

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 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.