (a) “derivative contract” includes a contract or asset which has the effect of a derivative contract within the meaning of regulation 56 of the Insurance Companies Regulations and, for the purposes of paragraph (1)(h) above, such a contract or asset shall be treated as falling within paragraph (2) of regulation 55 of, or paragraph 15 of Schedule 2 to, the Insurance Companies Regulations, as appropriate, if it has the effect of a derivative contract which would fall within that paragraph; and
- (b) “option” has the same meaning as in regulation 44(1) of the Insurance Companies Regulations.

(3) For the purposes of this regulation, a company which is a party to—

- (a) a contract for differences; or
- (b) any other contract which is to be, or may be, settled in cash,

shall be taken to have a right or obligation to acquire or dispose of the assets underlying the contract.”

(4) Form 11 in Schedule 1 to the 1983 Regulations (general business: calculation of required margin of solvency—first method) shall be amended by substituting, for the Note to the form, the following—

**“Note**

In respect of business not accounted for on a one year basis, the provision for claims outstanding brought forward at the beginning of the financial year in question and recorded in line 24, column 1 shall be computed as if it took account of all premiums receivable in respect of previous financial years, whether or not those premiums had been received at that date.”

(5) Form 12 in that Schedule (general business: calculation of required margin of solvency—second method, and statement of required minimum margin) shall be amended by substituting, for the Note to the form, the following—

**“Notes**

**1.** If the company has not been in existence long enough to acquire a reference period, this shall be stated and lines 11 to 41 ignored.

**2.** In respect of business not accounted for on a one year basis, the provision for claims outstanding brought forward at the beginning of the reference period and recorded in line 24, column 1 shall be computed as if it took account of all premiums receivable in respect of previous financial years, whether or not those premiums had been received at that date.”

(6) Form 13 in Schedule 1 to the 1983 Regulations (balance sheet and profit and loss account) shall be amended as follows—

- (a) in lines 21, 22 and 23, for the entry “Other variable interest investments”, there shall be substituted “Other variable yield investments”;
  - (b) in lines 21 and 22, for the entry “Equity shares except those in dependants which must be included in lines 29, 31 or 33”, there shall be substituted “Shares except those in dependants which must be included in lines 29, 31 or 33”;
  - (c) in line 23, for the entry “Holdings in authorised unit trust schemes and recognised schemes within the meaning of the Financial Services Act 1986(38)” there shall be substituted “Holdings in collective investment schemes within the meaning of the Financial Services Act 1986”;
  - (d) in Instruction 6(39), for the words “regulation 57(8C)(b) and (8E)” there shall be substituted “regulation 57(2)(b) or (3)”;
  - (e) Instruction 7(40) shall be omitted.
- (7) Form 13A in that Schedule(41) shall be amended as follows—
- (a) for Instruction 6, there shall be substituted—
    - “6 All amounts included at lines 11 to 35 of Form 13A in respect of derivative contracts shall be determined without making any adjustment for the value of assets paid, received or transferred in pursuance of a condition in that contract or a related contract, whether by variation margin or otherwise. The aggregate effect of such assets paid, received or transferred shall be shown at line 41.”; and
    - (b) Instructions 7 and 8 shall be omitted.
  - (8) In Part I of Schedule 6 to the 1983 Regulations (certificates by directors etc.), at the end of sub-paragraph (d) of paragraph 1 for the full stop there shall be substituted a semi-colon and there shall be inserted the following sub-paragraph—
    - “and
    - (e) whether the value of the company’s assets and the amount of its liabilities have been determined in accordance with paragraph (2)(a) or paragraph (2)(b) of regulation 4 above.”

## Revocations

**35.** The Regulations mentioned in Schedule 7 below are hereby revoked to the extent mentioned in the third column of that Schedule.

24th March 1996

*Anthony Nelson*  
Minister for Trade,  
Department of Trade and Industry

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(38) 1986 c. 60; this entry was substituted by S.I. 1994/1515, reg. 15(5)(a).

(39) This instruction was inserted by S.I. 1994/1515, reg. 15(5)(g) and amended by S.I. 1994/3133, reg. 19.

(40) This instruction was inserted by S.I. 1994/1515, reg. 15(5)(g).

(41) Form 13A was inserted by S.I. 1994/1515, reg. 15(6).



## SCHEDULE 1

Regulations 6 and 7

### BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(Forms 9 to 17)

**1.—**(1) All the Forms included in the part of the return to which this Schedule relates (Forms 9 to 17) are to be laid out as shown in this Schedule, except that the instructions to Forms need not be reproduced.

(2) All amounts, descriptions or other text required to be shown as supplementary notes to a Form shall not be presented on the face of that Form, but shall be presented as a separate statement. The title of that statement shall identify the Form to which it relates.

#### **Completion of Forms**

**2.** Where “source” appears at the head of a column on a Form, the information to be included in the preceding columns of a particular line is to be taken from those items in the returns to which reference is made on that line in the column headed “source”. No entries are to be made in the column headed “source”.

**3.—**(1) The company registration number to be entered in every Form shall be such number as may be agreed between the company and the Secretary of State.

(2) Boxes marked “GL/UK/CM” shall be completed by inserting—

(a) “UK” in the case of a Form which is—

(i) prepared by an EFTA company or an EEA deposit company in respect of long term or general business carried on through a branch in the United Kingdom; or

(ii) prepared by an external company (other than a pure reinsurer) in respect of long term or general business carried on through a branch in the United Kingdom; or

(iii) prepared by a Swiss general insurance company in respect of general business carried on through a branch in the United Kingdom; or

(b) “CM” in the case of a Form which is prepared by a United Kingdom deposit company in respect of a long term or general business carried on through branches in the EEA States concerned; or

(c) “GL” in any other case.

(3) Boxes marked “Period ended” should be completed so as to show, in numerals, the date of the last day of the financial year in question.

(4) No entry should be made in a box which is shaded or is not labelled.

(5) In the Forms “this financial year” means the financial year in question.

#### **Currency**

**4.** The value of any asset or the amount of any liability denominated in a currency other than sterling shall be expressed in sterling as if conversion had taken place at the closing middle rate on the last day for which the appropriate rate is available in the financial year to which the asset or liability relates.

**5.—**(1) The amount of any income or expenditure shall be expressed in sterling using such bases of conversion as are in accordance with generally accepted accounting practice.

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(2) The bases of conversion adopted shall be stated by way of supplementary note to Form 16 or, if there is no Form 16, by way of supplementary note to Form 40.

### **Presentation of amounts**

6. Negative amounts shall be shown between round brackets.

7. Where in any Form an amount which is shown as brought forward from a previous year differs from the corresponding amount shown as carried forward from that year and the difference is not due solely to the use of a different rate to express other currencies in sterling, an explanation of the reason for the difference shall be given by way of a supplementary note to that Form.

8.—(1) Except to the extent permitted by sub-paragraph (2) of this paragraph, amounts due to or from the company shall be shown gross.

(2) In calculating amounts due to or from the company—

- (a) amounts due from any person may, unless expressly provided otherwise, be included net of amounts which are due to that person, except that such amounts may be set off against each other under generally accepted accounting practice; and
- (b) amounts due to any person may, unless expressly provided otherwise, be included net of amounts which are due from that person, except that such amounts may be set off against each other under generally accepted accounting practice.

(3) If amounts shown include amounts calculated on the basis set out in sub-paragraph (2) above, a supplementary note to Form 13 to that effect shall be provided.

(4) This paragraph does not apply to Form 17.

9. All amounts are to be shown to the nearer £1,000.

### **Premiums**

10.—(1) Notwithstanding the requirements of the shareholder accounts rules, amounts included in Forms 11 and 12 in respect of—

- (a) gross premiums receivable;
- (b) claims paid;
- (c) claims outstanding; and
- (d) reinsurance recoveries,

shall be determined in accordance with Schedules 3 to 5 to the Insurance Companies Regulations.

(2) Where any amount included in Form 11 or 12 pursuant to paragraph (1) above differs from the aggregate of the corresponding amounts included in Forms 21, 22, 24 and 25, there shall be stated by way of supplementary note to Form 11 or 12, as the case may be—

- (a) the amount of such difference; and
- (b) an explanation for such difference.

### **Counterparty exposure**

11.—(1) There shall be given by way of a supplementary note to Form 13—

- (a) the maximum extent to which, in accordance with any investment guidelines operated by the company, it was permitted to be exposed to any one counterparty during the financial year in question;

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- (b) the maximum extent to which, in accordance with such guidelines, it was permitted to be exposed to any one counterparty, other than by way of exposure to an approved counterparty, during the financial year in question; and
- (c) an account of any occasions during the financial year on which either of those amounts was exceeded.

(2) In each case where the exposure of the company to a counterparty at the end of the financial year in question exceeds 5 per cent. of its long term business amount or general business amount, as appropriate—

- (a) the amount of that exposure; and
- (b) the nature of the assets held which give rise to that exposure,

shall be stated by way of a supplementary note to Form 13.

(3) There shall be stated by way of supplementary note to Form 13 the aggregate value of any rights to which paragraph 14 of Part I of Schedule 12 to the Insurance Companies Regulations applies<sup>(42)</sup>.

### **Provision for adverse changes**

**12.** There shall be stated by way of supplementary note to Form 14 or 15 the methods and assumptions used to determine the amount of any provision made pursuant to regulation 61 of the Insurance Companies Regulations or, if there is no such provision, the methods and assumptions used to determine that no provision is required.

### **Liabilities**

**13.—**(1) Subject to paragraph (3) below, the following information shall be given by way of a supplementary note to Form 14 or 15—

- (a) in the case of any charge over assets of the company, the particulars specified in sub-paragraph (2) below or a statement that there are no such charges;
- (b) the total potential liability, and the amount provided for that liability, to taxation on capital gains which might arise if the company disposed of its assets, or a statement that there is no such potential liability;
- (c) a brief description of any other liabilities being contingent liabilities not included in Form 14 or 15 (other than liabilities arising under an inward contract of insurance or reinsurance) including, where practicable, the amounts or estimated amounts of those liabilities, or a statement that there are no such contingent liabilities;
- (d) a brief description of any guarantee, indemnity or other contractual commitment, effected by the company other than in the ordinary course of its insurance business, in respect of the existing or future liabilities of any related companies, including—
  - (i) the maximum liability of the company specified in such guarantee, indemnity or contractual commitment or, where no such amount is specified, a statement to that effect;
  - (ii) the amount of any provision made in respect of such liability; and
  - (iii) the amount reported under sub-paragraph (c) above in respect of such liability,or a statement that there are no such guarantees, indemnities or contractual commitments;
- (e) a description of any other uncertainty where such a description is, in the opinion of the directors, necessary for a proper understanding of the financial position of the company.

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(42) Schedule 12 was substituted by S.I. 1995/3248, reg. 20.

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- (2) The particulars referred to in sub-paragraph (1)(a) above are—
- (a) the nature of the charge, including a brief description of the terms which are relevant to securing the prior claim of any person to assets which are subject to the charge;
  - (b) for each line in Form 13, the amount included in respect of assets which are subject to the charge; and
  - (c) for each line in Form 14 or 15, the amount included in respect of liabilities which are secured by the charge.
- (3) Sub-paragraph (1)(a) and (c) above may be disregarded by a company in the case of—
- (a) one or more charges over assets which are attributable to either the long term or the general business assets and whose aggregate value (as shown on Form 13) does not exceed 2½ per cent. of the long term or general business amount, as the case may be; or
  - (b) one or more contingent liabilities whose aggregate value does not exceed 2½ per cent. of the long term or general business amount, as the case may be.
- (4) Sub-paragraph (1)(d) above may be disregarded by a company in respect of one or more guarantees, indemnities or contractual commitments where the aggregate of the maximum liabilities specified in such guarantees, indemnities or contractual commitments does not exceed 2½ per cent. of the long term or general business amount, as the case may be.
- (5) For the purposes of this paragraph, “charge” shall include any arrangement whatsoever, whether contractual or otherwise, which operates to secure the prior claim of any person over general creditors to any assets on a winding up of the company.

### **Reconciliation**

**14.**—(1) For a United Kingdom company an explanation shall be given by way of supplementary note to Form 10 reconciling—

- (a) line 99 of Form 13 (category of assets “1”) less line 59 of Form 15; and
- (b) the amount shown under balance sheet item A “capital and reserves” in the company’s accounts prepared pursuant to the shareholder accounts rules for the financial year in question.

(2) Where for a United Kingdom company there are no accounts pursuant to sub-paragraph 1(b) above (or the accounts have not yet been prepared), this shall be stated by way of supplementary note to Form 10.

### **Derivative contracts**

**15.** Any derivative contract entered into by the company—

- (a) the value of which is taken into account for the purposes of calculating benefits payable to policy holders under property linked contracts; or
- (b) in order to match its liabilities in respect of the payment of index linked benefits, shall be excluded from Form 17.

**16.** Where, in respect of any derivative contract included in Form 17, assets have been transferred to or for the benefit of a company by way of variation margin there shall be stated by way of supplementary note to Form 17—

- (a) the aggregate amount of any liability to repay such assets or equivalent assets;
- (b) for each line in Form 13, the amount included in respect of such assets; and
- (c) to what extent any amounts included in Form 13 have taken account of any requirement to repay such assets or equivalent assets.

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**17. If—**

- (a) the aggregate value of rights under contracts or in respect of assets, either of which have the effect of derivative contracts, exceeds 2½ per cent. of the aggregate value of assets shown at line 89 of Form 13; or
- (b) the aggregate amount of liabilities under contracts or in respect of assets, either of which have the effect of derivative contracts, exceeds 2½ per cent. of the aggregate of the amounts shown in lines 21 to 47 of Form 14 or lines 31 to 51 of Form 15, as appropriate,

the corresponding value, if not zero, shall be stated (by way of supplementary note to Form 17) for each line in Form 13, 14 or 15 and paragraph 16 above shall apply to the company as if such contracts or assets had been included in Form 17.

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Returns under Insurance Companies Legislation

Form 9

Statement of solvency

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

R9	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
						£000
			As at the end of this financial year	As at the end of the previous year	Source	
			1	2	Form	Line
						Column

GENERAL BUSINESS

Available assets

Other than long term business assets allocated towards general business required minimum margin	11				See instructions 1 and 2
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Required minimum margin

Required minimum margin for general business	12				12 . 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13				

LONG TERM BUSINESS

Available assets

Long term business admissible assets	21				10 . 11
Other than long term business assets allocated towards long term business required minimum margin	22				See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23				See instruction 4
Other insurance and non-insurance liabilities	24				See instruction 5
Available assets for long term business required minimum margin (21+22-23-24)	25				

Implicit items admitted under regulation 23(5) of the Insurance Companies Regulations 1994

Future profits	31				
Zilmerising	32				
Hidden reserves	33				

Total of available assets and implicit items (25+31+32+33)	34				
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Required minimum margin

Required minimum margin for long term business	41				60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42				
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43				
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44				

CONTINGENT LIABILITIES

Quantifiable contingent liabilities in respect of other than long term business as shown in a supplementary note to Form 15	51				See instruction 6
Quantifiable contingent liabilities in respect of long term business as shown in a supplementary note to Form 14	52				See instruction 6

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 9**

1. For a composite company, the whole Form shall be completed, with the sum of the entries at lines 11 and 22 being equal to the entry at Form 10 line 29.
2. For a company transacting only general business, only lines 11 to 13 and line 51 shall be completed, with the entry at line 11 being equal to the entry at Form 10 line 29.
3. For a company transacting only long term business, only lines 21 to 52 shall be completed, with the entry at line 22 being equal to the entry at Form 10 line 29.
4. The entry at line 23 shall be equal to the sum of lines 11 and 15 in Form 14 and the amount (if any) stated in a supplementary note to that Form in accordance with instruction 4 to that Form.
5. The entry at line 24 shall be equal to the total of lines 21 to 49 in Form 14 and the amount of any cash bonuses stated in a supplementary note to that Form in accordance with instruction 2 to that Form.
6. The entries at lines 51 and 52 shall not include provision for any liability to tax on capital gains referred to in paragraph 13(1)(b) of Schedule 1.

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Returns under Insurance Companies Legislation

Form 10

**Statement of net assets**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

	R10	Company registration number	GLUK/CM	Period ended			Units	£000	
				day	month	year			
				As at the end of this financial year 1	As at the end of the previous year 2	Source			
						Form	Line	Column	
Long term business - admissible assets	11					13	89	1	
Long term business - liabilities and margins	12					14	59	1	
Other than Long term business - admissible assets	21					13	89	1	
Other than Long term business - liabilities	22					15	69	1	
Net admissible assets (21-22)	23								
Other assets allowed to be taken into account in covering the required minimum margin				Unpaid amounts (including share premium) on partly paid shares	24				
				Supplementary contributions for a mutual carrying on general business	25				
Liabilities allowed to be left out of account in covering the required minimum margin				Subordinated loan capital	26				
				Cumulative preference share capital	27				
Available assets (23 to 27)	29								
<b>Represented by:</b>									
Paid up share capital (other than cumulative preference share capital)	51								
Amounts included in lines 24 to 27 above	52								
Amounts representing the balance of net assets	56								
Total (51 to 56) and equal to line 29 above	59								
<b>Movement of balance of net assets for solvency purposes - as per line 56</b>									
Balance brought forward at the beginning of the financial year	61					10	56	2	
Retained profit/(loss) for the financial year	62					16	59	1	
Movement in asset valuation differences	63					See instruction 2			
Decrease/(increase) in the provision for adverse changes	64					See instruction 3			
Other movements (particulars to be specified by way of supplementary note)	65								
Balance carried forward at the end of the financial year (61 to 65)	69								



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**Instructions for completion of Form 10**

1. Amounts included at lines 24 to 27 shall be as determined in accordance with regulation 23 of the Insurance Companies Regulations 1994 or as specifically allowed pursuant to an order issued under section 68 of the Insurance Companies Act 1982.
2. Line 63 shall be equal to lines 13.92.2 to 13.95.2 less lines 13.92.1 to lines 13.95.1 of the form for the Total other than long term business assets category.
3. Line 64 shall be Form 15.61.2 less 15.61.1.

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Returns under Insurance Companies Legislation

Form 11

**General business : Calculation of required margin of solvency - first method**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

			Company registration number	GL/UK/CM	Period ended			Units
			R11		day	month	year	£000
					This financial year		Previous year	
					1		2	
Gross premiums receivable			11					
Premium taxes and levies (included in line 11)			12					
<b>Sub-total A (11-12)</b>			13					
Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure			14					
Division of Sub-total A (or adjusted Sub-total A if appropriate)	Other than health insurance	Up to and including sterling equivalent of 10M ECU x 18/100	15					
		Excess (if any) over 10M ECU x 16/100	16					
	Health insurance	Up to and including sterling equivalent of 10M ECU x 6/100	17					
		Excess (if any) over 10M ECU x 16/300	18					
<b>Sub-total B (15+16+17+18)</b>			19					
Claims paid			21					
Claims outstanding carried forward at the end of the financial year	For business accounted for on an underwriting year basis		22					
	For business accounted for on an accident year basis		23					
Claims outstanding brought forward at the beginning of the financial year	For business accounted for on an underwriting year basis		24					
	For business accounted for on an accident year basis		25					
<b>Sub-total C (21+22+23-(24+25))</b>			29					
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			30					
<b>Sub-total D (29-30)</b>			39					
<b>First result</b> Sub-total B x Sub-total D (or, if ½ is a greater fraction, x ½) Sub-total C			41					

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Returns under Insurance Companies Legislation

Form 12

**General business : Calculation of required margin of solvency - second method, and statement of required minimum margin**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	£000
		R12					
		This financial year	Previous year	Source			
		1	2	Form	Line	Column	
Reference period (No. of financial years) Insert "0" if there is no reference period otherwise insert "3" or "7"		11					See instruction 1
Claims paid in reference period		21					
Claims outstanding carried forward at the end of the reference period	For business accounted for on an underwriting year basis	22					
	For business accounted for on an accident year basis	23					
Claims outstanding brought forward at the beginning of the reference period	For business accounted for on an underwriting year basis	24					
	For business accounted for on an accident year basis	25					
Sub-total E (21+22+23-(24+25))		29					
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)		31					
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M ECU x 26/100	32				
		Excess (if any) over 7M ECU x 23/100	33				
	Health insurance	Up to and including sterling equivalent of 7M ECU x 26/300	34				
		Excess (if any) over 7M ECU x 23/300	35				
Sub-total G (32 to 35)		39					
Second result Sub-total G x $\frac{\text{Sub-total D}}{\text{Sub-total C}}$ (or, if $\frac{1}{2}$ is a greater fraction, x $\frac{1}{2}$ )		41					
First result		42				11	41
Required margin of solvency (the higher of lines 41 and 42)		43					
Minimum guarantee fund		44					
Required minimum margin (the higher of lines 43 and 44)		49					

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instruction for completion of Form 12**

1. If the company has not been in existence long enough to acquire a reference period lines 21 to 41 shall be ignored.

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Returns under Insurance Companies Legislation

**Form 13  
(Sheet 1)**

**Analysis of admissible assets**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Category of assets

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
				day	month	year		
		R13					£000	
<b>Investments</b>						As at the end of this financial year 1	As at the end of the previous year 2	
Land and buildings						11		
Investments in group undertakings and participating interests	UK insurance dependants	Shares				21		
		Debt securities issued by, and loans to, dependants				22		
	Other insurance dependants	Shares				23		
		Debt securities issued by, and loans to, dependants				24		
	Non-insurance dependants	Shares				25		
		Debt securities issued by, and loans to, dependants				26		
	Other group undertakings and participating interests	Shares				27		
		Debt securities issued by, and loans to, group undertakings				28		
		Participating interests				29		
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest				30		
Total sheet 1 (11 to 30)						39		

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Returns under Insurance Companies Legislation

Form 13  
(Sheet 2)

Analysis of admissible assets

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Category of assets

Company registration number		GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
R13						£000	
<b>Investments (continued)</b>						As at the end of this financial year 1	As at the end of the previous year 2
<b>Deposits with ceding undertakings</b>							
<b>Assets held to cover linked liabilities</b>							
Other financial investments	Equity shares					41	
	Other shares and other variable yield securities					42	
	Holdings in collective investment schemes					43	
	Rights under derivative contracts					44	
	Debt securities and other fixed income securities	Fixed interest	Approved securities			45	
			Other			46	
		Variable interest	Approved securities			47	
			Other			48	
	Participation in investment pools					49	
	Loans secured by mortgages					50	
	Other loans	Loans to public or local authorities and nationalised industries or undertakings				51	
		Loans secured by policies of insurance issued by the company				52	
		Other				53	
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less				54	
		Withdrawal subject to a time restriction of more than one month				55	
	Other					56	
Deposits with ceding undertakings					57		
Assets held to match linked liabilities	Index linked				58		
	Property linked				59		
Reinsurers' share of technical provisions	Provision for unearned premiums				60		
	Claims outstanding				61		
	Provision for unexpired risks				62		
	Other				63		
Total sheet 2 (41 to 63)					69		

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Returns under Insurance Companies Legislation

**Form 13  
(Sheet 3)**

**Analysis of admissible assets**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Category of assets

Company registration number	GL/UK/CM	Period ended			Units	Category of assets
		day	month	year		
R13					£000	
<b>Debtors</b>					As at the end of this financial year	As at the end of the previous year
<b>Other assets</b>					<b>1</b>	<b>2</b>
Debtors arising out of direct insurance operations	Policyholders			71		
	Intermediaries			72		
Salvage and subrogation recoveries					73	
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74		
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75		
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76		
		Due more than 12 months after the end of the financial year		77		
	Other	Due in 12 months or less after the end of the financial year		78		
		Due more than 12 months after the end of the financial year		79		
Tangible assets					80	
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81		
	Cash in hand			82		
Other assets (particulars to be specified by way of supplementary note)					83	
Prepayments and accrued income	Accrued interest and rent			84		
	Deferred acquisition costs			85		
	Other prepayments and accrued income			86		
Deductions (under regulations 57(2)(b) and 57(3) of the Insurance Companies Regulations 1994) from the aggregate value of assets					87	
Total sheet 3 (71 to 86 less 87)					88	
Grand total of admissible assets (39+69+88)					89	

**Reconciliation to asset values determined in accordance with the shareholder accounts rules**

Total admissible assets (as per line 89 above)	91		
Total assets in excess of the admissibility limits of Schedule 12 of the Insurance Companies Regulations 1994, (as valued in accordance with those Regulations before applying admissibility limits)	92		
Solvency margin deduction for insurance dependants	93		
Other differences in the valuation of assets (other than for assets not valued above)	94		
Assets of a type not valued above, (as valued in accordance with the shareholder accounts rules)	95		
Total assets determined in accordance with the shareholder accounts rules (91 to 95)	99		

Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance	100		
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**Instructions for completion of Form 13**

1. Form 13 shall be completed for the total long term business assets of the company or branch and for each fund or group of funds for which separate assets are appropriated. The words "Total long term business assets" or the name of the fund shall be shown against the heading "Category of Assets". The corresponding code box shall contain "10" for the total assets and, in the case of separate funds, code numbers allocated sequentially beginning with code "11".
2. Form 13 shall be completed in respect of the total assets of the company or branch other than any long term business assets. The words "Total other than long term business assets" shall be shown against the heading "Category of Assets", and the corresponding code box shall contain "1"
3. (a) In the case of the United Kingdom branch return of an external company (other than a pure reinsurer) Form 13 shall be completed for the following categories of assets -

Category	Code
Assets deposited with the Accountant General	2
Assets maintained in the United Kingdom	3
Assets maintained in the United Kingdom and the other EEA States	4

- (b) In the case of an EEA branch return of a United Kingdom deposit company Form 13 shall be completed for the following categories of assets -

Category	Code
Assets deposited with the Accountant General	2
Assets maintained in the United Kingdom and the other EEA States	4
Assets maintained in the United Kingdom and the EEA States where business is carried on	5

4. In lines 11 to 86 -
  - (a) for the purpose of classifying (but not valuing) assets, headings and descriptions used above, wherever they also occur in the balance sheet format in Schedule 9A to the Companies Act 1985, shall have the same meaning as in that Schedule,
  - (b) assets shall be valued in accordance with regulation 4, and
  - (c) assets of any particular description shall be shown after deduction of assets of that description which (for any reason) fall to be left out of account under regulation 57(2)(a) of the Insurance Companies Regulations 1994.



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5. The aggregate value of those investments which are:
  - (i) unlisted investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with regulation 51 of the Insurance Companies Regulations 1994: or
  - (ii) listed investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with regulation 51 of the Insurance Companies Regulations 1994 and which are not ready realisable; or
  - (iii) units or other beneficial interests in collective investment schemes falling within paragraph (c) of regulation 52(1) of the Insurance Companies Regulations 1994; or
  - (iv) reversionary interests or remainders in property other than land or buildingsshall be stated by way of a supplementary note to this form, together with a description of such investments.
6. The aggregate value of those investments falling within lines 46 or 48 which are hybrid securities shall be stated by way of a supplementary note to this form.
7. Amounts in respect of salvage or subrogation included above other than at line 73 shall be stated by way of a supplementary note.
8. The entry at line 85 shall be equal to the sum of lines 22.29.3 and lines 25.24.99-99.
9. In line 93 "Solvency margin deduction for insurance dependants" refers to deductions under regulation 47(2)(c) and (d) of the Insurance Companies Regulations 1994.
10. In line 95 "Assets of a type not valued above" refers to assets left out of account under regulation 45(3) of the Insurance Companies Regulations 1994.

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Returns under Insurance Companies Legislation

Form 14

**Long term business liabilities and margins**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	£000
		R14					£000
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
				Form	Line	Column	
Ordinary Long Term Business (all funds)	Mathematical reserves, after distribution of surplus	11					See Instruction 1
	Balance of long term business funds	12					See Instruction 2
	Ordinary long term business funds (11+12)	13				40 . 59	
	Valuation deficiencies	14					See Instruction 3
Industrial Assurance Business	Mathematical reserves, after distribution of surplus	15					See Instruction 1
	Balance of long term business funds	16					See Instruction 2
	Industrial long term business funds (15+16)	17				40 . 59	
	Valuation deficiencies	18					See Instruction 3
Creditors and other liabilities	Deposits received from reinsurers	21					
	Arising out of insurance operations	Direct business	31				
		Reinsurance accepted	32				
		Reinsurance ceded	33				
	Debenture loans	Secured	34				
		Unsecured	35				
	Amounts owed to credit institutions	41					
	Taxation	42					
	Accruals and deferred income	44					
Other creditors	47						
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)	49						
Excess of the value of admissible assets representing the long term business funds over the amounts of those funds	51						See Instruction 4
Total (13+14+17 to 51)	59						
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61						
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62						

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**Instructions for completion of Form 14**

1. The entries at 14.11 and 14.15 shall equal the sum of lines 21, 43, 44, and 45 of the appropriate Form 58.
2. The amount of any cash bonuses included in 58.42 but which had not been paid to policyholders by the end of the financial year in question and the entry at 58.49 shall each be included at 14.12 or 14.16, as appropriate. The first mentioned item shall be stated in a supplementary note.
3. Where the entry at line 21 of the appropriate Form 58 exceeds the entry at line 16 of that Form, the difference shall be included at 14.14 or 14.18 as appropriate.
4. The value of admissible assets representing the long term business funds is determined by deducting from the total value of the admissible assets an amount equal to the liabilities itemised in lines 21 to 49. The amount of any additional mathematical reserves included in line 51 which have been taken into account in the actuary's certificate because either of the amounts of the mathematical reserves shown at lines 11 or 15 was not calculated in all respects in relation to assets valued in accordance with Part VIII of the Insurance Companies Regulations 1994, as shown in Form 13, shall be stated in a supplementary note.

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Returns under Insurance Companies Legislation

Form 15

**Liabilities (other than long term business)**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

		Company registration number	GL/UK/CM	Period ended			Units	
		R15		day	month	year	£000	
				As at the end of this financial year		As at the end of the previous year		
				1	2			
Technical provisions (gross amount)	Provision for unearned premiums			11				
	Claims outstanding			12				
	Provision for unexpired risks			13				
	Equalisation provisions	Credit business			14			
		Other than credit business			15			
	Other			16				
Total (11 to 16)				19				
Provisions for other risks and charges	Taxation			21				
	Other			22				
Deposits received from reinsurers				31				
Creditors	Arising out of insurance operations	Direct business			41			
		Reinsurance accepted			42			
		Reinsurance ceded			43			
	Debenture loans	Secured			44			
		Unsecured			45			
	Amounts owed to credit institutions				46			
	Other creditors	Taxation			47			
		Recommended dividend			48			
Other				49				
Accruals and deferred income				51				
Total (19 to 51)				59				
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)				61				
Cumulative preference share capital				62				
Subordinated loan capital				63				
Total (59 to 63)				69				
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance				71				

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**Instruction for completion of Form 15**

1. Amounts in lines 11 to 13 and 16 shall be stated gross of reinsurers' share.
2. The aggregate amount of any accrued dividend in respect of cumulative preference shares issued by the company shall be shown by way of a supplementary note to this form.
3. Only equalisation provisions that are created as a result of a statutory requirement are to be included at lines 14 and 15

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Returns under Insurance Companies Legislation

Form 16

**Profit and loss account (non-technical account)**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

		Company registration number	GL/UK/CM	Period ended			Units
		R16		day	month	year	£000
				This financial year		Previous year	Source
				1	2		Form . Line . Column
Transfer (to)/from the general business technical account	From Form 20	11				20	. 59
	Equalisation provisions	12					
Transfer from the long term business revenue account		13				40	. 26
Investment income	Income	14					
	Value re-adjustments on investments	15					
	Gains on the realisation of investments	16					
Investment charges	Investment management charges, including interest	17					
	Value re-adjustments on investments	18					
	Loss on the realisation of investments	19					
Allocated investment return transferred to the general business technical account		20				20	. 51
Other income and charges (particulars to be specified by way of supplementary note)		21					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29					
Tax on profit or loss on ordinary activities		31					
Profit or loss on ordinary activities after tax (29-31)		39					
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41					
Tax on extraordinary profit or loss		42					
Other taxes not shown under the preceding items		43					
Profit or loss for the financial year (39+41-(42+43))		49					
Dividends (paid and proposed)		51					
Profit or loss retained for the financial year (49-51)		59					

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Returns under Insurance Companies Legislation

Form 17

**Analysis of derivative contracts**

Name of company

Global business/UK branch business/EEA branch business

Business : Long term/Other than long term

Financial year ended

Category of assets

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
				day	month	year		
		R17					£000	
Derivative contracts		As at the end of this financial year		As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4			
Futures contracts	Fixed-interest securities	11						
	Equity shares	12						
	Land	13						
	Currencies	14						
	Other	15						
Options	Fixed-interest securities	21						
	Equity shares	22						
	Land	23						
	Currencies	24						
	Other	25						
Contracts for differences	Fixed-interest securities	31						
	Equity shares	32						
	Land	33						
	Currencies	34						
	Other	35						
Adjustments for variation margin		41						
Total (11 to 41)		49						

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**Instructions for completion of Form 17**

1. Form 17 shall be completed in respect of the total general business assets and in respect of the total long term business assets, if any, of the company or branch. Form 17 shall also be completed for each fund or group of funds referred to in instruction 1 to Form 13.
2. The codes specified in instructions 1 to 3 to Form 13 shall be used as appropriate.
3. Derivative contracts shall be analysed according to the description of assets shown in the second column of Form 17 which represents the principal subject of the contract.
4. Derivative contracts shall be reported as assets in column 1 of Form 17 if their value to the company (gross of variation margin) is positive and as liabilities in column 2 of Form 17 if their value (gross of variation margin) to the company is negative.
5. All amounts included at lines 11 to 35 of Form 17 in respect of derivative contracts shall be determined without making any allowance for variation margin.
6. Amounts in respect of a derivative contract may only be included net of amounts in respect of any other derivative contract if -
  - (a) obligations of the company under the contracts may be set off against each other under generally accepted accounting practice; and
  - (b) such other contract has the effect (in whole or in part) of closing out the obligations of the company under the first mentioned contract.
7. The effect of any variation margin upon amounts included at lines 11 to 35 of Form 17 shall be shown at line 41.
8. The entry at 17.49.1 shall be included at 13.44.1.
9. The entry at 17.49.2 shall be included at 14.47.1 or 15.49.1, as appropriate.
10. Rights to recover assets transferred by way of initial margin shall not be shown on Form 17.



## SCHEDULE 2

Regulations 8 to 16

### GENERAL BUSINESS: REVENUE ACCOUNT AND ADDITIONAL INFORMATION

(Forms 20 to 39)

1. All the Forms included in the part of the return to which this Schedule relates (Forms 20 to 39) are to be laid out as shown in this Schedule, except that the instructions to Forms need not be reproduced.

2. The provisions of paragraph 1(2) and paragraphs 2 to 7 of Schedule 1 above shall, unless otherwise provided, also apply for the purposes of this Schedule.

#### Currency

3.—(1) Notwithstanding the provisions of paragraph 2 above, amounts on Forms 26 to 29 submitted in accordance with regulation 11 above and on Forms 31, 32 and 34 submitted in accordance with regulation 13 above in respect of business carried on in any country other than the United Kingdom shall be shown in the currency of the country concerned, except that figures shall be shown in sterling in those columns and lines which the Forms indicate are always to contain figures expressed in sterling.

(2) For every currency other than sterling in which amounts are shown on the Forms referred to in sub-paragraph (1) above an entry shall be made on Form 36 to show the rate used to convert those amounts to sterling for inclusion elsewhere in the returns.

(3) Notwithstanding the provisions of paragraph 2 above, all amounts included in—

- (a) columns 1, 2, 3 and 11 of all Forms 23, 26 and 27;
- (b) columns 3 and 10 of any Form 31 or 32 prepared in respect of United Kingdom or home foreign business,
- (c) columns 1 and 8 of any Form 34 prepared in respect of United Kingdom or home foreign business; or

shall be expressed in sterling as if conversion of every major currency had taken place at the closing middle rate on the last day for which the appropriate rate is available in the financial year in question.

(4) For the purposes of sub-paragraph (3) above, a major currency is—

- (a) in the case of any business carried on in any overseas country, the currency of that country;
- (b) in the case of any other business, United States dollars, Canadian dollars and any other currency which the company elects to treat as a major currency.

(5) A company need not apply sub-paragraph (3) above to amounts shown in any line of any of the Forms mentioned in that sub-paragraph representing an accident year or underwriting year ending before 23rd December 1996.

4. All amounts shown in sterling shall be shown to the nearer £1,000. Amounts in any other currency on Forms 26 to 29, 31, 32 and 34 shall be shown to the nearer 1,000 principal monetary units of that currency except that, where the rate of exchange of the currency in relation to sterling on the last day of the financial year in question exceeded 1,000 principal monetary units of that currency, the amounts shall be shown to the nearer 1,000,000 principal monetary units and the fact that this has been done shall be indicated by inserting “000,000” in the box labelled “Monetary units”. In other cases, this box shall be completed by inserting “000”.

5.—(1) Where premiums are written by a company or claims are incurred by it under a reinsurance treaty—

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- (a) notwithstanding paragraphs 2 to 4 above, amounts shown on Forms 26 to 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 written, or of claims incurred by the company or outstanding from the company, in any one currency other than sterling, United States dollars or Canadian dollars exceeds 10 per cent. of such premiums or claims under all such treaties, Forms 26 to 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 by way of supplementary note to the Forms shall be given of the method by which the said average has been determined and of any change from the manner in which Forms 26 to 29 were prepared in respect of the preceding financial year.

### **Accounting classes**

**6.—**(1) Direct insurance and facultative reinsurance business shall be included in the return in accordance with the accounting classes, save that—

- (a) where a company only undertakes business in accounting class 4 in respect of risks relating to hovercraft, it may include such business in accounting class 3 if it also undertakes business in that class;
- (b) a company may include in accounting class 5 business covering liability for loss of, or damage to, goods in transit which would otherwise be included in accounting class 2, provided that the policy does not cover damage to vehicles except as a related and subsidiary provision within the meaning of section 1(2) and (4) of the Act; and
- (c) a company may include in accounting class 1 business falling within general business class 1(p).

(2) Non-proportional treaty reinsurance business shall be included in accounting class 9 and proportional treaty reinsurance shall be included in accounting class 10 save that—

- (a) a company may include in accounting class 11 treaty business falling within general business classes 1(p), 5, 6, 7, 11 and 12; and
- (b) a company shall include in accounting class 9 proportional retrocessions of non-proportional treaty reinsurance business.

**7.** Where a company includes business in another accounting class under sub-paragraph (1) or (2)(a) of paragraph 6 above, the following information shall be stated by way of a supplementary note to Form 20—

- (a) the nature of any business included in another accounting class pursuant to the sub-paragraph in question; and
- (b) the reason for such inclusion.

**8.** Boxes marked “Accounting class” shall be completed so as to show the number of the accounting class. “99” shall be shown in the case of the summary account in Form 20.

### **Premiums**

**9.** In Forms 23, 26, 27, 31 and 32—

- (a) gross premiums earned in respect of an accident year shall be such proportion of gross premiums written as is attributable to risks borne by the company during that accident year; and

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- (b) the reinsurers' share of premiums earned shall be attributed to the same accident years as the corresponding gross premiums earned, so as to calculate the net earned premium for each accident year.

**10.** In Forms 24, 25, 28, 29 and 34—

- (a) gross premiums written in an underwriting year shall be the amount of such premiums arising in respect of contracts of insurance incepting during that underwriting year, whether or not they are received during that underwriting year; and
- (b) the reinsurers' share of premiums written shall be attributed to the same underwriting years as the corresponding gross premiums written.

**11.** For the purposes of paragraphs 10 and 14 of this Schedule, where a company has acquired policies under a transfer approved by the Secretary of State under Schedule 2C to the Act<sup>(43)</sup>, the policies transferred to the company shall be taken to have incepted on the date of such transfer.

**12.** In all Forms to which this Schedule relates, amounts required to be shown in respect of premiums shall be shown before deduction for commissions.

### **Claims**

**13.**—(1) In Forms 23, 26, 27, 31 and 32, where an amount or number is required to be shown for claims in respect of an accident year, that amount or number shall be determined on the basis of claims arising from incidents occurring during that accident year.

(2) For the purposes of sub-paragraph (1) above, an incident giving rise to a claim under a claims-made policy shall be deemed to occur on the earlier of—

- (a) the date on which it is notified in accordance with the terms of that policy; or
- (b) the date on which the period for which cover is provided under that policy expires.

(3) For the purposes of sub-paragraph (1) above, where a company has assumed, pursuant to a contract, responsibility (whether wholly or in part) for the payment or reimbursement of claims made under policies effected by another insurance company, all incidents occurring prior to the date of such contract and giving rise to claims under those policies shall be deemed have occurred on the date of such contract.

(4) In the application of sub-paragraph (3) above, the reference to responsibility assumed by a company shall include responsibility assumed as a reinsurer or under a transfer approved by the Secretary of State under Schedule 2C to the Act; and in the case of such a transfer the date of the contract shall be taken to be the date of the transfer.

**14.** In Forms 24, 25, 28, 29 and 34, where an amount is required to be shown for claims in respect of an underwriting year, that amount shall be determined on the basis of claims arising under contracts of insurance incepting during that underwriting year.

**15.** In all Forms to which this Schedule relates, amounts required to be shown for claims shall not include amounts in respect of claims management costs.

### **UK and overseas business**

**16.**—(1) For each accounting class there shall be stated separately for business accounted for on an accident year basis and on an underwriting year basis the following by way of supplementary note to Form 20—

- (a) the total gross premium written and the amounts attributable to UK and to overseas business; and

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(43) Schedule 2C was inserted by S.I. 1994/1696, reg. 28 and amended by S.I. 1994/3132, reg. 7.

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(b) the reinsurers' amount in respect of each of the amounts required to be stated under sub-paragraph (a) above.

(2) For the purposes of this Schedule gross premiums written shall be shown or included as UK premiums if, in the case of direct insurance or inwards facultative reinsurance, the contract of insurance was made in the United Kingdom or if, in the case of a reinsurance treaty, the cedant was a company having its head office in the United Kingdom or was a member of Lloyd's; and "overseas premiums" shall be construed accordingly.

### **Transfers of general business**

**17.**—(1) If, during the financial year, policies already effected by another insurance company have been transferred to the company, it shall state, in respect of each accounting class, the following by way of supplementary note to Form 23 and 24—

- (a) the date of the transfer;
- (b) whether the transfer was approved by the Secretary of State under Part II of Schedule 2C to the Act or was effected by novation;
- (c) any amounts included in premiums and claims in respect of consideration for the transfer;
- (d) amounts required to be stated under sub-paragraph (c) above analysed by risk group and business category;
- (e) the earliest and latest dates upon which the relevant policies incept; and
- (f) whether or not any of the policies has a duration of longer than 12 months and, if so, the date by which all policies will have expired.

(2) Sub-paragraph (1) above shall not apply in respect of any transfer by way of novation unless the amounts mentioned in sub-paragraph (1)(c) exceed in aggregate 2½ per cent. of the company's gross premium income for the financial year in question.

### **Unearned premiums**

**18.** In Forms 21 and 25, the basis on which unearned premiums are calculated and the reason for adopting this basis shall be stated by way of supplementary note.

### **Provision for unexpired risks**

**19.**—(1) The amount included for the provision for unexpired risks in any Form 22 or 25 prepared in respect of an accounting class or business category shall be determined without taking into account any surplus expected to arise on the unexpired risks falling within other accounting classes or business categories.

(2) Where in determining the amount of the overall provision for unexpired risks (line 13 in Form 15 less line 62 in Form 13) credit has been taken for any aggregate surplus expected to arise on the unexpired risks falling in any accounting class, the amount of that credit shall be included as a negative amount at line 19 of Form 22 for that accounting class.

**20.**—(1) Where the amount included at column 3 line 19 (provision for unexpired risks) in any Form 22 has been determined after taking into account expected investment return, the following shall be stated by way of supplementary note—

- (a) the provision for unexpired risks before taking such investment return into account;
- (b) the rates of investment return assumed; and
- (c) the average interval between the end of the financial year in question and the date at which claims are expected to be settled in cash.

### **Cessation of business**

**21.**—(1) If the company has effected no new contracts of insurance of any one or more classes of general business during the financial year, the date on which the last new contract of each such class was effected shall be stated by way of supplementary note to Form 20.

(2) For the purposes of this paragraph and paragraph 22 below, a “new contract of insurance” is any contract of insurance effected by the company other than in fulfilment of its obligations under subsisting contracts of insurance.

### **Claims management costs**

**22.**—(1) In Forms 22 and 24, the basis used for the determination of amounts for claims management costs payable in the financial year in question and carried forward to the following financial year shall be stated by way of supplementary note.

(2) If, in respect of any accounting class—

- (a) no amount for claims management costs is shown as being carried forward to the following financial year; and
- (b) an amount for net claims is shown as being carried forward to that year,

the reason for anticipating that there will be no claims management costs incurred during the following financial years shall be included in the note required by sub-paragraph (1) above.

(3) If, within an accounting class, a company has ceased to effect new contracts of insurance during the financial year in question, the basis upon which any additional costs arising as a result of such cessation have been determined or the reason for anticipating that no such additional costs shall be incurred shall be included in the note required by sub-paragraph (1) above.

(4) Where the amount in respect of claims management costs carried forward included in any Form 22 or 24 has been determined after taking into account expected investment return, there shall be stated by way of supplementary note to that Form 22 or 24—

- (a) the rates of investment return assumed; and
- (b) the average interval between the end of the financial year in question and the date by which the claims management costs are expected to be expended.

### **Acquisition costs**

**23.** The basis used for the determination of amounts for acquisition costs (other than commission) payable in the financial year in question and carried forward to the next financial year, as shown at line 22 of Form 22 and line 42 of Form 24, shall be stated by way of a supplementary note to those Forms.

### **Underwriting year accounting**

**24.**—(1) With reference to the financial year in question and in respect of each accounting class, the following information shall be stated by way of supplementary note to Form 24—

- (a) the reason for accounting for such business on an underwriting year basis;
- (b) the basis for distinguishing between such business and any other business falling within the same accounting class accounted for on an accident year basis;
- (c) the accounting policy adopted for determining the provision for claims outstanding; and
- (d) if the information provided in sub-paragraphs (a) to (c) above differs in respect of risks incepted in the financial year in question from risks of a similar description incepted in previous financial years, the reason for that difference.

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(2) Where the provision for claims outstanding is set in respect of any business using the non-annual method, the note required by sub-paragraph (1)(a) above shall include the following information—

- (a) the reason for using the non-annual method;
  - (b) the basis for distinguishing between such business and other business accounted for on an underwriting year basis falling within the same accounting class;
  - (c) the normal period for which an underwriting year is left open or, if that period differs for different types of business within an accounting class—
    - (i) the basis for distinguishing between the types of business; and
    - (ii) the normal period for each type; and
  - (d) where an underwriting year is left open for longer than the normal period, the reason for not closing the year.
- (3) For the purposes of this Schedule—
- (a) “non-annual method” refers to the method described by paragraph 52 of the shareholder accounts rules; and
  - (b) “closed year” refers to a year in respect of which the provision for claims outstanding previously set under the non-annual method has been replaced in accordance with the requirements of paragraph 52(4) of the shareholder accounts rules, and “year left open” and “closing a year” shall be construed accordingly.

### **Business managed together**

- 25.**—(1) For the purposes of Forms 25 and 29, risks may be regarded as managed together if—
- (a) they incept in the same financial year and are accounted for using the non-annual method; and
  - (b) they may be treated as managed together under generally accepted accounting practice.
- (2) Where any amount is shown on Form 25 or 29 for the transfer of anticipated surplus, the following shall be stated by way of supplementary note to that Form—
- (a) a description of the business in respect of which the anticipated surplus arises and of the business in respect of which the deficit to be offset arises (including in the case of Form 25 the risk groups or business categories into which such business falls); and
  - (b) the reason for treating the business as managed together.

### **Application of accounting practice**

**26.**—(1) Amounts in respect of inwards and outwards contracts of insurance shall be classified for inclusion in Forms 20 to 39 according to their economic substance in accordance with generally accepted accounting practice.

(2) Where amounts in respect of an inwards or outwards contract of insurance have been excluded from the revenue account, the following shall be shown by way of supplementary note to Form 20—

- (a) a description of the terms of that contract;
- (b) a description of the accounting treatment adopted and an explanation for adopting that treatment;
- (c) a statement of the amounts paid and received during the financial year under that contract; and
- (d) a statement of the amounts in respect of that contract included in each Form prepared under this Schedule or Schedule 1 above.

(3) A company may elect to show the information required by sub-paragraph (1) above in respect of groups of contracts which were effected in the same financial year with substantially the same contract terms and in respect of which the same accounting treatment has been adopted.

### **Discounting**

**27.**—(1) Sheet 2 of Form 30 need only be completed if the provision for claims outstanding being discounted (before deduction for discounting) exceeds 25 per cent. of the total provision for claims outstanding (before deduction for discounting).

(2) Where in accordance with sub-paragraph (1) above no Sheet 2 is prepared—

- (a) lines 21 and 29 of Sheet 1 need not be completed; and
- (b) lines 11 to 20 need only be completed in respect of those currencies for which the provision for claims outstanding being discounted (before deduction for discounting) exceeds 25 per cent. of the total provision for that currency for claims outstanding (before deduction for discounting).

(3) For the purposes of Form 30 a major currency is a currency in respect of which the provision for claims outstanding (before deduction for discounting) is not less than 10 per cent. of the total provision for claims outstanding (before deduction for discounting).

(4) In Form 30 the value of an asset or liability which would be treated as an asset or liability in a particular currency for the purposes of regulation 27 of the Insurance Companies Regulations (disregarding regulation 32(1)) shall be shown in that currency.

(5) The following shall be stated by way of supplementary note to Form 30—

- (a) the risk groups and business categories where adjustments for discounting have been made; and
- (b) in respect of each such risk group or business category—
  - (i) the methods used in calculating the deduction for discounting;
  - (ii) the rate of interest used for the calculation of present values;
  - (iii) the expected average interval between the date for settlement of claims being discounted and the end of the financial year in question; and
  - (iv) the criteria adopted for estimating the period that will elapse before claims are settled.

### **Reinsurance**

**28.**—(1) Where the reinsurers' share of claims incurred (as stated in Form 22 or 25) includes amounts expected to be recovered from reinsurers more than twelve months after the payment of the underlying gross claims by the company, the following shall be stated by way of supplementary note to Form 22 or 25 (as appropriate)—

- (a) the amount of such recoveries; and
- (b) the accounting treatment which has been adopted in respect of discounting such recoveries.

### **Risk groups**

**29.**—(1) Subject to sub-paragraph (2) below, the name given in Forms 31, 32 and 34 to a risk group shall include a description of the risks within an accounting class included in that risk group.

(2) Where the name required by sub-paragraph (1) above is not sufficient to identify the nature of the objects exposed to such risks and the nature of the cover provided against such risks, such information shall be stated by way of supplementary note.

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(3) Subject to sub-paragraph (1) above, the name given to a risk group shall remain the same when that risk group is reported in subsequent financial years.

**Continuation sheets**

**30.** Continuation sheets to Forms 31 and 34 need only be prepared in respect of accounting class 7.



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Returns under Insurance Companies Legislation

Form 20

General business : Technical account (excluding equalisation provisions)

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/summary
				day	month	year		
R20							£000	
Items to be shown net of reinsurance		This financial year	Previous year	Source				
				Form	Line	Column		
		1	2					
This year's underwriting (accident year accounting)	Earned premium	11		21	19	5		
	Claims incurred	12		22	17	4		
	Claims management costs	13		22	18	4		
	Adjustment for discounting	14		22	52	4		
	Increase in provision for unexpired risks	15		22	19	4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16						
	Net operating expenses	17		22	42	4		
	Balance of year's underwriting (11-12-13+14-15+16-17)	19						
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21		21	11	5		
	Claims incurred	22		22	13	4		
	Claims management costs	23		22	14	4		
	Adjustment for discounting	24		22	51	4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	25						
	Net operating expenses	26		22	41	4		
	Balance (21-22-23+24+25-26)	29						
Balance from underwriting year accounting	39			24	69	99-99		
Balance of all years' underwriting (19+29+39)	49							
Allocated investment return	51							
Transfer to non-technical account (49+51)	59							

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Returns under Insurance Companies Legislation

Form 21

**General business (accident year accounting) : Analysis of premiums**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Accounting class

		Company registration number	GLUK/CM	Period ended			Units	Accounting class
				day	month	year	£000	
<b>Premiums receivable during the financial year</b>		Gross premiums written		Reinsurers' share		Net of reinsurance		
		Earned in previous financial years		Earned in previous financial years		Earned in previous financial years		
		1		3		5		
In respect of risks incepted in previous financial years		11						
		Earned in this financial year	Unearned at end of this financial year	Earned in this financial year	Unearned at end of this financial year	Earned in this financial year	Unearned at end of this financial year	
		1	2	3	4	5	6	
In respect of risks incepted in previous financial years		12						
In respect of risks incepted in this financial year	For periods of less than 12 months	13						
	For periods of 12 months	14						
	For periods of more than 12 months	15						
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16						
Total (12 to 16)		19						

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Returns under Insurance Companies Legislation

Form 22

**General business (accident year accounting) : Analysis of claims, expenses and technical provisions**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Accounting class

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class
		R22		day	month	year	£000	
		1	2	3	4			
		Amount brought forward from previous financial year	Amount payable/receivable in this financial year	Amount carried forward to next financial year	Amount attributable to this financial year			
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11						
	Reinsurers' share	12						
	Net (11-12)	13						
	Claims management costs	14						
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15						
	Reinsurers' share	16						
	Net (15-16)	17						
	Claims management costs	18						
Provision for unexpired risks		19						
Net operating expenses	Commissions	21						
	Other acquisition expenses	22						
	Administrative expenses	23						
	Reinsurance commissions and profit participations	24						
	Total (21+22+23-24)	29						
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31						
	Reinsurers' share	32						
	Claims management costs	33						
	Total (31-32+33)	39						
Split of line 29	Prior financial years	41						
	This financial year	42						
Split of line 39	Incidents occurring prior to this financial year	51						
	Incidents occurring in this financial year	52						

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**Instructions for completion of Form 22**

1. Amounts included at lines 11 to 18 are to be shown undiscounted and related adjustments for discounting are to be shown at lines 31 to 39.
2. The values in column 4 are calculated as follows:
  - for lines 11 to 18 values in columns 2+3-1;
  - for lines 21 to 29 and lines 41 to 42 values in columns 1+2-3;
  - for line 19, lines 31 to 39 and lines 51 to 52 values in columns 3-1.
3. Amounts shown at lines 11 to 13, lines 15 to 17 and lines 31 and 32 shall exclude amounts in respect of claims management costs.

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Returns under Insurance Companies Legislation

Form 23

**General business (accident year accounting) : Analysis of net claims and premiums**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Accounting class

Accident year ended		Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Balance on each accident year (4+5-6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration (surplus) of original reserve %	Claims ratio %
						Reported (net)	Inrouned but not reported (net)	Reported (net)	Inrouned but not reported (net)					
Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	13
	11													
	12													
	13													
	14													
	15													
	16													
	17													
	18													
	19													
	20													
Prior accident years		21												
Reconciliation		22												
Total (11 to 22)		29												

95

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 23**

1. All figures are to be shown net of the reinsurers' share.
2. The accident years shown at lines 11 to 20 shall correspond to this financial year and the nine previous financial years respectively.
3. Columns 1 to 9 are to be shown before deduction for discounting.
4. All amounts shown shall exclude claims management costs.
5. The percentage shown at column 12 shall be the ratio of the columns 3+4+5+6-2 to column 2.
6. The percentage shown at column 13 shall be the ratio of columns 1+3+4+5+6 to column 11.
7.  $23.29.5 + 23.29.6 = 22.13.3 + 22.17.3$ ;  $23.29.7 + 23.29.8 = 22.13.1$ ;  
 $23.29.10 = 22.31.3 - 22.32.3$ ; and  $23.29.4 = 22.13.2 + 22.17.2$ .
8. Line 20 need not be completed when this Form is submitted in respect of the first financial year ended after 23 December 1996.
9. Columns 1, 11 and 13 need not be completed in respect of accident years ended before 23 December 1994.
10. The percentages shown at columns 12 and 13 are to be expressed as percentages to one place of decimals.
11. Business reported on any Form 33 may be reported on this form at line 22 and not lines 11 to 21.

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Returns under Insurance Companies Legislation

Form 24

**General business (underwriting year accounting) : Analysis of premiums, claims and expenses**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Accounting class

Company registration number    GL/UK/CM    Period ended day month year    Units    Accounting class

Underwriting year ended		Prior underwriting years		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		Total all previous columns	
		29	28																																			99	99		
Premiums written	Gross amount	11																																							
	Reinsurers' share	12																																							
	Net (11-12)	19																																							
Claims paid	Gross amount	21																																							
	Reinsurers' share	22																																							
	Net (21-22)	29																																							
Claims management costs		39																																							
Net operating expenses	Commissions	41																																							
	Other acquisition expenses	42																																							
	Administrative expenses	43																																							
	Reinsurers' commissions and profit participations	44																																							
	Payable net (41+42+43-44)	49																																							
Technical provisions	Brought forward	51																																							
	Undiscounted	52																																							
	Adjustment for discounting	53																																							
	Carried forward	54																																							
Increase (decrease) in the financial year (53-54-51+52)		59																																							
Balance on each underwriting year (19-29-39-49-59)		69																																							

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**Instructions for completion of Form 24**

1. The underwriting years shown between the columns headed "29 29" and "99 99" shall correspond (in reverse order) to this financial year and the previous nine financial years respectively.
2. Amounts shown in lines 21 to 29 shall exclude claims management costs.
3. For accounting classes 1 to 8 and 10 amounts in respect of underwriting years ended before 23 December 1993 may be included in the prior underwriting years column.
4. The amounts shown at lines 51 to 54 shall exclude equalisation provisions.



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Returns under Insurance Companies Legislation

Form 25

**General business (underwriting year accounting) : Analysis of technical provisions**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Accounting class

Company registration number      GL/UK/CM      Period ended      Units      Accounting class

R25      £000

Underwriting year ended	Prior underwriting years	MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		Total all previous columns			
		29	29																										
Reported claims outstanding	Gross amount	11																											
	Reinsurers' share	12																											
Claims incurred but not reported	Gross amount	13																											
	Reinsurers' share	14																											
Claims management costs		15																											
Adjustment for discounting	Gross amount	16																											
	Reinsurers' share	17																											
	Claims management costs	18																											
Allocation to/(from) another accounting class of anticipated surplus		19																											
Balance of the fund		20																											
Claims outstanding (11-12+13-14+15-16+17-18+19+20)		21																											
Provision for unearned premiums		22																											
Provision for unexpired risks		23																											
Deferred acquisition costs		24																											
Other technical provisions (particulars to be specified by way of supplementary note)		25																											
Total (21+22+23-24+25)		29																											

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**Instructions for completion of Form 25**

1. The underwriting years shown between the columns headed "29 29" and "99 99" shall correspond (in reverse order) to this financial year and the previous nine financial years.
2. Lines 11 to 15, 19 to 21 and 29 shall be completed for open years and lines 11 to 18 and 21 to 29 for closed years.
3. Line 29 shall equal line 53 less 54 on Form 24.
4. Lines 11 to 15 are to be shown before adjustment for discounting.
5. Lines 11 to 14, 16 and 17 shall exclude claims management costs.
6. For accounting classes 1 to 8 and 10 amounts in respect of financial years ended before 23 December 1993 may be included in the prior underwriting years column.
7. Amounts may only be included at line 19 in so far as they arise from the offset of anticipated surpluses and deficits on business managed together (as defined by paragraph 25 of Schedule 2).

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Returns under Insurance Companies Legislation

Form 26

General business (accident year accounting) : Analysis of net claims and premiums by category for treaty reinsurance

Name of company Accounting class  
 Global business/UK branch business/EEA branch business Currency  
 Financial year ended  
 Category

Accident year ended		Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original reserve %	Claims ratio %
						Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)					
Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	13
	11													
	12													
	13													
	14													
	15													
	16													
	17													
	18													
	19													
	20													
Prior accident years														
Reconciliation														
Total (11 to 22)														

Returns under Insurance Companies Legislation

Form 26  
(continuation sheet)

General business (accident year accounting) : Analysis of net claims and premiums by category for treaty reinsurance

Name of company Accounting class  
 Global business/UK branch business/EEA branch business Currency  
 Financial year ended  
 Category

Accident year ended		Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original reserve %	Claims ratio %
						Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)					
Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	13

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 26**

1. All figures are to be shown net of the reinsurers' share.
2. The accident years shown at lines 11 to 20 shall correspond to this financial year and the nine previous financial years respectively.
3. Columns 1 to 9 are to be shown before deduction for discounting.
4. All amounts shown shall exclude claims management costs.
5. The percentage shown at column 12 shall be the ratio of the columns 3+4+5+6-2 to column 2.
6. The percentage shown at column 13 shall be the ratio of columns 1+3+4+5+6 to column 11.
7. The aggregate of the sterling equivalent of an entry on Form 26 for all business categories within an accounting class shall equal the corresponding entry on Form 23 for that accounting class.
8. The percentages shown at columns 12 and 13 are to be expressed as percentages to one place of decimals.
9. The amounts shown in line 21 shall be analysed on continuation sheets by accident year.
10. The box marked "Business category" shall be completed by inserting one of the letters "a" to "h" according to which of the sub-paragraphs of regulation 10(1) describes the business category to which the form relates.

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Returns under Insurance Companies Legislation

Form 27

General business (accident year accounting) : Analysis of gross claims and premiums by category for treaty reinsurance

Name of company

Accounting class

Global business/UK branch business/EEA branch business

Currency

Financial year ended

Category

Accident year ended		R27												
		Company registration number	GLUKICM	Period ended			Monetary units	Business category	Accounting class	Currency				
		day	month	year	Claims outstanding carried forward		Claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (gross)	Earned premiums (gross)	Deterioration/ (surplus) of original reserve %	Claims ratio %	
Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	13
	11													
	12													
	13													
	14													
	15													
	16													
	17													
	18													
	19													
	20													
Prior accident years		21												
Reconciliation		22												
Total (11 to 22)		29												

65

Returns under Insurance Companies Legislation

Form 27 (continuation sheet)

General business (accident year accounting) : Analysis of gross claims and premiums by category for treaty reinsurance

Name of company

Accounting class

Global business/UK branch business/EEA branch business

Currency

Financial year ended

Category

Accident year ended		R27												
		Company registration number	GLUKICM	Period ended			Monetary units	Business category	Accounting class	Currency				
		day	month	year	Claims outstanding carried forward		Claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (gross)	Earned premiums (gross)	Deterioration/ (surplus) of original reserve %	Claims ratio %	
Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	13

66

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 27**

1. All figures are to be shown gross of the reinsurers' share.
2. The accident years shown at lines 11 to 20 shall correspond to this financial year and the nine previous financial years respectively.
3. Columns 1 to 9 are to be shown before deduction for discounting.
4. All amounts shown shall exclude claims management costs.
5. The percentage shown at column 12 shall be the ratio of the columns 3+4+5+6-2 to column 2.
6. The percentage shown at column 13 shall be the ratio of columns 1+3+4+5+6 to column 11.
7.  $27.29.5+27.29.6 = 22.11.3+22.15.3$ ;  $27.29.7+27.29.8 = 22.11.1$ ;  
 $27.29.10 = 22.31.3$ ; and  $27.29.4 = 22.11.2+22.15.2$ .
8. The percentages shown at columns 12 and 13 are to be expressed as percentages to one place of decimals.
9. The amounts shown in line 21 shall be analysed on continuation sheets by accident year.
10. The box marked "Business category" shall be completed by inserting one of the letters "a" to "h" according to which of the sub-paragraphs of regulation 10(1) describes the business category to which the form relates.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Returns under Insurance Companies Legislation

Form 28

**General business (underwriting year accounting) : Analysis of premiums, claims and expenses by category for treaty reinsurance**

Name of company

Accounting class

Global business/UK branch business/EEA branch business

Currency

Financial year ended

Category	Underwriting year ended	Prior underwriting years		R28												Total all previous columns			
		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY
		29	29																
Premiums written	Gross amount	11																	
	Reinsurers' share	12																	
	Net (11-12)	19																	
Claims paid	Gross amount	21																	
	Reinsurers' share	22																	
	Net (21-22)	29																	
Claims management costs		39																	
Net operating expenses	Commissions	41																	
	Other acquisition expenses	42																	
	Administrative expenses	43																	
	Reinsurers' commissions and profit participations	44																	
	Payable net (41+42+43-44)	49																	
Technical provisions	Brought forward	51																	
	Undiscounted	52																	
	Carried forward	53																	
	Undiscounted	54																	
Increase (decrease) in the financial year (53-54-51+52)		59																	
Balance on each financial year (19-29-39-49-59)		69																	

Returns under Insurance Companies Legislation

Form 28  
(continuation sheet)

**General business (underwriting year accounting) : Analysis of premiums, claims and expenses by category for treaty reinsurance**

Name of company

Accounting class

Global business/UK branch business/EEA branch business

Currency

Financial year ended

Category	Underwriting year ended	Prior underwriting years		R28												Total all previous columns			
		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY		
Premiums written	Gross amount	11																	
	Reinsurers' share	12																	
	Net (11-12)	19																	
Claims paid	Gross amount	21																	
	Reinsurers' share	22																	
	Net (21-22)	29																	
Claims management costs		39																	
Net operating expenses	Commissions	41																	
	Other acquisition expenses	42																	
	Administrative expenses	43																	
	Reinsurers' commissions and profit participations	44																	
	Payable net (41+42+43-44)	49																	
Technical provisions	Brought forward	51																	
	Undiscounted	52																	
	Carried forward	53																	
	Undiscounted	54																	
Increase (decrease) in the financial year (53-54-51+52)		59																	
Balance on each financial year (19-29-39-49-59)		69																	

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 28**

1. The underwriting years shown between the columns headed "29 29" and "99 99" shall correspond (in reverse order) to this financial year and the previous nine financial years.
2. Amounts shown in lines 21 to 29 shall exclude claims management costs.
3. The amounts shown at lines 51 to 54 shall exclude equalisation provisions.
4. For accounting class 10 (other than business categories (c) and (d) and such other categories as have been reported previously on Form 29 of the 1983 Regulations) amounts in respect of underwriting years ended before 23 December 1993 may be included in the prior underwriting years column and instruction 5 shall not apply to such amounts.
5. The amounts shown in the first column shall be analysed on continuation sheets by underwriting year (save that amounts in respect of underwriting years ended prior to 31 December 1982 may be shown in aggregate).
6. The box marked "Business category" shall be completed by inserting one of the letters "a" to "h" according to which of the sub-paragraphs of regulation 10(1) describes the business category to which the form relates.



**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Returns under Insurance Companies Legislation

Form 29

**General business (underwriting year accounting) : Analysis of technical provisions by category for treaty reinsurance**

Name of company

Accounting class

Global business/UK branch business/EEA branch business

Currency

Financial year ended

Company registration number GL/UK/CM Period ended day month year Monetary units Business category Accounting class Currency

Underwriting year ended		Prior underwriting years		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		Total all previous columns	
		29	29																														
Reported claims outstanding	Gross amount	11																													99	99	
	Reinsurers' share	12																															
Claims incurred but not reported	Gross amount	13																															
	Reinsurers' share	14																															
Claims management costs		15																															
Adjustment for discounting	Gross amount	16																															
	Reinsurers' share	17																															
	Claims management costs	18																															
Allocation to/(from) another category or accounting class of anticipated surplus		19																															
Balance of the fund		20																															
Claims outstanding (11-12+13-14+15-16+17-18+19+20)		21																															
Provision for unearned premiums		22																															
Provision for unexpired risks		23																															
Deferred acquisition costs		24																															
Other technical provisions (particulars to be specified by way of supplementary note)		25																															
Total (21+22+23-24+25)		29																															

Returns under Insurance Companies Legislation

Form 29 (continuation sheet)

**General business (underwriting year accounting) : Analysis of technical provisions by category for treaty reinsurance**

Name of company

Accounting class

Global business/UK branch business/EEA branch business

Currency

Financial year ended

Company registration number GL/UK/CM Period ended day month year Monetary units Business category Accounting class Currency

Underwriting year ended		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY	
Reported claims outstanding	Gross amount	11																															
	Reinsurers' share	12																															
Claims incurred but not reported	Gross amount	13																															
	Reinsurers' share	14																															
Claims management costs		15																															
Adjustment for discounting	Gross amount	16																															
	Reinsurers' share	17																															
	Claims management costs	18																															
Allocation to/(from) another category or accounting class of anticipated surplus		19																															
Balance of the fund		20																															
Claims outstanding (11-12+13-14+15-16+17-18+19+20)		21																															
Provision for unearned premiums		22																															
Provision for unexpired risks		23																															
Deferred acquisition costs		24																															
Other technical provisions (particulars to be specified by way of supplementary note)		25																															
Total (21+22+23-24+25)		29																															

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 29**

1. The underwriting years shown between the columns headed "29 29" and "99 99" shall correspond (in reverse order) to this financial year and the previous nine financial years.
2. Lines 11 to 15, 19 to 21 and 29 shall be completed for open years and lines 11 to 18 and 21 to 29 for closed years.
3. Line 29 shall equal line 53 less 54 on Form 24.
4. Lines 11 to 15 are to be shown before adjustment for discounting.
5. Lines 11 to 14, 16 and 17 shall exclude claims management costs.
6. For accounting class 10 (other than business categories (c) and (d) and such other categories as have been reported previously on Form 29 of the 1983 Regulations) amounts in respect of underwriting years ended before 23 December 1993 may be included in the prior underwriting years column and instruction 7 shall not apply to such amounts.
7. The amounts shown in the first column shall be analysed on continuation sheets by underwriting year (save that amounts in respect of underwriting years ended prior to 31 December 1982 may be shown in aggregate).
8. The box marked "Business category" shall be completed by inserting one of the letters "a" to "h" according to which of the sub-paragraphs of regulation 10(1) describes the business category to which the form relates.
9. Amounts may only be included at line 19 in so far as they arise from the offset of anticipated surpluses and deficits on business managed together (as defined by paragraph 25 of Schedule 2).

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Returns under Insurance Companies Legislation

Form 30  
(Sheet 1)

General business : Expected income and yield from admissible assets covering discounted provisions

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Major currencies	Country code	Total admissible assets as shown on Form 13 1	Admissible assets hypothecated to cover the provision for outstanding claims being discounted 2	Expected income from assets included in column 2 3	Yield % 4	Technical provisions 5	Provision for outstanding claims being discounted		Unwind in the discount in the next financial year 8	Rates of interest at which the provision is being discounted		
							Before deduction for discounting 6	Deduction for discounting 7		Highest 9	Lowest 10	Average rate 11
	11											
	12											
	13											
	14											
	15											
	16											
	17											
	18											
	19											
	20											
Other currencies	21											
Total	29											

Returns under Insurance Companies Legislation

Form 30  
(Sheet 2)

General business : Expected income and yield from admissible assets covering discounted provisions

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Type of asset	Company registration number GLUK/KCM	Period ended day month year	Units £000	Yield %			
					Value of admissible assets as shown on Form 13 1	Admissible assets hypothecated to cover the provision for outstanding claims being discounted 2	Expected income from assets included in column 2 3
Land and buildings							
Fixed interest securities	Approved securities						
	Other						
Variable interest securities (excluding items shown at line 36)	Approved securities						
	Other						
Equity shares and holdings in collective investment schemes							
Loans secured by mortgages							
All other assets	Producing income						
	Not producing income						
Total							

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 30**

1. The entry at-

30.31.1 shall equal 13.11.1  
30.32.1 shall equal 13.45.1 + the appropriate part of 13.84.1  
30.33.1 shall equal 13.46.1 + the appropriate part of 13.84.1  
30.34.1 shall equal 13.47.1 + the appropriate part of 13.84.1  
30.35.1 shall equal 13.42.1 + 13.48.1 + the appropriate part of 13.84.1  
30.36.1 shall equal 13.41.1 + 13.43.1  
30.37.1 shall equal 13.50.1  
30.49.1 shall equal 13.87.1 + 13.89.1 - 13.58.1 - 13.59.1

2. The hypothecated assets shown in column 2 shall not be less than (but need not equal) the provision for outstanding claims being discounted (column 6 less column 7 on sheet 1). Where specific assets are not hypothecated to cover the provision for outstanding claims being discounted column 2 shall equal column 1.
3. The income in column 3 shall be the amounts before deduction of tax which would be received in the next financial year on the assumption that-
- (i) the assets are held throughout that year and
  - (ii) the factors which affect income remain unchanged but account shall be taken of any changes in those factors known to have occurred.
4. The yield in column 4 shall be-
- (i) for securities with a redemption value the rate of interest which, when used to obtain a present value of expected future income or capital payments, gives the current asset value; and
  - (ii) for all other assets the ratio of the income included in column 3 to the value included in column 2;
- or where appropriate an average of the above weighted by reference to the values included in column 2.
5. The methods and assumptions used in determining the yield in accordance with instruction 4 above shall be stated by way of supplementary note to this Form.
6. Where a particular asset is required to be taken into account only to a specified extent by the application of admissibility limits, the expected income and capital payments from that asset shall be included only to the same extent.
7. The treatment of expected income payments from any asset where such payment is in default shall be stated by way of supplementary note to this Form.
8. In column 8 "Unwind in discount in the next financial year" refers to the expected reduction in the deduction for the discounting between-
- (i) that shown at the end of this financial year; and
  - (ii) that expected to be shown at the end of the next financial year but in respect of claims incurred prior to the end of this financial year.
9. Columns 4 and 9 to 11 shall be expressed as a percentage to one place of decimals.
10. In the above instructions income excludes capital gains or losses or value adjustments.
11. The discount rate in column 11 shall be the average rate of interest at which the provisions are being discounted, weighted by the provisions contained in column 6.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Returns under Insurance Companies Legislation

Form 31

**General business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance**

Name of company

Accounting class

Global business/UK branch business/EEA branch business

Currency

Financial year ended

Risk group

Company registration number	GLUKICM	Period ended			Monetary units	Country	Accounting class
R31		day	month	year			

Accident year ended	Month Year		Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance for each accident year (4+5+8-7-8)	Gross earned premiums	Claims ratio %	
			Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported				
			1	2	3	4	5	6	7	8				9
		11												
		12												
		13												
		14												
		15												
		16												
		17												
		18												
		19												
		20												
Prior accident years		21												
Total (11 to 21)		29												
Line 29 expressed in sterling		30												

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Returns under Insurance Companies Legislation

Form 31 (continuation sheet)

**General business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance**

Name of company

Accounting class : Third-party liability

Global business/UK branch business/EEA branch business

Currency

Financial year ended

Risk group

Company registration number	GLUKICM	Period ended			Monetary units	Country	Accounting class
R31		day	month	year			7

Accident year ended	Month Year		Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance for each accident year (4+5+8-7-8)	Gross earned premiums	Claims ratio %	
			Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported				
			1	2	3	4	5	6	7	8				9

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 31**

1. All figures are to be shown gross of the reinsurers' share and before any deduction for discounting.
2. The accident years at lines 11 to 20 shall correspond to this financial year and the nine previous financial years respectively.
3. All amounts shown shall exclude claims management costs.
4. The percentage shown at column 11 shall be the ratio of the sum of columns 3 to 6 to column 10.
5. Columns 10 and 11 need not be completed in respect of accident years ended before 23 December 1994.
6. The percentages shown at column 11 are to be expressed as percentages to one place of decimals.
7. For risk groups falling in accounting class 7 the amounts shown in line 21 shall be analysed by accident year on continuation sheets.
8. Columns 1 and 2 need not be completed in respect of accounting classes 3, 4 and 5.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Returns under Insurance Companies Legislation

Form 32

**General business (accident year accounting) : Analysis of gross claims and premiums for motor vehicle direct insurance and facultative reinsurance**

Name of company

Currency

Global business/UK branch business/EEA branch business

Financial year ended

Company registration number      GLUKCCM      Period ended day month year      Monetary units      Country

Risk group

R32

Accident year ended		Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance on each accident year (4-5+6-7-8)	Gross earned premiums	Claims ratio %	Vehicle years (000's)	Claims frequency %
Month	Year	Closed at same cost during this or previous years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported					
		1	2	3	4	5	6	7	8	9	10	11	12	13
	11													
	12													
	13													
	14													
	15													
	16													
	17													
	18													
	19													
	20													
Prior accident years		21												
Total (11 to 21)		29												
Line 29 expressed in sterling		30												

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 32**

1. All figures are to be shown gross of the reinsurers' share and before any deduction for discounting.
2. The accident years at lines 11 to 20 shall correspond to this financial year and the nine previous financial years respectively.
3. All amounts shown shall exclude claims management costs.
4. The percentage shown at column 11 shall be the ratio of the sum of columns 3 to 6 to column 10.
5. Columns 10 to 13 need not be completed in respect of accident years ended before 23 December 1994.
6. The number of vehicle years insured under any insurance contract is the product of the period (expressed in years and parts of years) for which the contract is in force and the number of vehicles under contract. Figures entered in the column are to be rounded to the nearest vehicle year only after aggregating the component figures.
7. The percentages shown at columns 11 and 13 are to be expressed as percentages to one place of decimals.



**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Returns under Insurance Companies Legislation

Form 33

**General business (accident year accounting) : Reconciliation of gross claims and premiums for direct insurance and facultative reinsurance**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Accounting class	Claims paid in this financial year	Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance for this financial year (1+2+3-4-5)	Gross earned premiums
		Reported	Incurred but not reported	Reported	Incurred but not reported		
		1	2	3	4		
Accident and health	11						
Motor	12						
Aviation	13						
Marine	14						
Transport	15						
Property	16						
Third party liability	17						
Miscellaneous and pecuniary loss	18						

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 33**

1. All figures are to be shown gross of the reinsurers' share and before any deduction for discounting.
2. All amounts shown shall exclude claims management costs.
3. Only business accounted on an accident year basis but not reported on Forms 31 or 32 shall be included on this Form.

*Statut: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

Returns under Insurance Companies Legislation

Form 34

General business (underwriting year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

Name of company

Accounting class

Global business/UK branch business/EEA branch business

Currency

Financial year ended

Risk group

Company registration number	GL/UK/CM	Period ended			Monetary units	Country	Accounting class
		day	month	year			
	R34						

Underwriting year ended	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance on each underwriting year (2+3+4-5-6)	Gross premiums written	Claims ratio %	
	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported				
	Month	Year	1	2	3	4	5	6	7	8
		11								
		12								
		13								
		14								
		15								
		16								
		17								
		18								
		19								
		20								
		21								
		22								
		23								
		24								
		25								
		26								
		27								
		28								
		29								
		30								
Prior underwriting years		21								
Total (11 to 21)		29								
Line 29 expressed in sterling		30								

Returns under Insurance Companies Legislation

Form 34 (continuation sheet)

General business (underwriting year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

Name of company

Accounting class : Third-party liability

Global business/UK branch business/EEA branch business

Currency

Financial year ended

Risk group

Company registration number	GL/UK/CM	Period ended			Monetary units	Country	Accounting class
		day	month	year			
	R34						7

Underwriting year ended	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance on each underwriting year (2+3+4-5-6)	Gross premiums written	Claims ratio %	
	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported				
	Month	Year	1	2	3	4	5	6	7	8

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 34**

1. All figures are to be shown gross of the reinsurers' share and before any deduction for discounting.
2. The underwriting years at lines 11 to 20 shall correspond to this financial year and the nine previous financial years respectively.
3. All amounts shown shall exclude claims management costs.
4. The percentage shown at column 9 shall be the ratio of the sum of columns 1 to 4 to column 8.
5. Columns 8 and 9 need not be completed in respect of financial years ended before 23 December 1994.
6. The percentages shown at column 9 are to be expressed as percentages to one place of decimals.
7. For risk groups falling in accounting class 7 the amounts shown in line 21 shall be analysed by underwriting year on continuation sheets.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Returns under Insurance Companies Legislation

Form 35

General business (underwriting year accounting) : Reconciliation of gross claims and premiums for direct insurance and facultative reinsurance

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Accounting class	Gross claims paid in this financial year	Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance for this financial year (1+2+3-4-5)	Gross written premiums
		Reported	Incurred but not reported	Reported	Incurred but not reported		
		1	2	3	4		
Accident and health	11						
Motor	12						
Aviation	13						
Marine	14						
Transport	15						
Property	16						
Third party liability	17						
Miscellaneous and pecuniary loss	18						

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 35**

1. All figures are to be shown gross of the reinsurers' share and before any deduction for discounting.
2. All amounts shown shall exclude claims management costs.
3. Only business accounted on an underwriting year basis but not reported on Form 34 shall be included on this Form.



**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Returns under Insurance Companies Legislation

Form 37

**Equalisation provisions**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

		Company registration number		OL/UKCM		Period ended			Units
		F37				day	month	year	£000
		Business group A (property)	Business group B (business interruption)	Business group C (marine and aviation)	Business group D (nuclear)	Business group E (non-proportional treaty)	All business groups	Credit insurance business	
		1	2	3	4	5	6	7	
06	<b>Calculation of the maximum provision</b>								
	Total net premiums written in the previous 4 years	11							
	Net premiums written in the current year	12							
	Maximum provision	13							
<b>Calculation of the transfer to/from the provision</b>									
	Equalisation provision brought forward	21							
	Transfers in	22							
	Total abnormal loss	23							
	Provisional transfers out	24							
	Excess of provisional transfer out over fund available	25							
	Provisional amount carried forward (21+22-24+25)	26							
	Excess, if any, of 26 over 13	27							
	Equalisation provision carried forward (26-27)	28							
	Transfer in/(out) for financial year (28-21)	29							



**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 37**

1. Lines 11 & 12, columns 1 to 5, shall include net written premium from the Form 21 (annually accounted business) and/or Form 24 (non-annually accounted business) that in whole or in part covers each business group.
2. Only premium for financial years covered by the scheme should be included in lines 11 & 12, columns 1 to 5 (see Schedule 1, Part III, 12c of the Insurance Companies (Reserves) Regulations 1996). Adjustments in respect of prior years should be included at line 12.
3. Any business that has been transferred should be excluded from lines 11 & 12, columns 1 to 5 (see Regulations 8 and 9 of Part II of the Insurance Companies (Reserves) Regulations 1996).
4. Line 13, columns 1 to 5 should show the maximum provision for each business group calculated in accordance with Schedule 1, Part III of the Insurance Companies (Reserves) Regulations 1996. If business in a group has been written for less than 5 years the average of the qualifying years should be used.
5. If all rights and obligations have been transferred for a business group, line 13 columns 1 to 5 should be left blank at the appropriate column.
6. Line 22, columns 1 to 5 shall be calculated by multiplying the figure at line 12 for each business group by the % in paragraph 3 of Part 1 of Schedule 1 of the insurance Companies (Reserves) Regulations 1996.
7. Line 23 should be, for each business group, the total of abnormal losses, if any, brought forward from Forms 38 and 39, line 19. These should be entered in the same columns as they were on Forms 38 and 39.
8. The transfer out for each business group at line 24, columns 1 to 5 must not exceed the line 13 maximum provision for that group.
9. The sum of columns 1 to 5 of lines 13, 22 and 24 should be entered in column 6 of the relevant line.
10. In the first year of the scheme line 21 column 6 will be left blank. In subsequent years this figure should be brought forward from the previous year's figure (normally the figure at Form 15, line 15). Only statutory equalisation provisions should be included.
11. The calculations for lines 25 to 29, column 6 should be carried out and the net transfer in or out for the year should be entered at Form 16, line 12, and the provision carried forward entered at form 15, line 15.
12. Line 13, column 7 should be 150% of the highest annual amount of net premiums written in the last 5 years.
13. Line 21, column 7 should equal the statutory credit equalisation provision, if any, brought forward from the previous year at Form 15, line 14. (Line 28 in returns made under the Insurance Company (Accounts and Statements) Regulations 1983).
14. Line 22, column 7 should be 75% of the technical surplus, if any, brought forward from Forms 38 and/or 39, line 29, subject to a limit of 12% of line 12.
15. Line 24, column 7 should equal the technical deficit, if any, brought forward from Forms 38 and/or 39, line 29.
16. The calculations for lines 25 to 29, column 7 should be carried out and the net transfer in or out for the year should be entered at Form 16, line 12, and the provision carried forward entered at form 15, line 14.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Returns under Insurance Companies Legislation

Form 38

Equalisation provisions technical account : Accident year accounting

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

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	Company registration number					GLUK/CM			Period ended			Units
	F38					day	month	year				£000
	Business group A (property)	Business group B (business interruption)	Business group C (marine and aviation)	Business group D (nuclear)	Business group E (non-proportional treaty)							
	1	2	3	4	5							
<b>Other than credit business</b>												
Net premiums earned	11											
Claims incurred net of reinsurance	12											
Trigger claims value	13											
Abnormal loss	19											
Trigger claims ratio	72.5%	72.5%	95%	25%	100%							

**Credit business**

Net premiums earned	21	
Claims incurred net of reinsurance	22	
Claims management costs	23	
Net operating expenditure	24	
Technical surplus/(deficit) (21-22-23-24)	29	

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**Instructions for completion of Form 38**

1. For other than credit business any business transferred to a company by novation or under Schedule 2c of the Insurance Companies Regulations 1994 must be accounted for in accordance with Regulation 9 of Part II of the Insurance Companies (Reserves) Regulations 1996.
2. The entries at line 11 should be derived from Form 21, that in whole or in part covers the business group, at line 11, column 5 and line 19, column 5.
3. The entries at line 12 should be derived from Form 22, that in whole or part covers the business group, at line 13 and 17, column 4.
4. The entries at line 13 are line 11 multiplied by the trigger claims ratio for the business group.
5. For each business group the entry at line 19 should be the amount, if any, by which the entry at line 12 for that business group exceeds the entry at line 13. If the entry at line 12 does not exceed the entry at line 13, line 19 should be left blank.
6. The entry at line 21 should be derived from Form 21 for accounting class 8, at line 11, column 5 and line 19, column 5, to include only business in general business class 14.
7. The entry at line 22 should be derived from Form 22 for accounting class 8, at lines 13 and 17, column 4, to include only business in general business class 14.
8. The entry at line 23 should be derived from Form 22 for accounting class 8, at lines 14 and 18, column 4, to include only business in general business class 14.
9. The entry at line 24 should be derived from Form 22 for accounting class 8, at lines 19 and 29, column 4, to include only business in general business class 14.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Returns under Insurance Companies Legislation

Form 39

Equalisation provisions technical account : Underwriting year accounting

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

	Company registration number		GLUKCM			Period ended			Units
	F39		day	month	year			£000	
	Business group A (property)	Business group B (business interruption)	Business group C (marine and aviation)	Business group D (nuclear)	Business group E (non-proportional treaty)				
	1	2	3	4	5				
<b>Other than credit business</b>									
Net premiums written	11								
Claims net of reinsurance	12								
Trigger claims value	13								
Abnormal loss	19								
Trigger claims ratio	72.5%	72.5%	95%	25%	100%				
<b>Credit business</b>									
Net premiums written	21								
Claims net of reinsurance	22								
Claims management costs	23								
Net operating expenditure	24								
Technical surplus/(deficit) (21-22-23-24)	29								

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**Instructions for completion of Form 39**

1. For other than credit business any business transferred to a company by novation or under Schedule 2c of the Insurance Companies Regulations 1994 must be accounted for in accordance with Regulation 9 of Part II of the Insurance Companies (Reserves) Regulations 1996.
2. The entries at line 11 should be derived from Form 24, that in whole or in part covers the business group, at line 19, column 99-99.
3. The entries at line 12 should be derived from Form 24, that in whole or part covers the business group, at line 29, column 99-99, plus line 53, column 99-99 less line 51, column 99-99.
4. The entries at line 13 are line 11 multiplied by the trigger claims ratio for the business group.
5. For each business group the entry at line 19 should be the amount, if any, by which the entry at line 12 for that business group exceeds the entry at line 13. If the entry at line 12 does not exceed the entry at line 13, line 19 should be left blank.
6. The entry at line 21 should be derived from Form 24 for accounting class 8, at line 19, column 99-99, to include only business in general business class 14.
7. The entry at line 22 should be derived from Form 24 for accounting class 8, at line 29, column 99-99, plus line 53, column 99-99 less line 51, column 99-99, to include only business in general business class 14.
8. The entry at line 23 should be derived from Form 24 for accounting class 8, at line 39, column 99-99, to include only business in general business class 14.
9. The entry at line 24 should be derived from Form 24 for accounting class 8, at line 49 column 99-99, to include only business in general business class 14.

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### SCHEDULE 3

Regulations 8 and 17

#### LONG TERM BUSINESS: REVENUE ACCOUNT AND ADDITIONAL INFORMATION

*(Forms 40 to 45)*

1. All the Forms included in the part of the return to which this Schedule relates (Forms 40 to 45) are to be laid out as shown in this Schedule, except that the instructions to Forms need not be reproduced.

2. The provisions of paragraph 1(2) and paragraphs 3 to 7 of Schedule 1 above shall, unless otherwise provided, also apply for the purposes of this Schedule. All amounts shall be shown in sterling to the nearer £1,000. Percentages shall be shown to two decimal places.

3. For the purposes of this Schedule, a contract shall be regarded as a UK contract if, in the case of direct insurance or facultative reinsurance accepted, the contract was made in the United Kingdom or if, in the case of a reinsurance treaty, the cedant was a company having its head office in the United Kingdom or was a member of Lloyd's; and "overseas contracts" shall be construed accordingly.

4.—(1) Where a company maintains more than one long term business fund, there shall be stated by way of a supplementary note to Form 40 the principles and methods applied to apportioning the investment income, increase or decrease in the value of assets brought into account, expenses and taxation between the different funds.

(2) Boxes marked "No. of Fund/Summary" shall be completed by the inclusion of a discrete number to identify each fund or, if the Form relates to a part of the fund, the fund of which it is part. Where there is only one fund for ordinary long-term insurance business or for industrial assurance business, as the case may be, the number "1" shall be shown in the box marked "No. of Fund/Summary". Where the Form is a summary Form, the number "99" shall be inserted in that box. Boxes marked "No. of Part of Fund" shall show a discrete number for each part of a fund or the figure "0" if the Form is a statement of the whole fund.

5. Where arrangements have been made for the provision of management services to a company by another company (whether an insurance company or not)—

- (a) the first mentioned company shall state, by way of a supplementary note to Form 40 relating to the financial year of the company during any part of which those arrangements are in force; and
- (b) the other company (being an insurance company) shall state, by way of a supplementary note to Form 40 relating to the financial year of that insurance company during any part of which those arrangements are in force,

that the arrangements have been so in force in the financial year and naming the parties to them.

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Returns under Insurance Companies Legislation

Form 40

**Long term business : Revenue account**

Name of company

Global business/UK branch business/EEA branch business

Ordinary business/Industrial business

Financial year ended

Name and number of fund/Summary

Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
		day	month	year				
R40					£000			
Items to be shown net of reinsurance ceded						The financial year	Previous year	
						1	2	
Earned premiums						11		
Investment income receivable before deduction of tax						12		
Increase (decrease) in the value of non-linked assets brought into account						13		
Increase (decrease) in the value of linked assets						14		
Other income						15		
Total income (11 to 15)						19		
Claims incurred						21		
Expenses payable						22		
Interest payable before deduction of tax						23		
Taxation						24		
Other expenditure						25		
Transfer to (from) non technical account						26		
Total expenditure (21 to 26)						29		
Increase (decrease) in fund in financial year (19-29)						39		
Fund brought forward						49		
Fund carried forward (39+49)						59		

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**Instructions for completion of Form 40**

1. The entry at 40.11.1 shall be equal to the sum of 41.19.3 and 41.29.3,  
the entry at 40.21.1 shall be equal to 42.59.3 and  
the entry at 40.22.1 shall be equal to 41.49.3
2. Any item of income which cannot properly be allocated to lines 11, 12, 13 or 14 shall be entered in line 15, and similarly, any item of expenditure which cannot properly be allocated to lines 21, 22, 23 or 24 shall be entered in line 25. Particulars of such items shall be specified in a supplementary note.
3. Where a company decides to allocate to the long term business the whole or any part of investment income and/or net capital gains arising from assets not attributable to its long term business, the amounts in question shall be shown as a transfer in line 26 and particulars shall be specified in a supplementary note.
4. Where a transfer is made to the non technical account, the entry at line 26 will show amounts which have been included in line 47 of Form 58. Transfers from or to other funds shall be included in line 15 or 25, with transfers to reserves associated with a transfer of contracts from one fund to another specified in a supplementary note.
5. The entry at line 12 is to exclude value re-adjustments on investments and gains on the realisation of investments, which shall be shown in lines 13 or 14 as appropriate.
6. The entry at line 11 is to exclude any change in the provision for unearned premiums.
7. The entry at line 21 is to exclude claims management costs, which should be included in line 22, and any change in the provision for claims.



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Returns under Insurance Companies Legislation

Form 41

**Long term business : Analysis of premiums and expenses**

Name of company

Global business/UK branch business/EEA branch business

Ordinary business/Industrial business

Financial year ended

Name and number of fund/Summary

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
				day	month	year				
		R41					£000			
				Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1-2)		
				1		2		3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium		11						
		Regular premium		12						
	Pension business contracts	Single premium		13						
		Regular premium		14						
	Permanent health contracts	Single premium		15						
		Regular premium		16						
	Other contracts	Single premium		17						
		Regular premium		18						
	Total premiums	Single premium		19						
		Regular premium		29						
Total premiums at lines 19 and 29 attributable to	UK contracts		31							
	Overseas contracts		32							
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41						
	Other commission payable			42						
	Management expenses in connection with acquisition of business			43						
	Management expenses in connection with maintenance of business			44						
	Other management expenses			45						
	Total expenses (41 to 45)			49						
	Total expenses at line 49 attributable to	UK contracts		51						
Overseas contracts		52								

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**Instructions for completion of Form 41**

1. Lines 11, 13, 15, 17 and 19 will include all single premium amounts where there is no expectation of continuing premiums being paid at regular intervals.
2. Lines 12, 14, 16, 18 and 29 will include premiums payable at regular intervals during the policy year, including repeated or recurrent single premiums where the level of premium is defined.

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Returns under Insurance Companies Legislation

Form 42

**Long term business : Analysis of claims**

Name of company

Global business/UK branch business/EEA branch business

Ordinary business/Industrial business

Financial year ended

Name and number of fund/Summary

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
		R42		day	month	year	£000			
<b>Claims incurred in the financial year</b>							<b>Gross</b>	<b>Recoverable from reinsurers</b>	<b>Net of reinsurance (1-2)</b>	
							<b>1</b>	<b>2</b>	<b>3</b>	
Life assurance and annuity contracts	On death	11								
	By way of lump sums on maturity	12								
	By way of annuity payments	13								
	By way of payments arising from other insured events	14								
	On surrender or partial surrender	15								
	Total life assurance and annuity claims (11 to 15)	19								
Pension business contracts	On death	21								
	By way of lump sums on vesting	22								
	By way of vested annuity payments	23								
	On surrender or partial surrender	24								
	Total pension business claims (21 to 24)	29								
Permanent health contracts	By way of lump sums	31								
	By way of periodical payments	32								
	Total permanent health claims (31+32)	39								
Other contracts	By way of lump sums	41								
	By way of periodical payments	42								
	Total claims (41+42)	49								
Total claims (19+29+39+49)		59								
Total claims at line 59 attributable to	UK contracts	61								
	Overseas contracts	62								

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**Instruction for completion of Form 42**

1. In the case of industrial assurance, claims incurred on survival in respect of periodical endowment benefits shall be shown in line 15.

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Returns under Insurance Companies Legislation

Form 43

**Long term business : Summarised balance sheet for internal linked funds**

Name of company

Global business/UK branch business/EEA branch business

Ordinary business/Industrial business

Financial year ended

Name and number of fund/Summary

Name of fund 1	Directly held assets 2	Investment in other internal linked funds of the company 3	Total assets (2+3) 4	Provision for tax on unrealised capital gains 5	Secured and unsecured loans 6	Other liabilities 7	Net asset value (4-5-6-7) 8
Total							

103

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**Instructions for completion of Form 43**

1. The basis on which the assets have been valued is to be stated in a supplementary note.
2. The aggregate value of rights (gross of variation margin) and the aggregate amount of liabilities (gross of variation margin) under derivative contracts (or in respect of contracts or assets which have the effect of a derivative contract) shall each be stated in a supplementary note. The corresponding figures net of variation margin shall also be stated. For this purpose, rights and liabilities shall not be set off against one another unless
  - (i) such rights and liabilities may be set off against each other in accordance with generally accepted accounting practice; and
  - (ii) such set off results (in whole or in part) from the closing out of obligations under a contract.
3. Where there is a liability to repay variation margin and there are no arrangements for netting of amounts outstanding or the arrangements would not permit the accounting of such amounts on a net basis in accordance with generally accepted accounting practice, it shall be so stated in a supplementary note.
4. The total of the net asset value in column 8 less the total of column 3 shall equal line 59 of Form 44.

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Returns under Insurance Companies Legislation

Form 44

Long term business : Aggregate revenue account for internal linked funds

Name of company

Global business/UK branch business/EEA branch business

Ordinary business/Industrial business

Financial year ended

Name and number of fund/Summary

	Company registration number	GL/UKCM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
			day	month	year				
	R44					£000			
Value of total creation of units						11			
Investment income attributable to the funds before deduction of tax						12			
Increase (decrease) in the value of investments in the financial year						13			
Other income						14			
Total income (11 to 14)						19			
Value of total cancellation of units						21			
Charges for management						22			
Charges in respect of tax on investment income						23			
Taxation on realised capital gains						24			
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25			
Other expenditure						26			
Total expenditure (21 to 26)						29			
Increase (decrease) in funds in financial year (19-29)						39			
Internal linked funds brought forward						49			
Internal linked funds carried forward (39+49)						59			

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**Instructions for completion of Form 44**

1. Double counting of items arising from cross investment between internal linked funds is to be eliminated.
2. Any item of income which cannot properly be allocated to lines 11, 12, or 13 shall be entered in line 14, and similarly, any item of expenditure which cannot properly be allocated to lines 21, 22, 23, 24 or 25 shall be entered in line 26. Particulars of such items shall be specified in a supplementary note.
3. The gross value of units created shall be shown in line 11. The gross value of units cancelled shall be shown in line 21.



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Returns under Insurance Companies Legislation

Form 45

**Long term business : Supplementary information for internal linked funds**

Name of company

Global business/UK branch business/EEA branch business

Ordinary business/Industrial business

Financial year ended

Name and number of fund

Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund	No of part of fund
		day	month	year				
R45					£000			
Name of fund	Amount of taxable unrealised capital gain or loss			Percentage provision for tax on unrealised capital gains	Percentage provision for tax on realised capital gains	Liquidity percentage	Valuation price per unit	
1	2			3	4	5	6	

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**Instructions for completion of Form 45**

1. Column 3 shall show the provisions for tax on unrealised capital gains as a percentage of the taxable unrealised capital gain. Similarly, column 4 shall show the provisions for tax on realised capital gains as a percentage of the taxable realised capital gain.
2. The liquidity percentage shown in column 5 shall be the sum of the values of approved securities, short-term deposits and cash held by the fund, less any liabilities included in column 6 or 7 of Form 43, shown as a percentage of the net asset value in column 8 of Form 43.
3. Where there is more than one series of units for any internal linked fund the valuation price of each series of unit will be given in column 6 together with the name of that series of unit.

## SCHEDULE 4

Regulation 25

### ABSTRACT OF VALUATION REPORT PREPARED BY THE APPOINTED ACTUARY

*(Forms 46 to 61)*

All the Forms included in the part of the return to which this Schedule relates (Forms 46 to 49, 51 to 58, 60 and 61) are to be laid out as shown in the Schedule, except that the instructions to Forms need not be reproduced.

For the purposes of this Schedule—

- (a) the “report period” means the period from the date to which the latest previous investigation under section 18 of the Act related to the valuation date (as defined in paragraph 1 below);
- (b) the provisions of paragraph 1(2) and paragraphs 3 to 7 of Schedule 1 and paragraph 3 of Schedule 3 above shall, unless otherwise provided, apply; and
- (c) boxes marked “UK/OS” shall be completed by the insertion of “UK” for UK contracts and “OS” for overseas contracts.

All amounts in the Forms shall be shown in sterling to the nearer £1,000 except valuation unit prices which shall be shown to the accuracy used in the valuation. Yields shall be shown as percentages to two decimal places.

The following information shall be given, the answers being numbered to accord with the numbers of corresponding paragraphs of this Schedule.

1. The date to which the investigation relates (the “valuation date”).
2. The date to which the latest previous investigation under section 18 of the Act related.
3. A statement that the valuation has been made in conformity with regulation 64 of the Insurance Companies Regulations or, where this was not the case, such qualification, amplification or explanation as necessary.
- 4.—(1) Subject to sub-paragraph (2) below, for each category of non-linked contract which—
  - (a) comprises accumulating with-profits policies, a full description of the benefits, including—
    - (i) the circumstances in which, and the method by which, an adjustment to the identifiable current benefit attributable to a policy might be made on the payment of any claim, including by full or partial surrender, or in determining the amount of any charges deducted from the policy;
    - (ii) where the discounted value of the liability in respect of current benefits including vested bonuses shown in column 12 of Form 52 is less than the full amount of the current benefit shown in column 11 and the discounted value assumes the exercise of any discretionary adjustments of the type referred to in sub-paragraph (a)(i) above, a general description of such adjustments made during the report period;
    - (iii) any guaranteed investment returns or bonus rates;
    - (iv) any guaranteed surrender values; and
  - (v) any material options;
  - (b) comprises policies (other than those included in sub-paragraph (a) above) which provide for benefits to be determined on the basis of interest accrued (at a rate to be determined from time to time) in respect of premiums paid, a full description of the benefits, including—

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- (i) the method used to calculate surrender values;
  - (ii) any guaranteed investment returns;
  - (iii) rates of interest applied during the report period;
  - (iv) any guaranteed surrender values; and
  - (v) any material options;
  - (c) does not fall within sub-paragraph (a) or (b) above, and which is not sufficiently described by the entry in column 1 of Form 51, a full description of the benefits, including any premium rate guarantees and material options.
- (2) Information required under sub-paragraph (1) above need not be provided for any category of contract—
- (a) where no contracts were effected by the company during the report period; and
  - (b) which has been included in Form 51 or Form 52 under the miscellaneous headings specified in instruction 8 (vi) or 8 (x) to Forms 51, 52, 53 and 54.
- 5.—(1) Subject to sub-paragraph (3) below, for each category of linked contract—
- (a) the name given to that category;
  - (b) the type of contract, classified according to the categories set out in instructions 3 to 8 of the instructions for completion of Forms 51, 52, 53 and 54;
  - (c) a statement of the frequency of premiums;
  - (d) a brief description of the benefits under the contract, including any eligibility to participate in profits, any guarantees and any material options;
  - (e) details of any guaranteed investment returns;
  - (f) a description of the way in which the company recovers out of policies its costs (including acquisition expenses and commission, renewal expenses and commission and the costs attributable to the provision of policy benefits). Where the policy provides for the allocation of units, the annual rate of any management charges shall be given. Where the amount of premiums deemed to be invested after allowing for the effect of any charges is greater than the amount of the premiums, an explanation shall be given;
  - (g) details of any restrictions on increases in charges;
  - (h) the method used to calculate surrender or transfer values;
  - (i) whether benefits are (or may be) determined (whether wholly or in part) by reference to the value of an internal linked fund, or to the value of assets or an index. Where the link is to the value of assets or an index, those assets or that index shall be specified and details of the relationship between their value and benefits payable to policyholders shall be given;
  - (j) a brief description of any other features of the contract not disclosed above which are material to the method and basis of valuation;
  - (k) whether the contract was open to new business in the year to the valuation date; and
  - (l) any increases in the rates of charges applied generally to contracts during the report period, including charges for the provision of policy benefits met by the cancellation of units notionally allocated to contracts.

(N.B. Where the terms and conditions and the method and basis for determining the amount of the long term liabilities are not materially different for a number of categories of contract, only one description need be given pursuant to this sub-paragraph, provided that the name of each such category is given in the company's response to sub-paragraph (a) above).

(2) For each category of linked contract which contains a with-profits option, the information required by paragraph 4(1)(a) above shall also be given.

(3) Information required under sub-paragraphs (1)(a) to (k) and (2) above need not be provided for any category of contract—

- (a) where no contracts were effected by the company during the report period; and
- (b) which has been included under the miscellaneous heading in Form 53 or 54.

(4) A description of the method, or if there is more than one method of the methods and the types of unit to which each applies, used for the creation and cancellation of units in internal linked funds and determining unit prices for the allocation of units to, and the cancellation of units from, policies.

(5) A description of the method, or if there is more than one method of the methods and the types of unit to which each applies, used to determine the provision for tax on realised and unrealised capital gains and the percentage or percentages of these gains deducted or provided for during the report period.

(6) Wherever units of the type referred to in paragraph 5 of Part I of Schedule 10 to the Insurance Companies Regulations<sup>(44)</sup> are held by an internal linked fund, or where property linked benefits are linked to such units, the rate of discount, commission or other allowance made to the insurance company on the purchase, sale or holding of units and the extent to which the policy holder benefits from such discount, commission or other allowance.

**6.—(1)** The general principles and methods adopted in the valuation, including specific reference to the following—

- (a) the method by which account has been taken of derivative contracts or contracts or assets having the effect of derivative contracts in the determination of the amount of the long term liabilities;
- (b) the method by which due regard has been given to the reasonable expectations of policyholders, as required by regulation 64 of the Insurance Companies Regulations, and by which account has been taken of the custom and practice of the company in the manner and timing of the distribution of profits or the grant of discretionary additions over the duration of each policy, as required by regulation 65(6) of the Insurance Companies Regulations;
- (c) where the net premium method has been used, whether and to what extent it has been modified, for what purposes any such modification has been made and whether any modifications on account of zillmerising conform to regulation 68 of the Insurance Companies Regulations;
- (d) whether any negative reserves arose and the steps taken to ensure that no contract of insurance was treated as an asset, as required by regulation 73 of the Insurance Companies Regulations;
- (e) whether any specific reserve has been made for future bonuses and, if so, at what rate or rates;
- (f) the basis of the provision made for any prospective liability to taxation on unrealised capital gains;
- (g) in the case of linked contracts and contracts falling within sub-paragraphs (a) and (b) of paragraph 4(1) above, the basis of the reserve made for any investment performance guarantees; and
- (h) the basis of the reserve made for any guarantees and options (other than investment performance guarantees included in sub-paragraph (g) above).

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(44) S.I. 1994/1516.

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(2) For the purposes of this paragraph where, in determining the provisions referred to in sub-paragraph (f) above or the reserves referred to in sub-paragraph (7) or (8) of paragraph 7 below, account has been taken of the fact that the fund has been brought into Form 58 at book value in accordance with regulation 45(6) of the Insurance Companies Regulations, that fact should be stated.

7.—(1) Unless shown in Form 51, 52, 53 or 54, the rates of interest and tables of mortality and morbidity assumed in the valuation of each category of contract.

(2) If the tables used have not been published, full details of the rates of mortality or morbidity used.

(3) A general description of how the tables of mortality and morbidity assumed in the valuation of the various categories of contract have regard to the State of the commitment.

(4) Details of any allowance made for future reductions in the rates of mortality in the tables of mortality assumed in the valuation of annuity contracts.

(5) Details of any allowance made, and the amount of any reserve held, for any possible detrimental impact of significant changes in the incidence of disease or developments in medical science on the mortality and morbidity experience of the company in the tables of mortality and morbidity assumed in the valuation of contracts.

(6) A description of all the scenarios of future changes in the value of assets which have been tested in order to take account of the nature (including currency) and terms of the assets held in determining the amount of the long term liabilities in accordance with regulation 75 of the Insurance Companies Regulations.

(7) The amount of any reserve made pursuant to regulation 75(a) of the Insurance Companies Regulations, together with a brief description of the method used and assumptions made to calculate any such reserve.

(8) In respect of that scenario described under sub-paragraph (6) above which produces the most onerous requirement (whether or not a reserve is thereby required), the amount of any reserve made pursuant to regulation 75(b) of the Insurance Companies Regulations, together with—

- (a) a description of the changed assumptions made (other than the changed interest rate stated in Form 57) in calculating such requirement;
- (b) a brief description of the method used to calculate such requirement; and
- (c) resulting from the application of such changed assumptions—
  - (i) the change in the aggregate amount of the long term liabilities; and
  - (ii) the aggregate amount by which the assets allocated to match such liabilities in the scenario have changed in value from the amount of those assets shown in Form 13.

(9) A general description of how the rates of interest assumed in the valuation of the various categories of contract with liabilities denominated in currencies other than sterling have taken into account the currency of the liabilities.

8. In respect of non-linked contracts—

- (a) where appropriate, the proportion of the office premiums explicitly or implicitly reserved for expenses and profits for each type of insurance (as shown in column 8 of Form 51 or column 10 of Form 52);
- (b) the method by which a reserve has been made for expenses after premiums have ceased or where no future premiums are payable or where the method of valuation does not take credit for future premiums as an asset;
- (c) where a prospective method of valuation has not been used, details of the tests made of the adequacy of the method used;

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- (d) where, in valuing contracts falling within the circumstances described in regulation 67(1) of the Insurance Companies Regulations, future premiums brought into account are not in accordance with that regulation, such additional information as is necessary to demonstrate whether the mathematical reserves determined in the aggregate for each of the main categories of contract are greater than an amount for each such category calculated in accordance with regulations 66 to 75 of those Regulations.

Provided that where the mathematical reserves (after deduction of reinsurance cessions) determined in the aggregate for all categories of contracts referred to in sub-paragraph (d) above represent less than 5 per cent. of the total mathematical reserves (after deduction of reinsurance cessions) for all non-linked contracts, it shall be sufficient for the actuary to state that the mathematical reserves for each such category of contracts are not less than the mathematical reserves that would be determined on a net premium reserving basis which, in that case, shall be specified by the actuary in the abstract.

**9.** For each category of linked contract—

- (a) all assumptions made in calculating the valuation net liability in columns 12 and 13 of Forms 53 and 54; and
- (b) where an explicit reserve has not been made for meeting the expenses likely to be incurred in future in fulfilling the existing contracts on the basis of specific assumptions in regard to the relevant factors, details of the basis used in testing the adequacy of the reserves to satisfy regulation 71(1) of the Insurance Companies Regulations.

**10.—**(1) The assumed levels of inflation of expenses and the bases used in the valuation to allow for such future inflation.

(2) The aggregate amount, grossed up for taxation where appropriate, arising during the twelve months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date, and a general description of the sources of such amounts.

(3) The method and basis of calculation of the requirement (whether or not a reserve is thereby required) in respect of the expenses of continuing to transact new business during the twelve months following the valuation date and the amount of the reserve so calculated.

(4) The method and basis of calculation of the requirement (whether or not a reserve is thereby required) to provide for the costs of closure to new business, if the company were to cease to transact new business twelve months after the valuation date and the amount of the reserve so calculated.

**11.—**(1) A schedule of the sum of the mathematical reserves (other than liabilities for property linked benefits) and the liabilities in respect of the deposits received from reinsurers as shown in Form 14, analysed by reference to the currencies in which the liabilities are expressed to be payable, together with the value of the assets, analysed by reference to currency, which match such liabilities.

(2) In the schedule required by sub-paragraph (1) above, liabilities totalling up to 2 per cent. of the total required to be analysed may be grouped together as “other currencies”, and the assets matching those liabilities need not be analysed provided that the proportion of such liabilities which are matched by assets in the same currency is stated.

**12.—**(1) For long term business ceded on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom at any time during the report period—

- (a) the aggregate of premiums payable by the company to all such reinsurers (sub-divided according to financial years, if appropriate) and the aggregate amount deposited at the valuation date under any deposit back arrangement; and

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- (b) the amount of any such premiums payable by the company to reinsurer with whom the company is connected and the aggregate amount deposited at the valuation date under any deposit back arrangement.
- (2) For each treaty of reinsurance where the company is the cedant and under which business is in force at the valuation date—
- (a) the name of the reinsurer;
  - (b) whether the reinsurer is authorised to carry on insurance business in the United Kingdom;
  - (c) whether the company and the reinsurer are connected;
  - (d) an indication of the nature and extent of the cover give under the treaty;
  - (e) the premiums payable by the company under the treaty during the report period;
  - (f) the amount deposited at the valuation date in respect of the treaty under any deposit back arrangements;
  - (g) the extent to which provision has been made for any liability of the company to refund any amounts of reinsurance commission in the event of lapses or surrender of the contract; and
  - (h) whether the treaty is closed to new business.
- (3) For each financing arrangement—
- (a) the amount of any undischarged obligation of the company and a brief description of the conditions for the discharge of such obligation; and
  - (b) a description of how, if at all, all such undischarged obligations have been taken into account in the valuation.
- (4) In this paragraph—
- (a) “deposit back arrangement”, in relation to any contract of reinsurance, means an arrangement whereby an amount is deposited by the reinsurer with the cedant;
  - (b) “financing arrangement” means any contract entered into by the company, in respect of contracts of insurance effected by the company, which has the effect of increasing the amount of assets included at line 34 of Form 9 above, representing assets of the company which are available to meet its required minimum margin for long term business, and which includes terms for—
    - (i) the transfer of assets to the company or the creation of a debt to the company (or both); and
    - (ii) either an obligation for the company to return (with or without interest) some or all of such assets or a provision for the diminution of such debt, in each case, in specified circumstances; and
  - (c) paragraphs (1), (2) and (3)(a) of regulation 22 above (which relate to connected persons) shall have effect for the purposes of this paragraph as they have effect for the purposes of the regulations therein mentioned.
- 13.** Where any rights of any policy holders to participate in profits relate to profits from particular parts of a long term business fund—
- (a) a revenue account in the format of Form 40 for each such part except where such information is provided elsewhere; and
  - (b) the principles and methods applied in apportioning the investment income, increase or decrease in the value of assets brought into account, expenses and taxation between each part, where these particulars are not provided elsewhere.

**14.—(1)** The principles on which the distribution of profits among policy holders and shareholders is based as described in any of the following documents—



- (a) the constitution of the company;
  - (b) board resolutions of the company;
  - (c) any policy issued by the company;
  - (d) any advertisement issued by or on behalf of the company;
  - (e) any document required to be issued by any regulatory body authorised under the Financial Services Act 1986<sup>(45)</sup>; and
  - (f) any other relevant document.
- (2) A broad statement of the company's aims in relation to the distribution of profits among policy holders, including its aims in relation to—
- (a) policies which mature or are surrendered and claims arising by death;
  - (b) the appropriate and equitable treatment of groups of participating policies; and
  - (c) smoothing.
- (3) A description of the methods used in order to ensure that the aims described in sub-paragraph (2) above are achieved.
- (4) Subject to sub-paragraph (5) below, if different principles or bonus policies apply to different categories of with-profits policies issued by the company, the information in sub-paragraphs (1) to (3) above shall be given in respect of each category.
- (5) Categories of with-profits policies which, apart from this sub-paragraph, would require separate information in accordance with sub-paragraph (4) above need only be listed under this sub-paragraph, and the information in sub-paragraphs (1) to (3) need not be supplied, provided that—
- (a) the aggregate amount of established surplus allocated to policy holders in all such categories is less than 10 per cent. of the aggregate amount of established surplus allocated to all policy holders (as reported at line 46 of Form 58);
  - (b) the amount of established surplus allocated to policy holders in any one such category is less than 5 per cent. of the aggregate amount of established surplus allocated to all policy holders (as reported at line 46 of Form 58); and
  - (c) none of the categories was introduced during the report period.
- 15.** Particulars of the bonus allocated to each category of contract, including the basis of calculation and the circumstances and the form in which the bonus is payable, together with—
- (a) where the rates of bonus allocated depend on the original term of the contract or on the period of years a contract has been in force, specimen rates at 5-year intervals of original term or duration, as the case may be;
  - (b) where the rates of bonus allocated depend on the age of the life assured, specimen rates at 10-year intervals of age;
  - (c) where the rates of bonus allocated depend on the date of each previous premium payment, specimen rates at 5-year intervals of time since the premium was paid, and for premiums paid in each of the 5 years ending with the report period; and
  - (d) in all other cases, full details of the rates of bonus allocated.

(N.B. Where the rates of bonus allocated depend on a formula or a series of formulae, then the formula or formulae should be listed instead of the specimen rates. Wherever appropriate, rates of bonus are to be expressed as a fraction of the attribute of the contract to which they are related, e.g. as rates per £1,000 of the sum assured and existing bonuses.)

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(45) 1986 c. 60.

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**16.** A statement of the practice regarding any bonus payments (in addition to those for which the company has become contractually liable) to be made on claims arising in the period up to the next investigation, including the basis of calculation and the form in which the bonus is payable, together with—

- (a) where the rates of bonus depend on the original term of the contract or on the period of years a contract has been in force, specimen rates at 5-year intervals of original term or duration, as the case may be;
- (b) where the rates of bonus depend on the age of the life assured, specimen rates at 10-year intervals of age;
- (c) where the rates of bonus depend on the date of each previous premium payment, specimen rates at 5-year intervals of time since the premium was paid, and for premiums paid in each of the 5 years ending with the report period; and
- (d) in all other cases, full details of the rates of bonus.

(N.B. Where the rates of bonus depend on a formula or a series of formulae, then the formula or formulae should be listed instead of the specimen rates. Wherever appropriate, rates of bonus are to be expressed as a fraction of the attribute of the contract to which they are related, e.g. as rates per £1,000 of the sum assured and existing bonuses.)

**17.** Separate statements in the form set out in Forms 46 and 46A summarising changes in ordinary long-term and industrial assurance business for all non-group contracts. For group contracts only the number of contracts in force at the end of the report period is to be given in a supplementary note to the appropriate statement.

**18.** Separate statements in the form set out in Forms 47 and 47A showing an analysis of new ordinary long-term and industrial assurance business.

**19.—(1)** Separate statements of assets covering long term liabilities (other than assets held to match property linked or index linked liabilities) in the form set out in Forms 48 and 49 in respect of each fund or group of funds for which separate assets are appropriated.

(2) A brief description of the extent to which any of the amounts recorded in Form 48 would be changed if assets which the company had a right or obligation to acquire or dispose of under derivative contracts outstanding at the end of the financial year (being, in the case of options, only those options which it would have been prudent to assume would be exercised) had been so acquired or disposed of.

(3) A brief description of how different the information provided pursuant to sub-paragraph (2) above would have been if such options as were outstanding at the end of the year had been exercised in such a way as to change the amounts referred to in that paragraph to the maximum extent.

(4) A brief description of how different the information provided pursuant to sub-paragraphs (2) and (3) above would have been if, instead of applying to contracts outstanding at the end of the financial year, those sub-paragraphs had applied to derivative contracts outstanding at such other time during the financial year as would have changed the amounts referred to in those sub-paragraphs to the maximum extent.

**20.** Separate statements in the form set out in Forms 51, 52, 53 and 54 and separate analyses of unit liabilities in the form set out in Forms 55 and 56 in respect of each separate fund or part of a fund for which a surplus is determined under section 18 of the Act.

**21.—(1)** Separate statements in the form set out in Form 57 for each fund or group of funds for which separate assets are appropriated in respect of all long term liabilities except—

- (a) the unit liabilities in respect of property linked benefits as shown in column 12 of Form 53;

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- (b) the investment liabilities in respect of index linked benefits as shown in column 12 of Form 54; and
  - (c) any reserve in respect of provisions made for tax on unrealised capital gains in arriving at the valuation price of internal linked funds.
- (2) A general description of the method by which the yield on assets other than equity shares and land was adjusted in accordance with regulation 69(7) of the Insurance Companies Regulations.
- (3) For assets which are equity shares or land, a description of the categories into which such assets were divided for the purposes of regulation 69(7) of the Insurance Companies Regulations, together with the method and basis by which the yield on such assets was adjusted in accordance with that regulation.
- 22.** Separate statements of the results of the valuation in the form set out in Form 58 in respect of each separate fund or part of a fund for which a surplus is determined under section 18 of the Act.
- 23.** A statement of the required minimum margin for long term business in the form set out in Form 60 and of the required margin of solvency for Supplementary Accident and Sickness Insurance in the form set out in Form 61.

(N.B. If the gross annual office premiums for Supplementary Accident and Sickness Insurance in force on the valuation date do not exceed 1 per cent. of the gross annual office premiums in force on that date for all long term business, Form 61 need not be completed provided it can be stated that the entry in line 10 of Form 60 exceeds the amount that would be obtained if Form 61 were to be completed. In this circumstance, the method of estimating the entry in line 10 of Form 60, together with a statement of the gross annual office premiums in force at the valuation date in respect of Supplementary Accident and Sickness Insurance, shall be given.)

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Returns under Insurance Companies Legislation

Form 46

**Long term business : Summary of changes in ordinary long term business**

Name of company

Global business/UK branch business/EEA branch business

United Kingdom business/Overseas business

Non-linked/Linked

Financial year ended

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	N/L/N
			day	month	year			
			R46					
	Life assurance and general annuity		Pensions business		Permanent health		Other business	
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums
	1	2	3	4	5	6	7	8
In force at beginning of year	11							
New business and increases	12							
Net transfers and other alterations 'on'	13							
Total 'on' (12+13)	19							
Deaths	21							
Other insured events	22							
Maturities	23							
Surrenders	24							
Forfeitures	25							
Conversions to paid-up policies for reduced benefits	26							
Net transfers, expiries and other alterations 'off'	27							
Total 'off' (21 to 27)	29							
In force at end of year (11+19-29)	39							

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**Instructions for completion of Form 46**

1. Information is to be gross of reinsurance ceded and shall be provided separately for United Kingdom business and overseas business, and in each case for non-linked and linked contracts.
2. The box marked NL/LN shall be completed by the insertion "LN" for a linked contract, and "NL" for a non-linked contract, as defined in Regulation 3.
3. The figures for annual premiums shall include repeated or recurrent single premiums where the level of premium is defined.
4. For hybrid linked contracts, movements between linked and non-linked business shall be shown in lines 13 and 27 as appropriate.
5. Only claims payments which result in the termination of a contract providing cover for other insured events should be shown in line 22.

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**Form 46A**

Returns under Insurance Companies Legislation

**Long term business : Summary of changes in industrial assurance business**

Name of company

Global business

United Kingdom business/Northern Ireland business

Financial year ended

		Company registration number	Period ended			Units	UK/NI
			day	month	year		
		R46A				£000	
		Paying		Paid up			
		No of policies	Annual premiums	No of policies			
		1	2	3			
In force at beginning of year		11					
Taken up during year	Weekly business	12					
	Monthly business	13					
Converted to paid-up policies during year		14					
Total 'on'		19					
Discontinued during year by	Deaths	21					
	Maturities	22					
	Surrenders for cash	23					
	Terminations by return of premiums	24					
	Conversions to paid-up policies for full sums assured	25					
	Conversions to paid-up policies for reduced sums assured	26					
	Forfeitures without grant of paid-up policy or cash surrender	27					
Total 'off'		29					
In force at end of year		31					

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**Instructions for completion of Form 46A**

1. Separate forms shall be prepared in respect of business carried on in the United Kingdom and in Northern Ireland but information about the numbers of policies in force at the beginning and at the end of the year need not be given in respect of business carried on in Northern Ireland.
2. The box marked UK/NI shall be completed by the insertion of "UK" for business carried on in the United Kingdom, and "NI" for business carried on in Northern Ireland.
3. Policies discontinued by return of premiums on death of assured shall be included in line 21 and not in line 24.
4. Paid-up policies which are written off shall be included in line 21 in the case of whole life policies and line 22 in the case of endowments.

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Returns under Insurance Companies Legislation

Form 47

**Long term business : Analysis of new ordinary long term business**

Name of company

Global business/UK branch business/EEA branch business

Non-linked/Linked

Financial year ended

Company registration number	GLUK/ICM	Period ended			Units	NULN
R47		day	month	year	£000	

Type of insurance  <b>1</b>	Single premium contracts			Regular premium contracts		
	No of contracts <b>2</b>	Premiums <b>3</b>	Sums assured, annuities per annum or other measures of benefit <b>4</b>	No of contracts <b>5</b>	Annual premiums <b>6</b>	Sums assured, annuities per annum or other measures of benefit <b>7</b>

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**Instructions for completion of Form 47**

1. New business shall be shown gross of reinsurance ceded and shall include increases to premiums on existing policies, and in dealing with such increases, columns 2 and 5 shall be left blank.
2. Single premium contracts shall consist of those contracts under which there is no expectation of continuing premiums being paid at regular intervals. Additional single premiums paid in respect of existing individual contracts shall be included.
3. Regular premium contracts shall include those contracts under which premiums are payable at regular intervals during the policy year, including repeated or recurrent single premiums where the level of premium is defined.
4. Information shall be shown separately and totalled within each section in the sequence specified below :
  - (i) United Kingdom direct written business
  - (ii) United Kingdom reinsurance accepted
  - (iii) overseas direct written business
  - (iv) overseas reinsurance accepted
5. The information shall be shown separately and totalled within each type of business in the sequence specified below:
  - (i) life assurance and general annuity business
  - (ii) pension business
  - (iii) permanent health business
  - (iv) other business
6. The information is to be further analysed and sub-totalled in the sequence specified below:
  - (i) accumulating with-profits policies
  - (ii) non-linked with-profits policies
  - (iii) non-linked non-profit policies
  - (iv) index linked contracts
  - (v) other linked contracts

and where a policy falls within more than one of the above categories, it shall be placed in the first appropriate category.

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7. Within each sub-division required under paragraphs 5 and 6 above, the appropriate types of insurance from the following list are to be shown separately:
- (i) whole life assurance
  - (ii) endowment assurance
  - (iii) pure endowment assurance
  - (iv) term assurance
  - (v) other assurance (to be specified)
  - (vi) deferred annuity
  - (vii) annuity in payment
  - (viii) other annuity (to be specified)
  - (ix) permanent health insurance
  - (x) capital redemption assurance
  - (xi) annuity certain
  - (xii) group pension
  - (xiii) group life
  - (xiv) group permanent health
  - (xv) other group (to be specified)
8. In the case of group contracts, the information to be given is to relate to new contracts and increments under existing contracts. The amount of the increment under an existing contract shall be taken to be the increase in the annual premium shown in Form 51, 52, 53 or 54 as appropriate, over the previous level shown in those Forms. Decreases in any year for an existing contract are to be ignored.

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Returns under Insurance Companies Legislation

Form 47A

**Long term business : Analysis of new industrial assurance business**

Name of company

Global business

United Kingdom business/ Northern Ireland business

Financial year ended

		Company registration number	Period ended			Units	UK/NI
		R47A	day	month	year	£000	
		1	2	3	4		
		Whole life (including joint life)	Endowment assurance (including joint life)	(See instruction 2)	Other tables		
Number of new assurances	Weekly business	11					
	Monthly business	12					
Sums assured	Weekly business	13					
	Monthly business	14					
Annual premiums	Weekly business	15					
	Monthly business	16					

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**Instructions for completion of Form 47A**

1. Separate forms shall be prepared in respect of business carried on in the United Kingdom and in Northern Ireland. The box marked UK/NI shall be completed by the insertion "UK" for business carried on in the United Kingdom, and "NI" for business carried on in Northern Ireland.
2. If any table other than those shown in columns 1 and 2 (e.g. a table providing for recurring payments) is of significant amount, details shall be given in column 3 with an appropriate heading. In the case of a table including a recurring payment, the sum assured on death before the date of the first recurring payment shall be shown against 'Sums assured' and the amount of the recurring payment shall be shown separately in brackets.

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Returns under Insurance Companies Legislation

Form 48

**Long term business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Category of assets

		Company registration number	GL/UK/ICM	Period ended			Units	Category of assets
		R48		day	month	year	£000	
Type of asset		Value of admissible assets as shown on Form 13	Expected income from admissible assets	Yield %				
		1	2	3				
Land and buildings		11						
Fixed interest securities	Approved securities	12						
	Other	13						
Variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17						
All other assets	Producing income	18						
	Not producing income	19						
Total (11 to 19)		29						

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#### Instructions for completion of Form 48

1. Where Form 13 is for the same fund or group of funds the entry at

48.11.1 shall equal 13.11.1  
 48.12.1 shall equal 13.45.1 + the appropriate part of 13.84.1  
 48.13.1 shall equal 13.46.1 + the appropriate part of 13.84.1  
 48.14.1 shall equal 13.47.1 + the appropriate part of 13.84.1  
 48.15.1 shall equal 13.42.1 +13.48.1 + the appropriate part of 13.84.1  
 48.16.1 shall equal 13.41.1 +13.43.1  
 48.17.1 shall equal 13.50.1  
 48.29.1 shall equal 13.87.1 +13.89.1 -13.58.1 - 13.59.1

2. The word "Total" or the name of the fund shall be shown against the heading "Category of assets". The corresponding code box shall contain "10" for the total assets and, in the case of separate funds, code numbers corresponding to those allocated on completion of Form 13.
3. The appropriate part of the entry at 13.84.1 to be included in lines 12 to 15 of this form is that part which represents accrued interest on assets included in the relevant line of this form. The amounts so included in each line shall be stated in a supplementary note.
4. The expected income is to be given as the amounts before deduction of tax which would be received in the next financial year on the assumption that the assets will be held throughout the year and that the factors which affect income will remain unchanged but account shall be taken of any changes in those factors known to have occurred by the valuation date (in particular changes of the type (a), (b), (c) or (d) denoted in regulation 69(5) of the Insurance Companies Regulations 1994). The expected income shown in this Form shall be that determined before any adjustments considered necessary because of regulation 69(7).
5. Where a particular asset is required to be taken into account only to a specified extent by the application of the admissibility limits, the expected income from that asset shall be included only to the same extent.
6. The treatment of the expected income from any asset where the payment of interest is in default and the amount of interest involved shall be stated in a supplementary note.
7. The entries at 48.12.3, 48.13.3, 48.14.3 and 48.15.3 shall be equal to 49.19.2, 49.29.2, 49.19.5 and 49.29.5 respectively. The yields to be inserted in column 3 for other categories of asset shall be the running yields. The entry at 48.29.3 shall be the weighted average of the yields in column 3, where the weight given to each asset is the value of that asset applicable for entry into column 1; assets not producing income shall be included in the calculation.
8. Where the yield in column 3 for a type of asset shown in line 17, 18 or 19 above (assumed to be zero for assets in line 19) is significantly different from the weighted average of the yields for each asset of that type determined in accordance with regulation 69(6) of the Insurance Companies Regulations 1994, then the latter yield figure shall be shown in a supplementary note. For this purpose, the weighted average of the yields means an average yield weighted by the value of each asset of that type as entered in column 1.
9. Where an entry at 13.87.1 has resulted from excess exposure to a counterparty or excess concentration with a number of counterparties, the aggregate value of the assets of the company giving rise to exposure to such counterparties shall be stated in a supplementary note, together with the expected income from those assets.

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Returns under Insurance Companies Legislation

Form 49

**Long term business : Analysis of admissible fixed interest and variable yield securities not held to match liabilities in respect of linked benefits**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Category of assets	R49	Company registration number	GLAUKCM	Period ended			Units	Category of assets
				day	month	year		
£000								
Redemption period in years		Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3		Value of admissible assets as shown on Form 13 4	Gross redemption yield % 5	Value of admissible higher yielding assets 6
One year or less	11							
More than one year but not more than five years	12							
More than five years but not more than ten years	13							
More than ten years but not more than fifteen years	14	Fixed interest approved securities			Variable yield approved securities excluding equities			
More than fifteen years but not more than twenty years	15							
More than twenty years but not more than twenty five years	16							
More than twenty five years	17							
Irredeemable	18							
Total (11 to 18)	19							
One year or less	21							
More than one year but not more than five years	22	Other fixed interest securities			Other variable yield securities excluding equities			
More than five years but not more than ten years	23							
More than ten years but not more than fifteen years	24							
More than fifteen years but not more than twenty years	25							
More than twenty years but not more than twenty five years	26							
More than twenty five years	27							
Irredeemable	28							
Total (21 to 28)	29							

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**Instructions for completion of Form 49**

1. The word "Total" or the name of the fund shall be shown against the heading "Category of assets". The corresponding code box shall contain "10" for the total assets and, in the case of separate funds, code numbers corresponding to those allocated on completion of Form 13.
2. The gross redemption yield in columns 2 and 5 for each asset shall be calculated as in regulation 69(3), (4) and (6) of the Insurance Companies Regulations 1994, leaving out of account any adjustment considered necessary because of regulation 69(7). Where a number of assets with different gross redemption yields are held, the weighted average gross redemption yield shall be calculated using as weights the value of the asset applicable for entry into columns 1 and 4 respectively.
3. The value of admissible higher yielding assets to be shown in columns 3 and 6 shall be the value of admissible assets shown in Form 13 where the gross redemption yield on those assets exceeds the gross redemption yield shown in columns 2 and 5 respectively by at least 1.5%.
4. Where securities may be redeemed over a period at the option of the guarantor or the issuer, they shall be classified on the assumption that they will be redeemed at the latest possible date or, if it is assumed that they will be redeemed at any earlier date, a supplementary note shall be provided explaining what assumption has been made.
5. The entries at 49.19.1, 49.19.2, 49.19.4, 49.19.5, 49.29.1, 49.29.2, 49.29.4 and 49.29.5 shall be equal to the values at 48.12.1, 48.12.3, 48.14.1, 48.14.3, 48.13.1, 48.13.3, 48.15.1 and 48.15.3 respectively.
6. The entries at 49.19.2, 49.19.5, 49.29.2 and 49.29.5 shall be the weighted average of the yields in columns 2 and 5 as appropriate for lines 11 to 18 and 21 to 28 respectively, where the weight given to each yield is the value shown in columns 1 and 4 respectively.



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Returns under Insurance Companies Legislation

Form 51

Long term business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of company

Global business/UK branch business/EEA branch business

United Kingdom business/Overseas business

Financial year ended

Type of business

Category of surplus											
R51											
£000											
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12

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Returns under Insurance Companies Legislation

Form 52

Long term business : Valuation summary of accumulating with-profit policies

Name of company

Global business/UK branch business/EEA branch business

United Kingdom business/Overseas business

Financial year ended

Type of business

Category of surplus														
R52														
£000														
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Other liabilities	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

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Returns under Insurance Companies Legislation

Form 53

Long term business : Valuation summary of property linked contracts

Name of company

Global business/UK branch business/EEA branch business

United Kingdom business/Overseas business

Financial year ended

Type of business

Category of surplus	Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
		Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Other and guarantees other than investment performance guarantees	
R53															
£000															
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	

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Returns under Insurance Companies Legislation

Form 54

Long term business : Valuation summary of index linked contracts

Name of company

Global business/UK branch business/EEA branch business

United Kingdom business/Overseas business

Financial year ended

Type of business

Category of surplus	Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
		Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Other and guarantees other than investment performance guarantees	
R54															
£000															
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	

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**Instructions for completion of Forms 51, 52, 53 and 54**

1. Separate valuation summaries shall be completed in respect of each separate fund or part of a fund for which a surplus is determined. The name of the fund or part of a fund shall be shown against the heading "Category of surplus". The corresponding code box shall contain code numbers allocated sequentially beginning with code "11".
2. Separate totals for column 5 on Form 51 and columns 5, 6, and 7 on Forms 52, 53 and 54 shall be shown for sums assured, for annuities per annum and for other measures of benefit.
3. Information shall be shown separately and totalled for each of the following:
  - (i) United Kingdom business
  - (ii) overseas business
4. The information shall be shown on separate pages and totalled for each type of business in the sequence specified below.
  - (i) life assurance and general annuity business
  - (ii) pension business
  - (iii) permanent health business
  - (iv) other business
5. The box marked "Type of business" shall be completed by the insertion of "L&GA", "Pens", "PHI" or "Other" respectively for each of the types (i), (ii), (iii) and (iv) specified above.
6. The information is to be further analysed and sub-totalled for :
  - (i) direct written business
  - (ii) reinsurance accepted
  - (iii) reinsurance cededand totals net of reinsurance ceded are also to be shown.
7. The information shall be further analysed and sub-totalled within each basis of participation in profits in the sequence specified below:
  - (i) with-profits policies
  - (ii) non-profit policies
8. Within each subdivision required under paragraphs 4, 6 and 7 above the appropriate types of insurance from the following list shall be shown separately:
  - (i) whole life assurance
  - (ii) endowment insurance
  - (iii) pure endowment insurance
  - (iv) term assurance

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- (v) other assurance (to be specified)
- (vi) miscellaneous assurance
- (vii) deferred annuity
- (viii) annuity in payment
- (ix) other annuity (to be specified)
- (x) miscellaneous annuity
- (xi) permanent health insurance
- (xii) capital redemption assurance
- (xiii) annuity certain
- (xiv) group pension
- (xv) group life
- (xvi) group permanent health
- (xvii) other group (to be specified)

and particulars shall also be shown of any subsidiary provisions within general business class 1 or 2 which by virtue of section 1(2) and (3) of the Insurance Companies Act 1982 are to be taken to be included in long term business of any class (Supplementary accident and sickness insurance - see Form 61).

9. A further sub-division into each separate category of contract is required as follows :

Forms 51 and 52 - each category of contract which is valued on a different valuation basis;

Form 53 - each category of contract which provides different guarantees or options, and each category of unit link. For the purpose of determining the category of the unit link, all authorised unit trusts may be considered to be one category and all internal linked funds may be considered to be one category.

Form 54 - each category of contract which provides different guarantees or options and each category of index. Where the link is to a proportion of an index each different proportion shall be treated as a different category.

10. Any contract which consists of a combination of different types of insurance, as described in instruction 8 above, shall be treated as a number of separate contracts each dealing with one of the different types of insurance so combined and the amount by which the total number of contracts shown in column 4 of any valuation summary exceeds the actual number of contracts to which that valuation summary relates shall be stated in a supplementary note.

11. For linked contracts with both property linked and index linked benefits, each benefit shall be shown on Form 53 or 54 as appropriate, and a note shall be attached describing the manner in which details relating to the number of contracts and the amounts of benefits, premiums and other liabilities have been treated. Where the number of contracts is overstated in aggregate, the amount of the overstatement shall be stated in a supplementary note.

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12. For linked contracts which are also accumulating with-profits policies, that part of the benefits which are with profits shall be shown on Form 52 and the remainder of the benefits on Form 53 and/or 54 as appropriate, and a note shall be attached describing the manner in which details relating to the number of contracts, and the amounts of benefits, premiums and other liabilities have been treated. Where the number of contracts is overstated in aggregate, the amount of the overstatement shall be stated in a supplementary note.
13. Reserves calculated on an aggregate basis (including reserves for taxation on capital gains, for investment performance guarantees or other special reserves) or adjustments shall be shown on separate lines in the mathematical reserves column and the particulars of such reserves or adjustments shall be specified.
14. Contracts the nature of which or the method of valuation of which makes it impossible or inappropriate to give the information in the exact form required by Forms 51, 52, 53 or 54, shall be shown on a separate valuation summary with appropriately modified column headings and the reason for the modification stated in a supplementary note.
15. Contracts of any description may be grouped together under any "miscellaneous" heading provided that the mathematical reserves for business shown under all such headings in any one valuation summary do not exceed 5 per cent of the total mathematical reserves for all business shown in that valuation summary.

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Returns under Insurance Companies Legislation

Form 55

**Long term business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits**

Name of company

Global business/UK branch business/EEA branch business

United Kingdom business/Overseas business

Financial year ended

Category of surplus

Internal linked fund/Directly held assets

		Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH
		R55		day	month	year	£000			
Name of fund link or directly held asset <b>1</b>	Name of unit type <b>2</b>	Valuation price per unit or asset <b>3</b>	Total actual number of units in force or directly held assets <b>4</b>	Value of total actual units in force or directly held assets <b>5</b>	Value of actual units held by other internal linked funds <b>6</b>	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6) <b>7</b>	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9) <b>10</b>	
							Gross <b>8</b>	Reinsurance ceded <b>9</b>		

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**Instructions for completion of Form 55**

1. The box marked "category of surplus" shall be completed in accordance with instruction 1 of the instructions for completion of Forms 51, 52, 53 and 54.
2. Separate forms should be prepared in respect of internal linked funds and directly held assets. The box marked ILH/DHA shall be completed by the insertion of "ILH" for internal linked funds and "DHA" for directly held assets.
3. A separate line shall be used for each asset to which benefits are linked and each different type of unit of each internal linked fund. Columns 5, 6, 7, 8, 9 and 10 shall be sub-totalled for each fund link and totalled for all links.
4. The aggregate of the total figures shown for column 8 and 9 in each form prepared in respect of a separate fund or part of a fund shall equal the appropriate figure shown as the total of column 12 of Form 53.
5. For links to directly held assets, column 6 shall not be used.
6. For internal linked funds, the total of column 5 shall equal the total of column 8 of the summarised Form 43, and the total of column 6 shall equal the total of column 3 of the summarised Form 43.

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Returns under Insurance Companies Legislation

Form 56

**Long term business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits**

Name of company

Global business/UK branch business/EEA branch business

United Kingdom business/Overseas business

Financial year ended

Category of surplus

Company registration number	GLUKKCM	Period ended			Units	UK/OS	Category of surplus
		day	month	year			
R56					£000		
Type of assets and liabilities	Name of index link			Value of assets or liabilities		Gross derivative value	
	1			2		3	
Total assets							
Total liabilities							
Net total assets							



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**Instructions for completion of Form 56**

1. The box marked "category of surplus" shall be completed in accordance with instruction 1 of the instructions for completion of Forms 51, 52, 53 and 54.
2. Assets and liabilities in column 2 shall be listed individually except that where a group of assets of similar type is held which is intended to mirror the performance of an index, a description of the type of assets held may be given. Liabilities shall be shown between round brackets and are to be fully described.
3. A separate sub-total of assets and liabilities shall be used for each index link. Links to different percentages of an index shall be treated as different index links.
4. For each index link, the sub-totalled values in column 2 shall match the appropriate entries in column 12 of Form 54 net of reinsurance ceded.
5. Assets and liabilities arising from derivative contracts (or contracts or assets which have the effect of a derivative contract) shall be shown separately. Amounts shall be shown net of variation margin in column 2 and gross of variation margin in column 3. Rights to recover assets transferred by way of initial margin shall not be shown on Form 56.
6. Where there is a liability to repay variation margin and there are no arrangements for netting of amounts outstanding or the arrangements would not permit the accounting of such amounts on a net basis in accordance with generally accepted accounting practice, it shall be so stated in a supplementary note.
7. Any provision for adverse changes shall be determined in accordance with regulation 61 of the Insurance Companies Regulations 1994 and shown in a supplementary note.

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Returns under Insurance Companies Legislation

Form 57

Long term business : Matching rectangle

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Sterling/Non sterling liabilities

Rate of interest

Type of business

With profits/Non profit

Category of assets

140

Company registration number	GL/UK/CM	Period ended			Units	Stg/NonStg	Rate of interest	L&G/PI/PHI/Other	WP/NP	Category of assets
		day	month	year						
R57					£000					
Type of asset notionally allocated		Value of asset notionally allocated	Risk adjusted yield %	Gross valuation interest rate %	Net valuation interest rate % (where appropriate)	Mathematical reserve or other liability, net of reinsurance				
		1	2	3	4	5				
Land and buildings		11								
Fixed interest securities	Approved securities	12								
	Other	13								
Variable yield securities (excluding items shown at line 16)	Approved securities	14								
	Other	15								
Equity shares and holdings in collective investment schemes		16								
Loans secured by mortgages		17								
All other assets	Producing income	18								
	Not producing income	19								
Total		29								
Total under resilience scenario		39								

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**Instructions for completion of Form 57**

1. The word "Total" or the name of the fund shall be shown against the heading "Category of assets". The corresponding code box shall contain "10" for the total assets and, in the case of separate funds, code numbers corresponding to those allocated on completion of Form 13.
2. Separate forms shall be prepared for sterling and non-sterling liabilities. The box marked "Stg/NonStg" shall be completed by the insertion of "Stg" for Sterling liabilities and "NonStg" for non-sterling liabilities.
3. Separate forms are required for with profit and non profit contracts within the following types of business
  - (i) life assurance and annuity business
  - (ii) pension business
  - (iii) permanent health business
  - (iv) other business

The box marked "L&GA/Pens/PHI/Other" shall be completed by the insertion of "L&GA", "Pens", "PHI" or "Other" respectively for each of the types (i), (ii), (iii) and (iv) specified above. The box marked "WP/NP" shall be completed by the insertion of "WP" for with profits policies or "NP" for non-profit policies both as defined in Regulation 3.

4. Separate forms shall be prepared for each rate of interest used in the valuation and may include all contracts valued at the same rate. The rate of interest shall be shown against the heading "Rate of interest" and in the corresponding code box.
5. The forms specified above shall exclude the liabilities described in paragraph 21(1) (a) to (c) of schedule 4, and must cover at least 90% of the remaining long term liabilities.

The balance of the remaining long term liabilities shall be shown in a separate form in which columns 3 and 4 may be left blank, and details of the contracts covered by the form shall be given in a note. The word "Balance" shall be shown against the heading "Rate of interest" and the corresponding code box shall contain "98".
6. A summary of all the separate forms shall be produced as a separate form in which columns 2, 3 and 4 may be left blank. The word "Total" shall be shown against the heading "Rate of interest" and the corresponding code box shall contain "99".
7. The risk adjusted yield in column 2 for each asset shall be calculated as in Regulations 69(3) to (6) of the Insurance Companies Regulations 1994, taking account of any adjustment considered necessary because of Regulation 69(7). Where a number of assets with different risk adjusted yields are held, the weighted average risk adjusted yield shall be calculated using as weights the value of the asset applicable for entry into column 1.
8. The value of each asset shown in column 1 shall be the value attributed to it in Form 13 and the assets will be grouped according to instruction 1 to Form 48 including adjustments in respect of accrued interest as required by that instruction.
9. Where the valuation has been carried out at a net rate of interest the figure in column 3 shall be the net rate grossed up at the corresponding effective rate of tax.
10. The mathematical reserve in column 5 will include any increase in reserve resulting from the bonus declaration for the year and shall be net of reinsurance ceded.
11. The entries shown at line 39 shall be those applicable to the scenario described in the answer to paragraph 7(8) of Schedule 4, and details of any material changes to the notional allocation of assets made in investigating that position shall be given in a supplementary note.

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Returns under Insurance Companies Legislation

Form 58

**Long term business : Valuation result and distribution of surplus**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Company registration number      GL/UK/CM      Period ended  
 day      month      year      Units      Category of surplus

Category of surplus

R58							£000	
-----	--	--	--	--	--	--	------	--

Valuation result	Fund carried forward		11
	Bonus payments made to policyholders in anticipation of a surplus		12
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13
		Transfer to other funds/parts of funds	14
	Net transfer out of funds/parts of funds (13+14)		15
	Total (11+12+15)		16
	Mathematical reserves for accumulating with profit policies		17
	Mathematical reserves for other non linked contracts		18
	Mathematical reserves for property linked contracts		19
	Mathematical reserves for index linked contracts		20
	Total (17 to 20)		21
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31
	Transfers into fund/part of fund	Transfer from non-technical account	32
		Transfer from other funds/parts of fund	33
	Net transfer into fund/part of fund (32+33)		34
	Surplus arising since the last valuation		35
Total (31+34+35)		39	
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41
	Allocated to policyholders by way of	Cash bonuses	42
		Reversionary bonuses	43
		Other bonuses	44
		Premium reductions	45
	Total allocated to policyholders (41 to 45)		46
	Net transfer out of fund/part of fund		47
	Total distributed surplus (46+47)		48
Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
Total (48+49)		59	
Percentage of distributed surplus allocated to policyholders of fund/part of fund		61	
Corresponding percentage at three immediately previous valuations	Latest (year of valuation )	62	
	Earlier (year of valuation )	63	
	Earliest (year of valuation )	64	

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**Instructions for completion of Form 58**

1. Separate statements shall be completed in respect of each separate fund or part of a fund for which a surplus is determined. The name of the fund or part of a fund shall be shown against the heading "Category of surplus". The corresponding code box shall contain code numbers allocated in accordance with instruction 1 in the instructions for completion of Forms 51, 52, 53 and 54.

The entry at line 11 shall be equal to the entry at line 59 in Form 40 for the relevant fund or part of fund.

2. Where interim, mortuary or terminal bonuses are determined in advance of a valuation and are paid in anticipation of surplus arising at the valuation, the amounts of such bonus actually paid in the period up to the valuation date shall be entered in lines 12 and 41. To the extent that it is the practice of the company to make special provision for the cost of such bonuses payable on future claims out of surplus arising at a valuation, such amounts shall be treated as amounts allocated to policyholders at the valuation in question and included in line 44, and the actual amounts paid shall not appear at lines 12 and 41 at future valuations. An appropriate supplementary note shall identify the various items where necessary.
3. Where policies have been transferred from one fund/part of fund to another, the associated transfer of reserves shall not be included as a "transfer" in this form. Where any other transfer has been made, only one positive figure shall be inserted in either line 15 or line 34 (depending on the direction of the net transfer) leaving the other line blank. Corresponding entries shall be made in either the block comprising lines 13 and 14 or the block comprising lines 32 and 33, as appropriate.
4. Where the entry in line 14 or line 33 represents more than one transaction, each transfer shall be separately identified in a supplementary note.
5. Line 61 is line 46 expressed as a percentage of line 48.
6. For each fund/part of fund, the entry at line 18 shall equal the total liabilities shown in column 12 of Form 51, and the entries at lines 17, 19 and 20 shall equal the total liabilities shown in column 15 of Forms 52, 53 and 54 respectively.
7. The figure at lines 39 and 59 shall equal the figure at line 29.
8. The figure at line 47 shall equal the figure at line 15.

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Returns under Insurance Companies Legislation

Form 60

Long term business : Required minimum margin

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

Company registration number	GL/UK/CM	Period ended			Units
R60		day	month	year	£000

Relevant factor (Instruction 1)	Classes I, II and IX					Class III business with relevant factor of					Classes IV and VI					Classes VII and VIII business with relevant factor of					Unallocated additional mathematical reserves with relevant factor of		Total for all classes	
	4%	4%	1%	Nil	Total	4%	4%	1%	Nil	Total	4%	4%	1%	Nil	Total	4%	1%	The financial year	The previous year					
Mathematical reserves before distribution of surplus	11																							
Reserves for bonus allocated to policyholders	12																							
Mathematical reserves after deduction of reinsurance	13																							
Reserves before distribution of surplus	14																							
Reserves for bonus allocated to policyholders	15																							
Mathematical reserves after deduction of reinsurance	16																							
Ratio of 16 to 13 or 0.85 if greater (see Instruction 2)	17																							
Required margin of solvency - first result - (see 18 + 19e, 17) x relevant factor	19																							
Temporary assurances with required margin of solvency of 0.1%	21																							
Non-negative capital at risk before reinsurance (see instruction 3)	22																							
Temporary assurances with required margin of solvency of 0.1%	23																							
All other assurances with required margin of solvency of 0.2%	23																							
Total (21 to 23)	29																							
Non-negative capital at risk after reinsurance (see instruction 3)	31																							
Ratio of line 31 to line 29, or 0.50 if greater	32																							
Required margin of solvency - second result (see instruction 4)	39																							
Sum of first and second results (19+39)	49																							
Required margin of solvency for supplementary accounts and business insurance and Class V business	51																							
Total required margin of solvency for long term business (49+51)	59																							
Minimum guarantee fund	61																							
Required minimum margin (greater of lines 59 and 61)	69																							

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**Instructions for completion of Form 60**

1. The appropriate factors specified in regulation 18(2)(a) and 19(3) and (4) of the Insurance Companies Regulations 1994.
2. For a pure reinsurer, the factor of 0.85 shall be replaced by 0.50
3. Capital at risk shall be shown after distribution of surplus.
4. Line 39 equals line 32 x [(line 21 x 0.1% + line 22 x 0.15% + line 23 x 0.3%)] for Classes I, II and IX or line 32 x line 29 x 0.3% for Class III, VII and VIII.
5. Any additional mathematical reserves referred to in the supplementary note to Form 14 (made in accordance with instruction 4 to that Form) shall be included at columns 11 or 12, as appropriate.
6. For Class V business, the amount of the required margin of solvency shall be stated in a supplementary note to the form and shall be included in line 51.

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Returns under Insurance Companies Legislation

Form 61

**Supplementary accident and sickness insurance : Calculation of required margin of solvency**

Name of company

Global business/UK branch business/EEA branch business

Financial year ended

		Company registration number	GLUK/CM	Period ended			Units
		R61		day	month	year	£000
				This financial year		Previous year	
				1		2	
Gross premiums written		11					
Premium taxes and levies (included in line 11)		12					
<b>Sub-total A (11-12)</b>		<b>19</b>					
Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure		21					
Division of Sub-total A (or adjusted Sub-total A if appropriate)	18% of amounts up to sterling equivalent of 10M ECU	22					
	16% of excess (if any) over 10M ECU	23					
<b>Sub-total B (22+23)</b>		<b>29</b>					
Claims paid		31					
Claims outstanding carried forward at end of this financial year		32					
Claims outstanding brought forward at beginning of this financial year		33					
<b>Sub-total C (31+32-33)</b>		<b>39</b>					
Amounts recoverable from reinsurers in respect of claims included in sub-total C		41					
<b>Sub-total D (39-41)</b>		<b>49</b>					
Required margin of solvency for supplementary accident and sickness insurance: Sub-total B x Sub-total D (or, if 0.5 is greater, x 0.5) Sub-total C		59					



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**Instruction for completion of Form 61**

1. "Supplementary accident and sickness insurance" means insurance falling within general business classes 1 (Accident) and 2 (Sickness) included in contracts to which section 1(2) and (3) of the Insurance Companies Act 1982 applies.

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## SCHEDULE 5

Regulation 26

### GENERAL BUSINESS: ADDITIONAL INFORMATION ON BUSINESS CEDED

For the purposes of regulation 26 above, a company which carries on general business shall, in respect of the financial year in question, prepare a statement of the following information.

1. Subject to paragraph 2 below, for each contract entered into or modified during the financial year in question under which general business has been ceded by the company on a non-facultative basis, the company shall prepare a statement of—

- (a) the type of business covered by reference to risk groups or business categories, as appropriate. If only part of a risk group or business category is covered, a description of that part shall be given;
- (b) the type of cover, including such details of the terms and conditions of the contract as are necessary for a proper understanding of the nature of the cover;
- (c) details of any limits on cover as are necessary for a proper understanding of the contract, including any event limits, limits on the amount of business ceded, limits on the number of reinstatements and aggregate limits; and
- (d) the period of cover.

2.—(1) Where a contract of reinsurance has been modified during the financial year in question—

- (a) no information need be supplied pursuant to paragraph 1 above in respect of a contract of reinsurance which was entered into before the beginning of the financial year of the company to which these Regulations first apply; and
- (b) in any other case, the information to be supplied pursuant to paragraph 1 above shall be limited to any changes to the information previously supplied pursuant to that paragraph in respect of that contract.

3. For every contract reported pursuant to paragraph 1 above, whether in the return for the financial year in question or any previous return, the company shall also prepare, if relevant, a statement of—

- (a) in the case of contracts which are subject to no or a limited number of reinstatements, any contract not previously reported pursuant to this sub-paragraph under which it is anticipated that such limit will be exhausted by claims (including claims incurred, but not reported, in respect of any specific occurrence for which provisions have been allocated);
- (b) the percentage of cover, if in excess of 10 per cent. and if such information has not already been included in the accounts and statements of the company for any previous financial year, which has been ceded to reinsurers which have ceased to pay claims to their reinsureds in full, whether because of insolvency or for any other reason; and
- (c) if the percentage specified in sub-paragraph (b) above has increased by more than 10 percentage points since the previous financial year in which it was included in the company's return, a statement of that percentage unless, in the opinion of the directors, the likelihood of any claim being incurred under that policy is minimal.

4.—(1) For each business category or risk group, or part thereof, in respect of which separate non-facultative reinsurance cover has been obtained, the company shall prepare a statement of the maximum net probable loss to the company from any one contract of insurance effected by it and from all such contracts taken together.

(2) For the purposes of sub-paragraph (1) above, the maximum net probable loss is the maximum loss (net of reinsurance) arising from any one incident, or any one series of incidents from the same originating cause, which—

- (a) the directors, at the time they decided upon the reinsurance cover to be obtained in respect of the financial year in question, reasonably contemplated to be of a type which might take place during that financial year; or
  - (b) has actually occurred during the financial year in question.
5. For each accounting class and separately for contracts of facultative and non-facultative reinsurance ceded in respect of the financial year in question (as shown on Forms 21 and 24), the amount of the reinsurers' share of gross premiums shall be stated.

## SCHEDULE 6

Regulations 28 and 29

### CERTIFICATES BY DIRECTORS AND ACTUARY AND REPORT OF THE AUDITORS

#### PART I

##### **Certificate by directors etc.**

1. Subject to paragraph 7 below, the certificate required by regulation 28(a) above shall state—
  - (a) in relation to the part of the return comprising Forms 9 to 17, 20 to 45 and the statements required by regulations 19 to 21, 23, 24 and 26 above that—
    - (i) the return has been prepared in accordance with the Regulations;
    - (ii) proper accounting records have been maintained and adequate information has been obtained by the company; and
    - (iii) an appropriate system of control has been established and maintained by the company over its transactions and records;
  - (b) that reasonable enquiries have been made by the company for the purpose of determining whether any person and any body corporate are connected for the purposes of regulations 19, 20 and 21 above;
  - (c) that in respect of the company's business which is not excluded by regulation 32 of the Insurance Companies Regulations, the assets held throughout the financial year in question enabled the company to comply with regulations 27 to 31 (matching and localisation) of those Regulations; and
  - (d) in relation to the statement required by regulation 31 above—
    - (i) that for the purpose of preparing the statement, proper accounts and records have been maintained; and
    - (ii) that the information given has been ascertained in conformity with that regulation.
2. Subject to paragraph 7 below, the certificate required by regulation 28(a) above shall also, in the case of a company which is required by section 32 of the Act to maintain a margin of solvency, EEA margin of solvency or UK margin of solvency, state that the required margin has been so maintained throughout the financial year in question.
3. Subject to paragraph 7 below, the certificate required by regulation 28(a) above shall also state, separately in respect of long term business and of general business—
  - (a) in the case of—
    - (i) an EFTA company or an EEA deposit company, that the value of the admissible assets of the long term business or of the general business carried on by the company

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- through a branch in the United Kingdom was maintained throughout the financial year in question at not less than the amount of the liabilities of that business; and
- (ii) a Swiss general insurance company, that the value of the admissible assets of the general business carried on by the company through a branch in the United Kingdom was maintained throughout the financial year in question at not less than the amount of the liabilities of that business;
- (b) in the case of an external company (other than a pure reinsurer)—
- (i) that the company has kept throughout the financial year in question admissible assets representing the required United Kingdom minimum margin of an amount at least equal to the appropriate guarantee fund or minimum guarantee fund, whichever was the greater, within the United Kingdom and has kept throughout that year admissible assets representing the remainder of that minimum margin within the United Kingdom and the other EEA States; and
  - (ii) that the deposit made in accordance with section 9(1)(c) of the Act has been maintained throughout that year at a level equal to at least the minimum as defined in regulation 7 of the Insurance Companies Regulations; and
- (c) in the case of a United Kingdom deposit company—
- (i) that the company has kept throughout the financial year in question admissible assets representing the required EEA minimum margin of an amount at least equal to the appropriate guarantee fund or minimum guarantee fund, whichever was the greater, within the EEA States concerned and has kept throughout that year admissible assets representing the remainder of that minimum margin within the EEA States concerned and the other EEA States; and
  - (ii) that the deposit made in accordance with section 9(2) of the Act has been maintained throughout that year at a level equal to at least the minimum as defined in regulation 7 of the Insurance Companies Regulations.
4. Subject to paragraph 7 below, if the company carries on long term business, the certificate required by regulation 28(a) above shall also state—
- (a) except in the case of a company which has no shareholders and carries on no business whatsoever other than long term business, that the requirements of sections 28 to 31 of the Act have been fully complied with and in particular that, subject to the provisions of section 29(2) to (4) and section 30 of the Act, assets attributable to long term business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term business fund or funds have not been applied otherwise than for the purpose of the long term business;
  - (b) that any amount payable from or receivable by the long term business fund or funds in respect of services rendered by or to any other business carried on by the company or by a person who, for the purposes of section 31 of the Act, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to that fund or those funds, and any exchange of assets representing such fund or funds for other assets of the company has been made at fair market value;
  - (c) that all guarantees given by the company of the performance by a related company which would fall to be met by any long term business fund have been disclosed in the return, and that the fund or funds on which each such guarantee would fall has been identified therein;
  - (d) in respect of any internal linked fund or funds maintained by a company, that the investment policy and practice of the company was during the financial year in question consistent with any representations made to policy holders or potential policy holders of the company;

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- (e) in the case of a company having its head office in the United Kingdom, a pure reinsurer, a United Kingdom deposit company or an external company, being a company which has financial, commercial or administrative links with any other company carrying on insurance business, that the return in respect of long term business is not distorted by agreements between the companies concerned or by any arrangements which could affect the apportionment of expenses and income; and
- (f) in the case of a company to which section 31A of the Act(46) applies, that the company has fully complied with the requirements of that section.

5. Subject to paragraph 7 below, where the directors are satisfied that—

- (a) the systems of control established and maintained by the company in respect of its business complied, at the end of the financial year in question, with any published guidance and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future; or
- (b) the return has been prepared in accordance with any published guidance,

it shall be so stated, by listing such guidance, in the certificate required by regulation 28(a) above.

6. Except in the case of a company whose head office is in a member State or a Swiss general insurance company, the certificate required by regulation 28(a) above shall also, subject to paragraph 7 below, state that proper accounting records have been maintained in the United Kingdom in respect of business carried on through a branch in the United Kingdom.

7.—(1) Where, in the opinion of those signing the certificate, the circumstances are such that any of the statements required by paragraphs 1 to 6 above cannot truthfully be made, the relevant statements shall be omitted.

(2) Where, by virtue of sub-paragraph (1) of this paragraph, any statements have been omitted from the certificate, this fact shall be stated in a note.

## PART II

### Certificate by appointed actuary

8. The certificate required by regulation 28(b) above to be signed by the appointed actuary—

- (a) shall state—
  - (i) if such be the case, that in the appointed actuary's opinion proper records have been kept by the company adequate for the purpose of the valuation of the liabilities of its long term business;
  - (ii) if such be the case, that the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, together, if the case so requires, with an amount specified in the certificate (being part of the excess of the value of the admissible assets representing the long term business funds over the amount of those funds shown in Form 14), constitute proper provision at the end of the financial year in question for the long term liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an investigation as at that date into the financial condition of the long term business; and

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(46) Section 31A was inserted by section 136 of the Financial Services Act 1986 (1986 c. 60).

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- (iii) if such be the case, that, for the purposes of sub-paragraph (ii) above, the liabilities have been assessed in accordance with Part IX of the Insurance Companies Regulations in the context of assets valued in accordance with Part VIII of those Regulations, as shown in Form 13;
  - (iv) by way of a list, the professional guidance notes that have been complied with; and
  - (v) if such be the case, that in the appointed actuary's opinion premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions, and taking into account the other financial resources of the company that are available for the purpose, to enable the company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves; and
- (b) shall state the amount of the required minimum margin, required EEA minimum margin or required United Kingdom minimum margin, as the case may be, applicable to the company's long term business immediately following the end of the financial year in question (including any amounts resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business).
9. If the appointed actuary considers it necessary, such qualification, amplification or explanation as may be appropriate shall be added to the certificate.

### PART III

#### Auditors' report

10. The report required by regulation 29 above shall, in addition to any statement required by section 237(2) and (3) of the 1985 Act<sup>(47)</sup> or article 245(2) and (3) of the 1986 Order<sup>(48)</sup>, as appropriate, as applied by the said regulation 29 state—
- (a) in the auditors' opinion, whether Forms 9 to 17, 20 to 45 and information furnished pursuant to regulations 19 to 21 and 23 above have been properly prepared in accordance with the provisions of these Regulations;
  - (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 28(a) above, otherwise than in relation to statements required by regulations 24, 26 and 31 above, has been properly prepared in accordance with these Regulations; and
    - (ii) subject to paragraph 11 below, whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein (other than statements required by regulations 24, 26 and 31 above); and
  - (c) the extent to which, in giving their opinion, the auditors have relied—
    - (i) in the case of a company carrying on long term business, on the certificate of the actuary given in accordance with the requirements of Part II of this Schedule with respect to the mathematical reserves and required minimum margin, required EEA minimum margin or required United Kingdom minimum margin, as the case may be, of the company; and

<sup>(47)</sup> Section 237 was substituted by the Companies Act 1989 (1989 c. 40), section 9.

<sup>(48)</sup> Article 245 was substituted by the Companies (Northern Ireland) Order 1990 (S.I. 1990/593) (N.I.5), article 11.

- (ii) in the case of a company including implicit items on Form 9, on the identity and value of any implicit items as they have been admitted in accordance with regulation 23(5) of the Insurance Companies Regulations.

**11.** To the extent that the information and explanations they have received do not allow the auditors to express an opinion on whether it was or was not unreasonable for the persons giving the certificate required to be signed in accordance with regulation 28(a) above to have made the statement required by paragraph 5 above, the auditors shall add to their report such qualification, amplification or explanation as may be appropriate.

**12.** Where the auditors refer in their report or in any note attached thereto to any uncertainty, the report shall state whether, in the auditors' opinion, that uncertainty is material to determining whether the company has available assets in excess of its required minimum margin, required EEA minimum margin or required UK minimum margin, as the case may be.

## SCHEDULE 7

Regulation 35

<i>Regulations revoked</i>	<i>Title</i>	<i>Extent of revocation</i>
S.I. 1983/1811	The Insurance Companies (Accounts and Statements) Regulations 1983	The whole regulations
S.I. 1987/2130	The Insurance Companies (Assistance) Regulations 1987	Regulation 4
S.I. 1988/672	The Insurance Companies (Accounts and Statements) (Amendment) Regulations 1988	The whole regulations
S.I. 1989/1952	The Insurance Companies (Accounts and Statements) (Amendment) Regulations 1989	The whole regulations
S.I. 1990/1181	The Insurance Companies (Credit Insurance) Regulations 1990	Regulation 6
S.I. 1990/1333	The Insurance Companies (Amendment) Regulations 1990	Regulations 3(3) and 11
S.I. 1991/2736	The Insurance Companies (Accounts and Statements) (Amendment) Regulations 1991	The whole regulations
S.I. 1992/2890	The Insurance Companies (Amendment) Regulations 1992	Regulation 17(1)
S.I. 1993/946	The Insurance Companies (Accounts and Statements)	The whole regulations

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<i>Regulations revoked</i>	<i>Title</i>	<i>Extent of revocation</i>
	(Amendment) Regulations 1993	
S.I. 1993/3127	The Insurance Companies (Switzerland) Regulations 1993	Regulation 6
S.I. 1994/1515	The Insurance Companies (Accounts and Statements) (Amendment) Regulations 1994	The whole regulations
S.I. 1994/3133	The Insurance Companies (Amendment No. 2) Regulations 1994	Regulations 18 to 21

## EXPLANATORY NOTE

(This Note is not part of the Regulations)

These Regulations prescribe the form and content of the annual returns which insurance companies to which Part II of the Insurance Companies Act 1982 applies are required to make to the Secretary of State. They consolidate, with modifications, the Insurance Companies (Accounts and Statements) Regulations 1983 as amended.

The principal changes from the 1983 Regulations are the following:

- a general re-organisation and updating of the forms relating to long term and other than long term business, to reflect current commercial practice;
- replacement of the previous form-based reporting of other than long term business reinsurance protections by a new free-form reporting (Schedule 5);
- new reporting of the assets used as the basis for discounting liabilities (Form 30);
- a reduction of the volume of reporting in some areas by the introduction of increased de minimis exemptions;
- transfer of several long term business forms from Schedule 3 to the Regulations to Schedule 4 with the consequence that such forms now become the responsibility of the appointed actuary of the company and will no longer be required to be audited;
- omission of the prescribed form of the quinquennial statement of long term business required by section 18(3) of the 1982 Act (Schedule 5 to the 1983 Regulations) in anticipation of an order to be made under section 1 of the Deregulation and Contracting Out Act 1994 abolishing the requirement for that statement.

Regulations 1 and 2 make provision for the citation, commencement and application of the Regulations, and regulation 3 and contains provision for their interpretation.

Regulation 4 prescribes how a company's assets and liabilities are to be valued for the purposes of the Regulations, and regulation 5 provides generally for the form and content of the returns.



Regulation 6 prescribes the form of the balance sheet, which is to comply with the requirements of Schedule 1 and to appear in Forms 9 to 15 and 17 set out in that Schedule.

Regulation 7 prescribes the form of the profit and loss account, which is to comply with the requirements of Schedule 1 and to appear in Form 16.

Regulation 8 prescribes the form of the revenue account, which is to comply with the requirements of Schedule 1. In the case of a company carrying on general business it is to appear in Form 20; in the case of a company carrying on long term business, it must be in Form 40.

Regulations 9 to 16 require additional information to be provided by companies carrying on general business, which is to be provided in accordance with Schedule 2 and is to appear in the specified forms.

Regulation 9 requires information in respect of each accounting class (Forms 21 to 25).

Regulations 10 to 11 require information in respect of reinsurance treaties accepted by a company according to specified business categories (Forms 26 to 29).

Regulations 12 and 13 require information in respect of direct insurance business and inwards facultative reinsurance business, by country and according to the risk groups specified in regulation 12 (Forms 31, 32 and 34).

Regulation 14 requires additional information on direct and facultative reconciliation business (Forms 33 and 34) and regulation 16 requires information on general business prescribed for the purposes of section 34A of the 1982 Act concerning equalisation reserves (Forms 37 to 39).

Regulation 15 requires the provision of Form 36 where Forms prepared under regulations 11 to 13 contain figures in a currency other than sterling.

Regulation 17 requires additional information to be provided by companies carrying on long term business. The information is to be prepared in accordance with Schedule 3 and to appear on Forms 21 to 45.

Regulations 19, 20 and 21 require companies carrying on general business to annex to their returns statements of their major treaty reinsurers, major facultative reinsurers and major general business reinsurance cedants.

Regulation 23 requires every company to annex a statement of its derivative contracts and regulation 24 requires every UK company to annex a statement of its shareholder controllers.

Regulation 25 provides that the abstract of the actuary's report required by section 18 of the Act is to comply with Schedule 4 and include certain specified forms.

Regulation 26 provides that a company which carries on general business must annex to its return a statement of information on general business ceded as required by Schedule 5.

Regulation 27 defines who may sign the various documents. The certificates required to accompany the returns are defined in Parts I and II of Schedule 6 (regulation 28). The auditor's report is to comply with the requirements of Part III of Schedule 6 (regulation 29).

Regulations 30 and 32 define respectively the minimum qualifications of the actuary and the auditor. Information about the actuary is required to be given (regulation 31).

Regulation 33 contains transitional provisions.

Regulation 34 makes minor amendments to the 1983 regulations until such time as they are revoked.

Regulation 35 provides for the revocation of those Regulations as amended to the extent specified in Schedule 7.

A Compliance Cost Assessment is available, copies of which have been placed in the libraries of both Houses of Parliament. Copies are also available from the Insurance Directorate of the Department of Trade and Industry, Room 5.C.53, 1 Victoria Street, London SW1H 0ET.

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