
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under section 2(2) of the European Communities Act 1972. They apply to the insurance undertakings specified in regulation 2(2) to (4) which are incorporated in or formed under the law of any part of the United Kingdom. They replace the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 1993 (S.I. 1993/3245) (“the 1993 Regulations”) which applied to such undertakings incorporated in or formed under the law of Great Britain, and the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations (Northern Ireland) 1994 (S.R. 1994/429) (“the 1994 Regulations”) which applied to such undertakings formed or incorporated under the law of Northern Ireland.

The Regulations continue the implementation of Council Directive [91/674/EEC](#) (O.J. L374, 31.12.1991, p.7) on the annual accounts and consolidated accounts of insurance undertakings. They also implement, in part, Directive [2006/43/EC](#) on statutory audits of annual accounts and consolidated accounts (O.J. L157, 9.6.2006, p.87) (“the Audit Directive”).

The Regulations come into force on 6th April 2008 and apply to financial years of the insurance undertakings to which they relate beginning on or after that date and auditors appointed in respect of those financial years (regulation 1(2)).

Regulation 2(2) to (4) re-enacts the provisions of the 1993 and 1994 Regulations defining the insurance undertakings which are subject to the accounting requirements of these Regulations. Regulation 3 re-enacts the requirements of the 1993 and 1994 Regulations that insurance undertakings prepare accounts and directors' reports, and cause to be prepared auditors' reports, as if they were insurance companies or parent companies of insurance groups (within the meaning of the Companies Act 2006). The accounts are to comply with the provisions set out in regulation 3(3) and are to be prepared within the period of 6 months from the end of the relevant financial year, which is a reduction of the period for such preparation from 7 months as provided for in the 1993 and 1994 Regulations. This reflects the new time limit in section 442(2)(b) of the Companies Act 2006.

Regulation 3(5) applies the relevant provisions of the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 to insurance undertakings. This implements Article 49 of the Audit Directive on the disclosure of auditor remuneration. Regulation 4 re-enacts the requirements of the 1993 and 1994 Regulations relating to publication of the accounts. Regulation 5 re-enacts the penalties for non-compliance with the provisions of regulations 3 and 4.

Regulation 6 implements Article 37 of the Audit Directive, which requires the auditor to be appointed by the general meeting of shareholders or members of the audited entity. It does so by applying sections 485 to 488 of the Companies Act 2006. Regulation 7 imposes equivalent functions on auditors to those imposed by the Companies Act 2006, and Regulation 8 implements Article 28.1 of the Audit Directive on signature of the auditor's report.

Regulation 9 implements Article 38.1 of the Audit Directive, which requires Member States to ensure that auditors may be dismissed only where there are proper grounds. It creates a new right to apply to the High Court, which may be exercised by a member of the insurance undertaking or by the Financial Services Authority.

Regulations 10 and 11 implement Article 38.2 of the Audit Directive, which requires Member States to ensure that the audited entity and the auditor inform the authorities responsible for public oversight of the resignation or dismissal of the auditor. Regulation 12 contains penalties for non-compliance with regulations 10 and 11.

Regulation 14 and Schedules 1 and 2 modify the Friendly and Industrial and Provident Societies Act 1968 and the Industrial and Provident Societies (Northern Ireland) Act 1969 and regulation 15

Changes to legislation: *There are currently no known outstanding effects for the The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008. (See end of Document for details)*

makes consequential amendments to these enactments. Regulation 15 also makes a consequential amendment to section 1210 of the Companies Act 2006.

Regulation 16 revokes the 1993 and 1994 Regulations and makes transitional provision for the continued application of those regulations after revocation in respect of financial years beginning before 6th April 2008.

A transposition note has been prepared which sets out how Directive 2006/43 is to be transposed into UK law. An Impact Assessment of the effect that the implementation of Directive 2006/43 will have on the costs of business, charities or voluntary bodies has also been prepared. Both are available from the Department for Business, Enterprise and Regulatory Reform, Corporate Law and Governance Directorate, 1 Victoria Street, London, SW1H 0ET. They are also available electronically at www.berr.gov.uk. Copies have also been placed in the libraries of both Houses of Parliament. Otherwise, an Impact Assessment has not been produced for these Regulations as they have only a negligible impact on the costs of business, charities or voluntary bodies.

Changes to legislation:

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