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STATUTORY INSTRUMENTS

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**1998 No. 2996**

**INSURANCE**

**The Insurance Companies (Amendment) Regulations 1998**

<i>Made</i>	- - - -	<i>3rd December 1998</i>
<i>Laid before Parliament</i>		<i>3rd December 1998</i>
<i>Coming into force</i>	- -	<i>1st January 1999</i>

The Treasury in exercise of the powers conferred by sections 17, 18, 34A, 90, 96(1) and 97 of the Insurance Companies Act 1982(1) and now vested in them(2), and of all other powers enabling them in that behalf, hereby make the following Regulations:

**Citation, commencement and effect**

1.—(1) These Regulations may be cited as the Insurance Companies (Amendment) Regulations 1998 and shall come into force on 1st January 1999.

(2) The Insurance Companies Regulations 1994(3) (“the 1994 Regulations”), the Insurance Companies (Accounts and Statements) Regulations 1996(4) (“the 1996 Regulations”) and the Insurance Companies (Reserves) Regulations 1996(5) (“the Reserves Regulations”) shall have effect subject to the following amendments.

*Amendment of the 1994 Regulations*

**Interpretation: Part VIII**

2. In paragraph (1) of regulation 44 (interpretation: Part VIII), in the definition of “approved financial institution” insert “the European Central Bank” after “any of the following—” and before “the central bank of an EEA State”.

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(1) 1982 c. 50; Section 34A was inserted by the Insurance Companies (Reserves) Act 1995 (c. 29), section 1(1).  
(2) References to the “Treasury” were substituted for references to the “Secretary of State” in section 34A of the Insurance Companies Act 1982 by article 8 of, and paragraph 21 of the Schedule to, and in section 97(1) by article 8 of, and paragraph 51 of the Schedule to, the Transfer of Functions (Insurance) Order 1997 (S.I. 1997/2781).  
(3) S.I. 1994/1516 to which amendments have been made which are not relevant to these Regulations.  
(4) S.I. 1996/943 to which amendments were made by S.I. 1997/2911; relevant amendments are noted below.  
(5) S.I. 1996/946.

### *Amendments of the 1996 Regulations*

#### **Risks groups for general business**

3. In paragraph (3)(f) of regulation 12 of the 1996 Regulations (risk groups for general business), after the words “Schedule 2C of the Act” insert “, or approved by the competent authority of another EEA State under Article 12 of Council Directive 92/49/EEC,”<sup>(6)</sup>.

#### **Schedule 1 to the 1996 Regulations: balance sheet and profit and loss account**

4. In sub-paragraph (b) of paragraph 17 of Schedule 1 to the 1996 Regulations, for “lines 21 to 47 of Form 14” substitute “lines 17 to 39 of Form 14”.

5.—(1) The forms contained in Schedule 1 to the 1996 Regulations shall be amended as follows.

(2) In paragraph 3(b)(7) of the instructions for completion of Form 13 (analysis of admissible assets), for the words “the United Kingdom branch of an external company (other than a pure reinsurer)” substitute “an EEA branch return of a United Kingdom deposit company”.

#### **Schedule 2 to the 1996 Regulations: general business: revenue account and additional information**

6.—(1) Paragraph 3 of Schedule 2 to the 1996 Regulations (currency) shall be amended as follows.

(2) In sub-paragraph 4(b) of paragraph 3, after the words “Canadian dollars” insert “, euros”.

(3) After sub-paragraph (5) of paragraph 3, insert—

“(6) For the purposes of sub-paragraph (1) above, “the currency of the country concerned”, in the case of a country participating in European Economic and Monetary Union shall mean—

(a) for forms completed in respect of a financial year ending before 31st December 1999, the currency of the country concerned as at 31st December 1998;

(b) for forms completed in respect of a financial year ending on or after 31st December 1999, the euro (whether or not the amounts reported on those forms relate to accident or underwriting years ending on or after 31st December 1999).”.

7. In sub-paragraph (1)(a) of paragraph 5 of Schedule 2 to the 1996 Regulations, for the words “an appropriately weighted average of European currencies” substitute “euros”.

8.—(1) The forms contained in Schedule 2 to the 1996 Regulations shall be amended as follows.

(2) In paragraph 4(8) of the instructions for the completion of Form 33 (underwriting year accounting reconciliation of gross claims and premiums for direct and facultative reinsurance), for “Form 20” substitute “Form 21”.

(3) Paragraph 8(9) of the instructions for the completion of Form 34 (underwriting year accounting: analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance) shall be omitted.

(4) In paragraph 1 of the instructions for completion of Form 36(10) (currency rates), for “column 1 to this form” substitute “the column to this form headed “No. of units to £ sterling””.

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(6) O.J. L228, 11.8.92, p. 1.

(7) Paragraph 3 was substituted by S.I. 1997/2911, reg. 5(3).

(8) Paragraph 4 was inserted by S.I. 1997/2911, reg. 10(10).

(9) Paragraph 8 was inserted by S.I. 1997/2911, reg. 10(11).

(10) The instructions for the completion of Form 36 were inserted by S.I. 1997/2911, reg. 10(13).

**Schedule 4 to the 1996 Regulations: abstract of valuation report prepared by the appointed actuary**

**9.** In paragraph 20(3)(**11**) of Schedule 4 to the 1996 Regulations, for the words “in accordance with paragraph 4” substitute “in accordance with paragraph 7”.

**10.** In paragraph 5 of the instructions for completion of Form 60 in Schedule 4 to the 1996 Regulations (long term business: required minimum margin), for the words “referred to in the supplementary note to Form 14 (made in accordance with the instruction 4 to that Form)” substitute “shown at line 63 to Form 14”.

*Amendment of the Reserves Regulations*

**Interpretation**

- 11.** After sub-paragraph (3) of regulation 2 of the Reserves Regulations (interpretation), insert—
- “(4) For the purposes of these Regulations, the rate of conversion from the euro to the pound sterling shall be the rate applicable on the last day of the preceding October for which the rate was published in the Official Journal of the Communities.”

3rd December 1998

*Jane Kennedy*  
*David Jamieson*  
Two of the Lords Commissioners of Her  
Majesty’s Treasury

*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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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, which come into force on 1st January 1999, make amendments to the Insurance Companies Regulations 1994 (“the 1994 Regulations”), the Insurance Companies (Accounts and Statements) Regulations 1996 (“the 1996 Regulations”) and the Insurance Companies Reserves Regulations 1996 (“the Reserves Regulations”). They make certain amendments in consequence of Council Regulation No. 1103/97<sup>(12)</sup> and Council Regulation No. 947/98<sup>(13)</sup> on the introduction of the euro, and other amendments concerning the extent of disclosure required under section 17 and 18 of the Insurance Companies Act 1982.

Regulation 2 amends the provisions of regulation 44 of the 1994 Regulations by adding the European Central Bank to the list of approved financial institutions.

Regulation 3 amends the provisions relating to the classification of risk groups for general insurance business.

Regulation 4 makes an amendment to the requirement for a supplementary note to Form 17 in respect of contracts or assets having the effect of a derivative contract.

Regulation 5 makes an amendment to the instructions for the completion of Form 13.

Regulations 6 and 7 make amendments to Schedule 2 to the 1996 Regulations relating to the conversion rate for UK business written in euros and the reporting of business written in the currency of member States participating in European Economic and Monetary Union.

Regulation 8 makes amendments to the instructions for the completion of Forms 33, 34 and 36 to correct drafting errors in these instructions.

Regulation 9 makes an amendment to the requirements relating to the forms showing the statements and analyses of unit liabilities in respect of the fund or part of a fund for which a surplus is determined under section 18 of the Insurance Companies Act.

Regulation 10 makes an amendment to the instructions for the completion of Form 60.

Regulation 11 deals with rate of conversion of the euro for the purposes of the Reserves Regulations.

## NOTE AS TO EARLIER COMMENCEMENT ORDERS

*(This note is not part of the Regulations)*

These Regulations amend an existing regulatory regime without imposing any additional costs or savings. Accordingly, no regulatory impact assessment has been prepared.

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<sup>(12)</sup> O.J. L62 19.6.97 p.1.

<sup>(13)</sup> O.J. L139 11.5.98 p.1.