STATUTORY INSTRUMENTS

1982 No. 305

INSURANCE

The Insurance Companies (Accounts and Statements) (Amendment) Regulations 1982

Made - - - -	*5th March* 1982
Laid before Parliament	*10th March* 1982
Coming into Operation	*1st April* 1982

The Secretary of State, in exercise of his powers under sections 13, 14, 16, 17, 18(3), 26A, 85(1) and 86(1) and (1A) of the Insurance Companies Act 1974(**a**) and of all other powers enabling him in that behalf, hereby makes the following Regulations—

Citation and Commencement

1.—(1) These Regulations may be cited as the Insurance Companies (Accounts and Statements) (Amendment) Regulations 1982.

(2) These Regulations shall come into operation on 1st April 1982:

Provided that—

(i) nothing in these Regulations shall apply in relation to any financial year ending before 1st April 1982;

(ii) Regulations 16(2) and 17(5) to (8) shall not apply in relation to an actuary's report made pursuant to section 14 of the Act, being a report to which the amendments made pursuant to section 17 of the Insurance Companies Act 1981(**b**) do not have effect;

(iii) Regulations 16(4) and (5), 17(1) to (4) and 18(1) shall not apply to any financial year ending before 1st October 1982; and

(iv) paragraph 1*(a)*(ii) of Part I of Schedule 6 to the Insurance Companies (Accounts and Statements) Regulations 1980(**c**) as set out in Regulation 19 shall not apply in relation to a certificate in respect of accounts and statements for a financial year beginning before 1st October 1982.

(**a**) 1974 c. 49; this Act has been amended by the Insurance Companies Act 1980 (c. 25) and the Insurance Companies Act 1981 (c. 31).
(**b**) 1981 c. 31.
(**c**) S.I. 1980/6, as amended by S.I. 1981/1656.

Interpretation

2. In these Regulations except where the context otherwise requires, references to numbered Regulations, Schedules and Forms are references to Regulations, Schedules and Forms respectively so numbered in the Insurance Companies (Accounts and Statements) Regulations 1980.

Amendment of Regulation 2

3. For paragraph (3) of Regulation 2 there shall be substituted—

"These Regulations do not apply to a Community company (other than a United Kingdom company or a pure reinsurer) or to a Community deposit company, in relation to long term business or general business carried on by it outside the United Kingdom."

Amendment of Regulation 3

4.—(1) In paragraph (1) of Regulation 3—

(a) the definitions of "the Authorisation Regulations", "excluded company" and "the Solvency Regulations" shall be omitted;

(b) for the definition of "admissible asset" there shall be substituted—

""admissible asset" means an asset which is not required by Regulation 38(3) of the Insurance Companies Regulations 1981(**a**) to be left out of account for the purposes specified in Regulation 38(1) of those Regulations;";

(c) in the definition of "Community company" the words "other than an excluded company" shall be omitted;

(d) the following definition shall be inserted after the definition of "Community company"—

""Community deposit company" means a company (other than a pure reinsurer) whose head office is not in a member State and which has made a deposit in a member State other than the United Kingdom in accordance with section 9(2)*(b)* of the Insurance Companies Act 1981;";

(e) in the definition of "external company" the words "other than a company to which section 9(2) of the Insurance Companies Act 1981 applies" shall be substituted for the words "other than an excluded company";

(f) in the definition of "fund" paragraph *(b)* shall be omitted;

(g) in the definitions of "guarantee fund" and "minimum guarantee fund" the words "the Insurance Companies Regulations 1981" shall be substituted for the words "the Solvency Regulations";

(h) in the definition of "permanent health contracts" the words "long term business Class IV as specified in Schedule 1 to the Insurance Companies Act 1981" shall be substituted for the words "section 83(2)*(b)* of the Act";

(i) for the definition of "property linked benefits" there shall be substituted—

""property linked benefits" means benefits provided for under any contract the effecting of which constitutes the carrying on of long-term insurance business, and which are determined by reference to the

(**a**) S.I. 1981/1654.

value of, or the income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or an index of, the value of property of any description (whether or not specified in the contract)";

(j) the following definition shall be inserted after the definition of "proportional reinsurance treaty"—

""pure reinsurer" means a company whose authorisation to carry on business in the United Kingdom is restricted to reinsurance;";

(k) in the definition of "related company" the words "Part V of the Insurance Companies Regulations 1981" shall be substituted for the words "the Insurance Companies (Valuation of Assets) Regulations 1976";

(l) the following definitions shall be inserted after the definition of "unearned premium portfolio"—

""United Kingdom company" means a company whose head office is in the United Kingdom;";

""United Kingdom deposit company" means a company (other than a pure reinsurer) whose head office is not in a member State and which has made a deposit in the United Kingdom in accordance with section 9(2)(b) of the Insurance Companies Act 1981;";

""zillmerising" means the method known by that name for modifying the net premium reserve method of valuing a long term policy by increasing the part of the future premiums for which credit is taken so as to allow for initial expenses.".

(2) For paragraph (3) of Regulation 3 there shall be substituted—

"(3) In these Regulations—

(a) any reference to long term business or general business shall, in relation to a Community company (other than a United Kingdom company or a pure reinsurer) and a Community deposit company, be taken to refer to long term or general business carried on by it through an agency or branch in the United Kingdom; and accordingly, any reference to, or requirement imposed in respect of, the accounts and balance sheet (including any notes, statements, reports and certificates annexed thereto) shall be taken as referring to, or imposing the requirement, in respect of business carried on through that agency or, as the case may be, that branch; and

(b) any reference to general business shall, in relation to an external company (other than a pure reinsurer), be taken to refer to its entire general business and to any general business carried on by it through an agency or branch in the United Kingdom and, in relation to a United Kingdom deposit company, be taken to refer to its entire general business and to any general business carried on by it through an agency or branch in any member State; and accordingly, any reference to or requirement imposed in respect of, the accounts and balance sheet (including any notes, statements, reports and certificates annexed thereto) relevant to general business shall be taken as referring to, or as the case may be, imposing the requirement in respect of—

(i) accounts prepared in respect of its entire general business, and

(ii) accounts prepared in respect of the general business carried on by, in the case of an external company, an agency or branch in question in the United Kingdom, and, in the case of a United Kingdom deposit company, by the agencies or branches in question in any member State taken together.".

Amendment of Regulation 4

5. In Regulation 4—

(a) in paragraph 1*(b)*, the words "subject to paragraph (2) below", "or of a liability", "or amount" and "or liability" shall be omitted, and

(b) paragraph (2) shall be omitted.

Amendment of Regulation 6

6. For paragraphs (3) and (4) of Regulation 6 there shall be substituted—
"(3) Forms 11 and 12 shall be completed by every United Kingdom company, external company, United Kingdom deposit company and pure reinsurer which carries on general business.

(4) Form 13 shall be completed (as appropriate)—

(a) by every United Kingdom company, external company United Kingdom deposit company and pure reinsurer which carries on long term business in respect of—

(i) the total assets representing the fund or funds maintained by it in accordance with section 23(**a**) of the Act; and

(ii) the assets appropriated by it in respect of each separate long term business fund or group of funds for which separate assets have been appropriated;

(b) by every Community company (other than a United Kingdom company or a pure reinsurer) and every Community deposit company in the accounts prepared in respect of long term business carried on by it through an agency or branch in the United Kingdom in respect of:—

(i) the assets of the company relating to that business representing the fund or funds maintained by it in accordance with section 23 of the Act, and

(ii) the assets of the company relating to that business appropriated by it in respect of each long term business fund or group of funds for which separate assets have been appropriated;

(c) by every United Kingdom company, external company, United Kingdom deposit company and pure reinsurer in respect of its total assets other than long term business assets;

(d) by every Community company (other than a United Kingdom company or a pure reinsurer) and every Community deposit company in the accounts prepared in respect of general business carried on by it through an agency or branch in the United Kingdom in respect of the assets, other than long term business assets, of the company relating to that business;

(e) by every external company (other than a pure reinsurer) in the accounts prepared in respect of general business carried on by it through an agency or branch in the United Kingdom in respect of those assets which are—

(i) deposited with the Accountant General,

(a) Section 23 was amended by the Insurance Companies Act 1981, section 36, Schedule 4, paragraph 2, and Schedule 5.

(ii) maintained in the United Kingdom, and

(iii) maintained in the United Kingdom and other member States; and

(f) by every United Kingdom deposit company in the accounts prepared in respect of general business carried on by it through agencies or branches in the member States concerned in respect of those assets which are—

(i) deposited with the Accountant General,

(ii) maintained in the United Kingdom and such other member States where business is carried on, and

(iii) maintained in the United Kingdom and the other member States.".

Amendment of Regulation 11

7. For the proviso to Regulation 11 there shall be substituted—

"Provided that where any form referred to above has been prepared in respect of the entire business of a company, no separate forms need be prepared—

(i) in the case of an external company, in respect of the business carried on by it through any agency or branch situated in the United Kingdom, and

(ii) in the case of a United Kingdom deposit company in respect of the business carried on by it through any agency or branch in any member State where business is carried on."

Amendment of Regulation 12

8. In paragraph (i) of the proviso to Regulation 12(1) there shall be inserted at the end the words "nor in the case of a United Kingdom deposit company or a Community deposit company, shall they apply to general business carried on through an agency or branch in the member State concerned.".

Insertion of new Regulation 13A

9. After Regulation 13 there shall be inserted—

"13A Every relevant company (as defined in Regulation 53 of the Insurance Companies Regulations 1981) which has participated in a relevant co-insurance operation (as so defined) in any financial year shall prepare Form 37 in accordance with the requirements of the Schedule to these Regulations.".

Amendment of Regulation 14

10. In Regulation 14 the words "12, 13, and 13A" shall be substituted for the words "12 and 13".

Amendment of Regulation 17A

11. In paragraph (2) of Regulation 17A the words "Community deposit company or an external company or through agencies or branches in any member States taken together by a United Kingdom deposit company," shall be substituted for the words "or an external company".

Amendment of Regulation 21

12. In Regulation 21 the words "Companies Acts 1948 to 1981" shall be substituted for the words "Companies Acts 1948 to 1976".

Amendment of Schedule 1

13.—(1) The words "Global business/UK branch business/Community branch business" shall be substituted for the words "Global business/UK branch business" in the headings to each of Forms 11, 12, 13, 15 and 16 and in each of the forms for the box marking "Global/UK" there shall be substituted "Global/UK/CM".

(2) The words "Global business/UK branch business" shall be substituted for the words "Global business" in the heading of Form 14, the letters "GL" shall be omitted from the box so marked and the words "Global/UK" shall be inserted above it.

(3) For paragraph 3(2) of Schedule 1 there shall be substituted—

"(2) Boxes marked "Global/UK/CM" or "Global/UK" shall be completed by inserting—

(a) "UK" in the case of a Form which is part of the returns prepared by a Community company (other than a United Kingdom company or a pure reinsurer) or a Community deposit company in respect of long term or general business carried on through an agency or branch in the United Kingdom or in respect of returns prepared by an external company (other than a pure reinsurer) in respect of general business carried on through an agency or branch in the United Kingdom; or

(b) "CM" in the case of a Form which is part of the returns prepared by a United Kingdom deposit company in respect of general business carried on through agencies or branches in the member States concerned; or

(c) "GL" in any other case."

(4) For paragraph 8(5) of Schedule 1 there shall be substituted—

"(5) In this paragraph "connected company" means a company which is a connected company within the meaning of Part III of Schedule 8 to the Insurance Companies Regulations 1981."

14.—(1) For Form 10 and the Instructions for the completion of Form 10 there shall be substituted Form 10 and the Instructions for the completion of Form 10 as set out in the Schedule to these Regulations.

(2) For the words "Regulation 13 of the Insurance Companies (Valuation of Assets) Regulations 1976" in paragraph 4 of the Instructions for the completion of Form 13 there shall be substituted the words "Regulation 47 of the Insurance Companies Regulations 1981."

(3) For the words "quoted" and "unquoted" wherever they occur in Form 13 there shall be substituted the words "listed" and "unlisted" respectively.

(4) Line 84 of Form 13 shall be omitted.

(5) In paragraph 1 of the Instructions for the completion of Form 13 there shall be inserted after the words "total long term business assets" the words "of the company or branch".

(6) In paragraph 2 of the Instructions for the completion of Form 13 the last sentence shall be omitted and there shall be substituted—

"Additionally—

(a) in the case of the United Kingdom branch return of an external company (other than a pure reinsurer) Form 13 shall be completed for the following categories of assets—

Category	Code
Assets deposited with the Accountant General	2
Assets maintained in the United Kingdom	3
Assets maintained in the United Kingdom and the other member States	4

(b) in the case of the Community branch return of a United Kingdom deposit company, Form 13 shall be completed for the following categories of assets—

Category	Code
Assets deposited with the Accountant General	2
Assets maintained in the United Kingdom and the other member States where business is carried on	5
Assets maintained in the United Kingdom and the other member States	4"

Amendment of Schedule 2

15.—(1) For the words "30 to 36" in the heading and in paragraph 1 of Schedule 2 there shall be substituted the words "30 to 37".

(2) For the words "the Insurance Companies (Classes of General Business) Regulations 1977" in sub-paragraph (1) of paragraph 5 of Schedule 2 there shall be substituted the words "Part 1 of Schedule 2 to the Insurance Companies Act 1981".

(3) The words "Global business/UK branch business/Community branch business" shall be substituted for the words "Global business/UK branch business" in the headings to each of Forms 20 to 30 and in each of the Forms for the box marking "Global/UK" there shall be substituted "Global/UK/CM".

(4) For the words "an ancillary risk (as defined in Regulation 4 of the Insurance Companies (Classes of General Business) Regulations 1977)" in sub-paragraph (1)*(b)* of the exceptions to paragraph 5 of Schedule 2 there shall be substituted the words "a related and subsidiary provision within the meaning of section 1(2) and (4) of the Insurance Companies Act 1981."

(5) In Schedule 2 after Form 36 there shall be inserted Form 37 as set out in the Schedule to these Regulations.

Amendment of Schedule 3

16.—(1) Beneath the heading "Name of Company" in each of Forms 40 to 51 there shall be inserted the words "Global business/UK branch business".

(2) After paragraph 3 of Schedule 3 there shall be inserted—

"3A Where a company maintains more than one ordinary long term business fund, or where it carries on both ordinary long term business and industrial assurance business, a statement shall be annexed to Form 40 giving the principles and methods applied in apportioning the investment income, increase or decrease in the value of assets brought into account, expenses and taxation between the different funds."

(3) For paragraph 3 of the Instructions for the completion of Form 40 there shall be substituted:—

"Where a transfer is made to the statement of other income and expenditure, the entry at 40.12.1 will show amounts which have been included in line 22 of Form 58. Transfers from or to other funds should be included in line 5 or 11, with transfers to reserves associated with a transfer of contracts from one fund to another distinguished from other transfers."

(4) In Form 45—

(a) the word "Running" in column 3 shall be omitted.

(b) in paragraph 2 of the Instructions for the words from "unchanged" to the end of the paragraph there shall be substituted:—

"but account should be taken of any changes in those factors known to have occurred by the valuation date (in particular, changes of the type *(a), (b), (c)* or *(d)* denoted in Regulation 59(5) of the Insurance Companies Regulations 1981). The figures shown in this Form should be those determined before any adjustments considered necessary because of Regulation 59(6).";

(c) after paragraph 4 of the Instructions there shall be inserted—

"5 The entries at 45.2.3 and 45.3.3 should be the gross redemption yields calculated in accordance with Instruction number 1 to Form 46 weighted by the value of the assets shown in column 1 of that Form; the yields to be inserted in column 3 for other categories of asset should be the running yields. The entry at 45.11.3 should be the weighted average of the yields in column 3, where the weight given to each asset is the value of that asset applicable for entry into column 1; assets not producing income should be included in the calculation."

(5) For paragraph 1 of the Instructions for the completion of Form 46 there shall be substituted—

"1 The gross redemption yield for each asset should be calculated as in Regulation 59(3) and (4) of the Insurance Companies Regulations 1981, leaving out of account any adjustment considered necessary because of Regulation 59(6). Where a number of assets with different gross redemption yields are held, the weighted average gross redemption yield should be calculated using as weights the value of the asset applicable for entry into column 1."

Amendment of Schedule 4

17.—(1) At the beginning of Schedule 4 there shall be inserted—

"The report shall state that the valuation is in conformity with Regulation 54 of the Insurance Companies Regulations 1981.".

(2) For sub-paragraphs *(b)* and *(c)* of paragraph 5 of Schedule 4 there shall be substituted—

"*(b)* where the net premium method has been used, whether and to what extent it has been modified and for what purposes the modification has been made and whether any modifications on account of zillmerising conform to Regulation 58 of the Insurance Companies Regulations 1981;

(c) whether any negative reserves arose and the steps taken to ensure that no contract was treated as an asset;".

(3) After sub-paragraph *(c)* of paragraph 7 of Schedule 4 there shall be inserted—

"*(d)* where in valuing contracts falling within the circumstances described in Regulation 57(1) of the Insurance Companies Regulations 1981 future premiums brought into account are not in accordance with that Regulation such additional information as is necessary to demonstrate that in the aggregate the liabilities determined are not less than an amount calculated in accordance with Regulations 55 to 64 of those Regulations."

(4) After paragraph 8 of Schedule 4 there shall be inserted—

"8A The proportion of the total net liabilities (other than liabilities for property linked benefits under linked contracts) as shown in Forms 55 and 56 not matched by assets in the same currency."

(5) After paragraph 9 of Schedule 4 there shall be inserted—

"9A Where any rights of any policyholders to participate in profits relate to profits from particular parts of a long term business fund—

(a) a revenue account in the format of Form 40 for each such part except where such information is provided elsewhere;

(b) the principles and methods applied in apportioning the investment income, increase or decrease in the value of assets brought into account, expenses and taxation between each part, where these particulars are not provided elsewhere."

(6) In paragraphs 15 and 16 of Schedule 4 there shall be inserted after the words "each separate fund" in each place where they occur the words "or part of a fund for which a surplus is determined under section 14 of the Act".

(7) There shall be inserted above the word "Fund" in Forms 55 to 58 the words "Global business/UK branch business" and for the word "Fund" there shall be substituted the words "Fund/Part of Fund".

(8) For Form 58 and the Instructions for the completion of Form 58 there shall be substituted Form 58 and the Instructions for the completion of Form 58 as set out in the Schedule to these Regulations.

Amendment of Schedule 5

18.—(1) Paragraph 5 of Schedule 5 shall be omitted.

(2) There shall be added to the headings in each of Forms 65 to 78 the words "Global business/UK branch business".

Amendment of Schedule 6

19. For Part I of Schedule 6 there shall be substituted—

Part I

"*Certificate by directors, etc.*

1. Subject to paragraph 5 below the certificate required by Regulation 18*(a)* of these Regulations shall state, in relation to the part of the return comprising Forms 10 to 16, 20 to 28, 31 to 37 and 40 to 51—

(a) that, for the purpose of preparing the return—

(i) proper records have been maintained and adequate information has been obtained by the company, and

(ii) an appropriate system of control has been established and maintained by the company over its transactions and records;

(b) except in the case of a Community company (other than a United Kingdom company or a pure reinsurer) and a Community deposit company in respect of business to which sub-paragraph (b) of paragraph 2 below applies, that the value shown for each category of asset has been determined in conformity with Regulation 4 of these Regulations and includes the value of only such assets or such parts thereof as are permitted to be taken into account;

(c) that the amount shown for each category of liability (including contingent and prospective liabilities) has been determined in conformity with Regulation 4 of these Regulations;

(d) that in respect of the company's business which is not excluded by Regulation 27 of the Insurance Companies Regulations 1981, the assets held at the end of the financial year enabled the company to comply with Regulations 25 and 26 (matching and localisation) of the said Regulations; and,

(e) in the case of a United Kingdom company, pure reinsurer, United Kingdom deposit company or external company carrying on long term business which has financial, commercial, or administrative links with any other company carrying on insurance business, that the returns in respect of long term business are not distorted by agreements between the companies concerned or by any arrangements which could affect the apportionment of expenses and income.

2. If a company carries on general business, the certificate required by Regulation 18*(a)* of these Regulations shall, subject to paragraph 5 below, also state—

(a) in the case of a United Kingdom company, a pure reinsurer or (in respect of its entire business) United Kingdom deposit company or external company, the amount of its required solvency margin (whichever is the greater of the required margin of solvency within the meaning of Part II

of the Insurance Companies Regulations 1981, and the amount of the minimum guarantee fund) applicable to the company immediately following the end of the financial year and the amount of the company's net assets (as shown in Form 10) after taking into account any quantifiable contingent liabilities shown in a note to Form 15;

(b) in the case of a Community company (other than a United Kingdom company or a pure reinsurer) or a Community deposit company which carries on general business through an agency or branch in the United Kingdom, that the value of the admissible assets of the general business carried on by the company in the United Kingdom is maintained at not less than the amount of the liabilities of that business;

(c) in the case of an external company (other than a pure reinsurer) carrying on general business through an agency or branch in the United Kingdom—

(i) in relation to the general business carried on through an agency or branch in the United Kingdom, the amount of the required United Kingdom solvency margin (whichever is the greater of the United Kingdom margin of solvency within the meaning of Part II of the Insurance Companies Regulations 1981, and the amount of the appropriate minimum guarantee fund) applicable to the company in the period immediately following the end of the financial year and the amount of the net admissible assets (as shown in Form 10) after taking into account any quantifiable contingent liabilities shown in a note to Form 15;

(ii) that the company keeps admissible assets representing the said required United Kingdom solvency margin of an amount at least equal to the appropriate guarantee fund or minimum guarantee fund, whichever is the greater, within the United Kingdom and keeps admissible assets representing the remainder of that margin within the United Kingdom and the other member States; and,

(iii) that the deposit made in accordance with section 9(1)*(c)* of the Insurance Companies Act 1981 has been maintained at a level equal to at least the minimum as defined in Part III of the Insurance Companies Regulations 1981;

(d) in the case of a United Kingdom deposit company carrying on general business through agencies and branches in the member States concerned—

(i) in relation to the general business carried on through agencies and branches in the member States concerned (including the United Kingdom) the amount of the required Community solvency margin (whichever is the greater of the Community margin of solvency within the meaning of Part II of the Insurance Companies Regulations 1981 and the amount of the appropriate minimum guarantee fund) applicable to the company in the period immediately following the end of the financial year and the amount of the net admissible assets (as shown in Form 10) after taking into account any quantifiable contingent liabilities shown in a note to Form 15;

(ii) that the company keeps admissible assets representing the said required Community solvency margin of an amount at least equal to the appropriate guarantee fund or minimum guarantee fund, whichever is the greater, within the member States concerned and

keeps admissible assets representing the remainder of that margin within the member States concerned and the other member States; and,

(iii) that the deposit made in accordance with section 9(2) of the Insurance Companies Act 1981 has been maintained at a level equal to at least the minimum as defined in Part III of the Insurance Companies Regulations 1981; and,

(e) in the case of a company which accounts for any of its general business over periods longer than twelve months, that all premiums and considerations receivable in respect of any general business accounted for over a period of longer than twelve months, and in relation to which separate provision is not made for unearned premiums and claims outstanding, have been retained in the fund or funds of the account, subject only to—

(i) the discharge of liabilities (including expenses) proper to the execution of that business, and

(ii) the transfer of any profits after the closing of the account at the end of the appropriate accounting period,

and that any shortfall of any such fund below the amount which is estimated to be required to meet outstanding liabilities (net of reinsurance and other recoveries) has been made good by transfers into the fund.

3. If a company carries on long term business the certificate required by Regulation 18*(a)* of these Regulations shall, subject to paragraph 5 below, also state—

(a) except in the case of a company which has no shareholders and carries on no business whatsoever other than long term insurance business, that the requirements of sections 23 to 26 of the Insurance Companies Act 1974 have been fully complied with and in particular that, subject to the provisions of section 24(2) and (3) and section 25 of the Insurance Companies Act 1974, assets attributable to long term business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term business fund or funds have not been applied other than for the purposes of the long term business;

(b) that any amount payable from or receivable by the long term business fund or funds in respect of services rendered by or to any other business carried on by the company or by a person connected with it for the purposes of section 26 of the Insurance Companies Act 1974 has been determined and where appropriate apportioned on terms which are believed to be no less than fair to that fund or those funds, and any exchange of assets representing such fund or funds for other assets of the company has been made at fair market value; and,

(c) that all guarantees given by the company of the performance by a related company of a contract binding on the related company which would fall to be met by any long term business fund have been disclosed in the return, and that the fund or funds on which each such guarantee would fall has been identified therein.

4. Except in the case of a Community company (other than a pure reinsurer) the certificate required by Regulation 18*(a)* of these Regulations shall, subject to paragraph 5 below, also state that proper accounts and records have been maintained in the United Kingdom in respect of business carried on through an agency or branch in the United Kingdom.

5.—(1) Where, in the opinion of those signing the certificate, the circumstances are such that any of the statements required by paragraphs 1, 2, 3 and 4 above (other than those required by sub-paragraphs *(a)* *(c)*(i) and *(d)*(i) of paragraph 2) cannot truthfully be made, the relevant statements should be omitted.

(2) Where, by virtue of sub-paragraph (1) of this paragraph, any statements have been omitted from the certificate, this fact shall be stated in a note attached to the certificate.".

20. In Paragraph 8*(a)* in Part III of Schedule 6 there shall be substituted the words "31 to 37" for the words "31 to 36".

John Biffen,
Secretary of State for Trade.

5th March 1982.

"SCHEDULE FORMS" Regulations 14(1) 15(5) and 17(8)

Returns under Insurance Companies Legislation **Form 10**

Statement of solvency

Name of Company

Global business/UK branch business/ Community branch business

Financial year ended

Company registration number	Global/ UK/CM	Period ended day	month	year	Units	For Official Use
F10				19	£000	

		As at the end of the financial year 1	As at the end of the previous year 2	Source Form / Line / Column
Long Term business-admissible assets	11			13 . 93
Long Term business-liabilities and margins	12			14 . 59
Other than Long Term business—admissible assets	21			13 . 93
Other than Long Term business — liabilities (See note 1)	22			15 . 59
Net admissible assets (21 — 22)	27			
Unpaid capital — as per Line 53	28			
Net assets (27 + 28)	29			
Required solvency margin	31			See note 2
Excess of net assets over required solvency margin (29 — 31)	39			See note 2
Authorised share capital	41			
Paid up share capital	51			
Share premium account	52			
Unpaid amounts (including share premium) on partly paid shares within the limits allowed by Regulation 10 of the Insurance Companies Regulations 1981	53			
Amounts representing the balance of net assets	54			
Total (51 to 54) and equal to line 29 above	59			

Notes

1 The liabilities at line 22 do not include any amounts shown at lines 51 to 54.

2 Lines 31 and 39 are only relevant to a company carrying on general business.

INSTRUCTIONS FOR THE COMPLETION OF FORM 10.

Line 31 should be completed as follows—

(a) in the case of UK branch returns—
Community company (other than a UK company or a pure reinsurer) and a Community deposit company—Nil

(b) in all other cases—as in Form 12 line 49.

Returns under Insurance Companies Legislation

Form 37

General business: Analysis of gross premiums receivable through participation in Community co-insurance operations

Name of Company

Global Business/UK Branch Business/Community Branch Business

Financial Year Ended

Company registration number	Global/ UK/CM	Period ended day	month	year	Units	For Official use
F37				19	£000	

Country of Risk	Country Code		Gross premiums receivable (less rebates and refunds) on Community co-insurance operations in the financial year in accounting class:					
			Aircraft (accounting class 3)	Ships (accounting class 4) and Goods in transit) (accounting class 5) (see note 2)	Property damage (accounting class 6) (see note 2)	General liability (accounting class 7)	Pecuniary loss (accounting class 8)	TOTAL (1 + 2 + 3 + 4 + 5)
			1	2	3	4	5	6
		11						
		12						
		13						
		14						
		15						
		16						
		17						
		18						
		19						
		20						
		21						
		22						
		23						
Total		29						

Notes: 1 The figures in this form relate only to participation in Community co-insurance operations from a Head Office, Branch or Agency in the United Kingdom where the risk is situated in another member State.

2 Any business of accounting class 6 which consists of the insurance of railway rolling stock will be included in column 2 and not column 3.

Valuation result and distribution of surplus **Form 58**

Global business/UK branch business
Fund/Part of Fund

Valuation result	Fund carried forward		1	
	Bonus payments made to policyholders in anticipation of a surplus		2	
	Transfers out of Fund/Part of Fund	Net transfer to (from) statement of other income and expenditure	3	
		Net transfer to (from) other Funds/Parts of Funds	4	
	Net transfer out of Fund/Part of Fund (3 + 4)		5	
	Total (1 + 2 + 5)		6	
	Net liability for non-linked contracts		7	
	Net liability for linked contracts		8	
	Total (7 + 8)		9	
	Surplus (Deficiency) (6–9)		10	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		11	
	Transfers into Fund/Part of Fund	Net transfer from (to) statement of other income and expenditure	12	
		Net transfer from (to) other Funds/Parts of Funds	13	
	Net transfer into Fund/Part of Fund (12 + 13)		14	
	Surplus arising since the last valuation		15	
	Total (11 + 14 + 15) (= 10)		16	
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		17	
	Allocated to policyholders by way of	cash bonuses	18	
		reversionary bonuses	19	
		premium reductions	20	
	Total allocated to policyholders (17 to 20)		21	
	Net transfer out of Fund/Part of Fund (= 5)		22	
	Total distributed surplus (21 + 22)		23	
	Balance of surplus carried forward unappropriated		24	
	Total ((23 + 24) (= 10)		25	
Percentage of distributed surplus allocated to policyholders of Fund/Part of Fund			26	
Corresponding percentage at three immediately previous valuations	latest (date of valuation)		27	
	earlier (date of valuation)		28	
	earliest (date of valuation)		29	

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INSTRUCTIONS FOR COMPLETION OF FORM 58

1. The entry at line 1 should be equal to the entry at line 16 in the revenue account for the relevant fund/part of fund.
2. Where interim, mortuary, terminal or other bonuses are determined in advance of a valuation and are paid in anticipation of surplus arising at the valuation, the amounts of such bonus actually paid in the period up to the valuation date should be entered in lines 2 and 17. Where it is the practice of the company to make specific provision for the cost of such bonuses payable on future claims out of surplus arising at a valuation, such amounts should be treated as amounts allocated to policyholders at the valuation in question and included in line 18, and the actual amounts paid should not appear at lines 2 and 17 at future valuations. An appropriate footnote should be appended identifying the various items where necessary.
3. Where policies have been transferred from one fund/part of fund to another, the associated transfer of reserves should not be included as a "transfer" in this Form. Where any other transfer have been made, only one positive figure should be inserted in either line 5 or line 14 (depending on the direction of the net transfer) leaving the other line blank. Corresponding entries should be made in either the block comprising lines 3 and 4 or the block comprising lines 12 and 13, as applicable.
4. Where the entry in line 4 or line 13 represents more than one transaction, each transfer should be separately identified in the form or in a footnote.
5. In the case of a company which makes allocations to eligible policy holders generally at intervals of more than one year, bonus payments made to policy holders in anticipation of a surplus, transfers to or from other income and expenditure or to or from other funds or parts of funds shall include the amounts of all such bonus payments and transfers made since the date of the last general allocation. In that case the word "valuation" in lines 11 and 15 should be replaced by "general allocation", and line 11 shall show the balance of the surplus brought forward unappropriated from the date of the last general allocation and line 15 shall show the total amount of the surplus arising since that date. When the bonus payments or transfers relate to a period of more than one year that fact shall be stated in a footnote.
6. Line 26 is line 21 as a percentage of line 23. Line 26 shall not be completed in years where there is no general allocation.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations further amend the Insurance Companies (Accounts and Statements) Regulations 1980. New definitions of Community deposit company, pure reinsurer, United Kingdom company and United Kingdom deposit company are introduced, the definitions of Community company and external company are amended and the definition of excluded company is deleted (Regulation 4). Changes have been made to the form of accounts required from insurance companies to reflect new requirements arising from the Insurance Companies Act 1981 (Regulations 5 to 18). Schedule 6 has been extended to require insurance companies to provide a certificate that an appropriate system of control has been maintained and that accounts in respect of their long term business have not been distorted by arrangements with other insurance companies (Regulation 19). Certain minor and consequential amendments have also been effected.

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