ANNEX

A.Classification of risks according to classes of insurance

1. Accident (including industrial injury and occupational diseases)
— fixed pecuniary benefits
— benefits in the nature of indemnity
— combinations of the two
— injury to passengers

2. Sickness
— fixed pecuniary benefits
— benefits in the nature of indemnity
— combinations of the two

3. Land vehicles (other than railway rolling stock)

All damage to or loss of
— land motor vehicles
— land vehicles other than motor vehicles

4. Railway rolling stock

All damage to or loss of railway rolling stock

5. Aircraft

All damage to or loss of aircraft

6. Ships (sea, lake and river and canal vessels)

All damage to or loss of
— river and canal vessels
— lake vessels
— sea vessels

7. Goods in transit(including merchandise, baggage, and all other goods)

All damage to or loss of goods in transit or baggage, irrespective of the form of transport

8. Fire and natural forces

All damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to
— fire
— explosion
— storm
— natural forces other than storm
— nuclear energy
— land subsidence

9. Other damage to property

All damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to hail or frost, and any event such as theft, other than those mentioned under 8

10. Motor vehicle liability

All liability arising out of the use of motor vehicles operating on the land (including carrier's liability)

11. Aircraft liability

All liability arising out of the use of aircraft (including carrier's liability)

12. Liability for ships (sea, lake and river and canal vessels)

All liability arising out of the use of ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability)

13. General liability

All liability other than those forms mentioned under Nos 10, 11 and 12

14. Credit

— insolvency (general)
— export credit
— instalment credit
— mortgages
— agricultural credit

15. Suretyship

— suretyship (direct)
— suretyship (indirect)

16. Miscellaneous financial loss

— employment risks
— insufficiency of income (general)
— bad weather
— loss of benefits
— continuing general expenses
— unforeseen trading expenses
— loss of market value
— loss of rent or revenue
— indirect trading losses other than those mentioned above
— other financial loss (non-trading)
— other forms of financial loss

17. Legal expenses

Legal expenses and costs of litigation

[[F1]18. Assistance

Assistance for persons who get into difficulties while travelling, while away from home or while away from their permanent residence**]**

Textual Amendments

F1 Inserted by Council Directive of 10 December 1984 amending, particularly as regards tourist assistance, the First Directive (73/239/EEC) on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance (84/641/EEC).

The risks included in a class may not be included in any other class except in the cases referred to in point C.

B. Description of authorizations granted for more than one class of insurance

Where the authorization simultaneously covers:

(a) Classes Nos 1 and 2, it shall be named 'Accident and Health Insurance';

(b) Classes Nos 1 (fourth indent), 3, 7 and 10, it shall be named 'Motor Insurance';

(c) Classes Nos 1 (fourth indent), 4, 6, 7 and 12, it shall be named 'Marine and Transport Insurance';

(d) Classes Nos 1 (fourth indent), 5, 7 and 11, it shall be named 'Aviation Insurance';

(e) Classes Nos 8 and 9, it shall be named 'Insurance against Fire and other Damage to Property';

(f) Classes Nos 10, 11, 12 and 13, it shall be named 'Liability Insurance';

(g) Classes Nos 14 and 15, it shall be named 'Credit and Suretyship Insurance';

(h) All classes, it shall be named at the choice of the Member State in question, which shall notifiy the other Member States and the Commission of its choice.

C. Ancillary risks

An undertaking obtaining an authorization for a principal risk belonging to one class or a group of classes may also insure risks included in another class without an authorization being necessary for them if they:
— are connected with the principal risk,
— concern the object which is covered against the principal risk, and
— are covered by the contract insuring the principal risk.

[F2However, the risks included in classes 14, 15 and 17 in point A may not be regarded as risks ancillary to other classes.

Textual Amendments

F2 Substituted by Council Directive of 22 June 1987 on the coordination of laws, regulations and administrative provisions relating to legal expenses insurance (87/344/EEC).

Nonetheless, the risk included in class 17 (legal expenses insurance) may be regarded as an ancillary risk of class 18 where the conditions laid down in the first subparagraph are fulfilled, where the main risk relates solely to the assistance provided for persons who fall into difficulties while travelling, while away from home or while away from their permanent residence.

Legal expenses insurance may also be regarded as an ancillary risk under the conditions set out in the first subparagraph where it concerns disputes or risks arising out of, or in connection with, the use of seagoing vessels.]

[F3D. Methods of calculating the equalization reserve for the credit insurance class

Method No 1

1. In respect of the risks included in the class of insurance in point A No 14 (hereinafter referred to as 'credit insurance'), the undertaking shall set up an equalization reserve to which shall be charged any technical deficit arising in that class for a financial year.

2. Such reserve shall in each financial year receive 75 % of any technical surplus arising on credit insurance business, subject to a limit of 12 % of the net premiums or contributions until the reserve has reached 150 % of the highest annual amount of net premiums or contributions received during the previous five financial years.

Method No 2

1. In respect of the risks included in the class of insurance listed in point A No 14 (hereinafter referred to as 'credit insurance') the undertaking shall set up an equalization reserve to which shall be charged any technical deficit arising in that class for a financial year.

2. The minimum amount of the equilization reserve shall be 134 % of the average of the premiums or contributions received annually during the previous five financial years after subtraction of the cessions and addition of the reinsurance acceptances.

3. Such reserve shall in each of the successive financial years receive 75 % of any technical surplus arising in that class until the reserve is at least equal to the minimum calculated in accordance with paragraph 2.

4. Member States may lay down special rules for the calculation of the amount of the reserve and/or the amount of the annual levy in excess of the minimum amounts laid down in this Directive.

Method No 3

1. An equalization reserve shall be formed for class 14 in point A (hereinafter referred to as 'credit insurance') for the purpose of offsetting any above-average claims ratio for a financial year in that class of insurance.

2. The equalization reserve shall be calculated on the basis of the method set out below.

All calculations shall relate to income and expenditure for the insurer's own account.

An amount in respect of any claims shortfall for each financial year shall be placed to the equalization reserve until it has reached, or is restored to, the required amount.

There shall be deemed to be a claims shortfall if the claims ratio for a financial year is lower than the average claims ratio for the reference period. The amount in respect of the claims shortfall shall be arrived at by multiplying the difference between the two ratios by the earned premiums for the financial year.

The required amount shall be equal to six times the standard devition of the claims ratios in the reference period from the average claims ratio, multiplied by the earned premiums for the financial year.

Where claims for any financial year are in excess, an amount in respect thereof shall be taken from the equalization reserve. Claims shall be deemed to be in excess if the claims ratio for the financial year is higher than the average claims ratio. The amount in respect of the excess claims shall be arrived at by multiplying the difference between the two ratios by the earned premiums for the financial year.

Irrespective of claims experience, 3,5 % of the required amount of the equalization reserve shall be first placed to that reserve each financial year until its required amount has been reached or restored.

The lenght of the reference period shall be not less than 15 years and not more than 30 years. No equalization reserve need be formed if no underwriting loss has been noted during the reference period.

The required amount of the equalization reserve and the amount to be taken from it may be reduced if the average claims ratio for the reference period in conjunction with the expenses ratio show that the premiums include a safety margin.
Method No 4

1. An equalization reserve shall be formed for class 14 in point A (hereinafter referred to as 'credit insurance') for the purpose of offsetting any above-average claims ratio for a financial year in that class of insurance.

2. The equalization reserve shall be calculated on the basis of the method set out below.

All calculations shall relate to income and expenditure for the insurer's own account.

An amount in respect of any claims shortfall for each financial year shall be placed to the equalization reserve until it has reached the maximum required amount.

There shall be deemed to be a claims shortfall if the claims ratio for a financial year is lower than the average claims ratio for the reference period. The amount in respect of the claims shortfall shall be arrived at by multiplying the difference betwen the two ratios by the earned premiums for the financial year.

The maximum required amount shall be equal to six times the standard deviation of the claims ratio in the reference period from the average claims ratio, multiplied by the earned premiums for the financial year.

Where claims for any financial year are in excess, an amount in respect thereof shall be taken from the equalization reserve until it has reached the minimum required amount. Claims shall be deemed to be in excess if the claims ratio for the financial year is higher than the average claims ratio. The amount in respect of the excess claims shall be arrived at by multiplying the difference between the two ratios by the earned premiums for the financial year.

The minimum required amount shall be equal to three times the standard deviation of the claims ratio in the reference from the average claims ratio multiplied by the earned premiums for the financial year.

The length of the reference period shall be not less than 15 years and not more than 30 years. No equalization reserve need be formed if no underwriting loss has been noted during the reference period.

Both required amounts of the equalization reserve and the amount to be placed to it or the amount to be taken from it may be reduced if the average claims ratio for the reference period in conjunction with the expenses ratio show that the premiums include a safety margin and that safety margin is more than one-and-a-half times the standard deviation of the claims ratio in the reference period. In such a case the amounts in question shall be multiplied by the quotient or one-and-a-half times the standard deviation and the safety margin.**]**

Textual Amendments

F3 Inserted by Council Directive of 22 June 1987 amending, as regards credit insurance and suretyship insurance, First Directive 73/239/EEC on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance (87/343/EEC).