

Council Directive of 19 December 1991 on the annual accounts  
and consolidated accounts of insurance undertakings (91/674/EEC)

SECTION 6

**Special provisions relating to certain profit-and-loss-account items**

*Article 35*

Non-life-insurance technical account: item I (1) (a)

Life-assurance technical account: item II (1) (a)

Gross premiums written

Gross premiums written shall comprise all amounts due during the financial year in respect of insurance contracts regardless of the fact that such amounts may relate in whole or in part to a later financial year, and shall include *inter alia*:

- (i) premiums yet to be written, where the premium calculation can be done only at the end of the year;
- (ii) — single premiums, including annuity premiums,  
— in life assurance, single premiums resulting from bonus and rebate provisions in so far as they must be considered as premiums on the basis of contracts and where national legislation requires or permits their being shown under premiums;
- (iii) additional premiums in the case of half-yearly, quarterly or monthly payments and additional payments from policyholders for expenses borne by the insurance undertaking;
- (iv) in the case of co-insurance, the undertaking's portion of total premiums;
- (v) reinsurance premiums due from ceding and retroceding insurance undertakings, including portfolio entries,

after deduction of:

- portfolio withdrawals credited to ceding and retroceding insurance undertakings, and
- cancellations.

The above amounts shall not include the amounts of taxes or charges levied with premiums.

*Article 36*

Non-life-insurance technical account: item I (1) (b)

Life-assurance technical account: item II (1) (b)

Outward reinsurance premiums

Outward reinsurance premiums shall comprise all premiums paid or payable in respect of outward reinsurance contracts entered into by an insurance undertaking. Portfolio entries payable on the conclusion or amendment of outward reinsurance contracts shall be added; portfolio withdrawals receivable must be deducted.

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#### Article 37

Non-life-insurance technical account: items I (1) (c) and (d)

Life-assurance technical account: item II (1) (c)

Change in the provision for unearned premiums, net of reinsurance

Pending further coordination, Member States may, in the case of life assurance, require or permit the change in unearned premiums to be included in the change in the life assurance provision.

#### Article 38

##### **Non-life-insurance technical account: item I (4) Life-assurance technical account: item II (5) Claims incurred, net of reinsurance**

1 Claims incurred shall comprise all payments made in respect of the financial year plus the provision for claims but minus the provision for claims for the preceding financial year.

These amounts shall include annuities, surrenders, entries and withdrawals of loss provisions to and from ceding insurance undertakings and reinsurers, external and internal claims management costs and charges for claims incurred but not reported such as referred to in Article 60 (1) (b) and (2) (a).

Sums recoverable on the basis of subrogation and salvage within the meaning of Article 60 (1) (d) shall be deducted.

2 Where the difference between:

- the loss provision made at the beginning of the year for outstanding claims incurred in previous years, and
- the payments made during the year on account of claims incurred in previous years and the loss provision shown at the end of the year for such outstanding claims is material,

it shall be disclosed in the notes on the accounts, broken down by category and amount.

#### Article 39

Non-life-insurance technical account: item I (6)

Life-assurance technical account: item II (7)

Bonuses and rebates, net of reinsurance

Bonuses shall comprise all amounts chargeable for the financial year which are paid or payable to policyholders and other insured parties or provided for their benefit, including amounts used to increase technical provisions or applied to the reduction of future premiums, to the extent that such amounts represent an allocation of surplus or profit arising on business as a whole or a section of business, after deduction of amounts provided in previous years which are no longer required.

Rebates shall comprise such amounts to the extent that they represent a partial refund of premiums resulting from the experience of individual contracts.

Where material, the amount charged for bonuses and that charged for rebates shall be disclosed separately in the notes on the accounts.

#### Article 40

Non-life-insurance technical account: item I (7) (a)

Life-assurance technical account: item II (8) (a)

#### Acquisition costs

Acquisition costs shall comprise the costs arising from the conclusion of insurance contracts. They shall cover both direct costs, such as acquisition commissions or the cost of drawing up the insurance document or including the insurance contract in the portfolio, and indirect costs, such as advertising costs or the administrative expenses connected with the processing of proposals and the issuing of policies.

Member States may require policy renewal commissions to be entered in item I (7) (c) or II (8) (c).

#### Article 41

Non-life-insurance technical account: item I (7) (c)

Life-assurance technical account: item II (8) (c)

#### Administrative expenses

Administrative expenses shall include the costs arising from premium collection, portfolio administration, handling of bonuses and rebates, and inward and outward reinsurance. They shall in particular include staff costs and depreciation provisions in respect of office furniture and equipment in so far as these need not be shown under acquisition costs, claims incurred or investment charges.

#### Article 42

#### **Life-insurance technical account: items II (2) and (9) Non-technical account: items III (3) and (5) Investment income and charges**

1 All investment income and charges relating to non-life insurance shall be disclosed in the non-technical account.

2 In the case of an undertaking carrying on life-assurance business only, investment income and charges shall be disclosed in the life-assurance technical account.

3 In the case of an undertaking carrying on both life-assurance and non-life-insurance business, investment income and charges shall, to the extent that they are directly connected with the carrying on of the life-assurance business, be disclosed in the life-assurance technical account.

4 Member States may require or permit the disclosure of investment income and charges according to the origin or attribution of the investments, if necessary by providing for further items in the non-life-insurance technical account, by analogy with the corresponding items in the life-assurance technical account.

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### Article 43

#### **Non-life-insurance technical account: item I (2) Life-assurance technical account: item II (2) Non-technical account: items III (4) and (6) Allocated investment return**

1 Where part of the investment return is transferred to the non-life-insurance technical account, the transfer from the non-technical account shall be deducted from item III (6) and added to item I (2).

2 Where part of the investment return disclosed in the life-assurance technical account is transferred to the non-technical account, the amount transferred shall be deducted from item II (12) and added to item III (4).

3 Member States may lay down the procedures for and the amounts of transfers of allocated return from one part of the profit and loss account to another. The reasons for such transfers and the bases on which they are made shall be disclosed in the notes on the accounts in either event; where appropriate, a reference to the text of the relevant regulation shall suffice.

### Article 44

#### **Life-assurance technical account: items II (3) and (10) Unrealized gains and losses on investments**

1 In life-assurance business Member States may permit the disclosure in full or in part in items II (3) and (10) in the profit and loss account of variations in the difference between:

- the valuation of investments at their current value or by means of one of the methods referred to in Article 33 (1) of Directive 78/660/EEC, and
- their valuation at purchase price.

In any event, Member States shall require that the amounts referred to in the first paragraph be disclosed in the aforementioned items where they relate to investments shown as assets under D.

2 Member States which require or permit the valuation of the investments shown as assets under C at their current value may, in respect of non-life-insurance, permit the disclosure in full or in part in an item III (3a) and in an item III (5a) in the profit and loss account of the variation in the difference between the valuation of those investments at their current value and their valuation at purchase price.