
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations revoke and replace the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 (S.I. 2004/3219) (“the 2004 Regulations”). They specify the form and content of syndicate annual accounts and the aggregate accounts, and require the preparation of underwriting year accounts.

These Regulations update the implementation of Council Directive [91/674/EEC](#) on the annual accounts and consolidated accounts of insurance undertakings as amended by Directive [2003/51/EC](#) of the European Parliament and of the Council of 18.6.2003 in relation to Lloyd's. They also implement, in part, Directive [2006/43/EC](#) of the European Parliament and of the Council of 17.5.2006 on statutory audits of annual accounts and consolidated accounts (O.J. L157, 9.6.2006, p.87), and Directive [2006/46/EC](#) of the European Parliament and the Council of 14.6.2006 amending Council Directives 78/660 on the annual accounts of certain types of companies, [83/349/EEC](#) on consolidated accounts, [86/635/EEC](#) on the annual accounts and consolidated accounts of banks and other financial institutions and [91/674/EEC](#) on the annual accounts and consolidated accounts of insurance undertakings (OJ L 224 of 16.8.2006, p.1).

Regulation 5 re-enacts the requirements of the 2004 Regulations that managing agents of syndicates must prepare annual accounts for each syndicate for which they are responsible on 31st December for the preceding financial year, and requires managing agents to ensure the preparation of an annual report and an auditor's report.

Schedule 1 specifies the form and content of the syndicate annual accounts (in Part 1); sets out the requirements which must be satisfied by the managing agent's annual report (in Part 2) and makes provision in relation to the auditors of the syndicate accounts (in Part 3). Schedule 2 sets out the information on auditor's remuneration which must be included in the accounts, following the provision made in the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 (S.I. 2008/489).

Regulation 6 re-enacts the requirements of the 2004 Regulations for the preparation of a separate set of accounts, to be separately audited, and prepared on an underwriting year basis, in respect of any underwriting year which is being closed by way of reinsurance to close.

Regulation 7 makes provision for the approval and signing of the syndicate annual accounts.

Regulation 8 re-enacts the requirements for managing agents of a syndicate to send copies of the accounts prepared under regulations 5 and 6 to the members of the syndicate, the Council of Lloyd's and the Financial Services Authority. Regulation 9 re-enacts the requirement for the Council of Lloyd's to make copies of syndicate accounts that it receives available to the public on reasonable notice.

Regulations 10 and 11 make provision in relation to the auditor's report, imposing equivalent functions on auditors to those imposed by the Companies Act 2006.

Regulations 12, 13 and 14 implement Article 28.1 of the Audit Directive on the signature of the auditor's report on the syndicate annual accounts and the underwriting year accounts. Regulation 15 makes provision in relation to the publication of the statutory accounts.

Regulation 16 applies section 469 of the Companies Act 2006 to the syndicate annual accounts, implementing Article 50a of Directive 78/660.

Regulation 17 makes it an offence for managing agents to fail to comply with the requirements set out in Part 2 of the Regulations.

Regulation 18 re-enacts the requirements of the 2004 Regulations for the Council of Lloyd's to prepare aggregate accounts in respect of each financial year. Regulation 19 makes provision for the approval and signature of the aggregate accounts.

Changes to legislation: There are currently no known outstanding effects for the The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. (See end of Document for details)

Regulation 20 re-enacts the requirement in the 2004 Regulations for the Council of Lloyd's to prepare an annual report. Further provision as to the information which must be contained in the annual report is made in Part 1 of Schedule 3, and regulation 21 makes provision for the approval and signature of the annual report.

Regulation 22 re-enacts the requirements in the 2004 Regulations for the Council of Lloyd's to obtain an auditor's report on the aggregate accounts. Regulations 23 to 25 implement Article 28.1 of the Audit Directive on the signature of the auditor's report on the aggregate accounts, and regulation 26 re-enacts the requirements in the 2004 Regulations on the auditor's duties in relation to the aggregate accounts. Part 2 of Schedule 3 makes further provision in relation to the auditor of the aggregate accounts. Regulation 27 re-enacts the requirements in the 2004 Regulations on the publication of the aggregate accounts and the annual report of the Council of Lloyd's, and their delivery to the Financial Services Authority.

Regulation 28 makes it an offence for members of the Council of Lloyd's to fail to comply with the requirements set out in Part 3 of the Regulations.

Regulation 29 re-enacts the provision made by the 2004 Regulations for the statutory functions imposed on the Financial Services Authority in relation to overseeing the preparation and delivery of accounts by Lloyd's syndicates and the Council of Lloyd's.

An Impact Assessment has been prepared in relation to these Regulations, as has a transposition note showing how the main provisions of Directives [2006/43/EC](#) and [2006/46/EC](#), as they apply to Lloyd's, are being transposed into UK law. A copy of both documents can be obtained from the Financial Stability and Risk Team, HM Treasury, 1 Horse Guards Road, London SW1A 2 HQ. Both documents are also available on the Treasury website (www.hm-treasury.gov.uk) and copies have been placed in the library of both Houses of Parliament.

Changes to legislation:

There are currently no known outstanding effects for the The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.