
STATUTORY INSTRUMENTS

1993 No. 3245

INSURANCE

The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 1993

Made - - - - *18th December 1993*

Coming into force - - *19th December 1993*

The Secretary of State, being a Minister designated⁽¹⁾ for the purposes of section 2(2) of the European Communities Act 1972⁽²⁾ in relation to measures relating to the drawing-up, auditing and publication of accounts by insurance undertakings, in exercise of the powers conferred by that section and of all other powers enabling him in that behalf, hereby makes the following Regulations of which a draft has been laid before Parliament in accordance with paragraph 2(2) of Schedule 2 to that Act and approved by a resolution of each House of Parliament:

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 1993.

(2) These Regulations shall come into force on the day after the day on which they are made.

(3) These Regulations do not extend to Northern Ireland.

Interpretation

2.—(1) In these Regulations—

“the 1985 Act” means the Companies Act 1985⁽³⁾;

“director” includes, in the case of a body which is not a company, any corresponding officer of that body;

“enactment” includes any subordinate legislation within the meaning of section 21(1) of the Interpretation Act 1978⁽⁴⁾, other than these Regulations;

(1) S.I. 1992/2870.

(2) 1972 c. 68.

(3) 1985 c. 6; the 1985 Act, and in particular Part VII of that Act dealing with accounts and audit, has been substantially amended by the Companies Act 1989 (c. 40) and by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993 (S.I. 1993/3246).

(4) 1978 c. 30.

“industrial and provident society” means a registered society within the meaning given by section 74 of the Industrial and Provident Societies Act 1965⁽⁵⁾;

“qualifying body” shall be construed in accordance with paragraphs (2) and (3) below;

and other expressions shall have the meanings ascribed to them by the 1985 Act.

(2) Subject to paragraph (3) below, a body incorporated in or formed under the law of any part of Great Britain is a qualifying body for the purposes of these Regulations if it—

- (a) is incorporated by or registered under any public general Act of Parliament,
- (b) is required to be authorised under section 2 of the Insurance Companies Act 1982⁽⁶⁾, and
- (c) is not required by any enactment to prepare accounts under Part VII of the 1985 Act (accounts and audit).

(3) A body is not a qualifying body for the purposes of these Regulations if it—

- (a) is excluded from the scope of Council Directive [73/239/EEC](#)⁽⁷⁾ by Article 3 of that Directive, or
- (b) is referred to in Article 2(2) or (3) or 3 of Council Directive [79/267/EEC](#)⁽⁸⁾.

(4) Any reference in these Regulations to the accounts required by or prepared under regulation 3 below are references to the annual accounts, the annual report and the auditors' report required by or prepared under paragraph (1) of that regulation.

Preparation of accounts by qualifying bodies

3.—(1) The directors of a qualifying body shall in respect of each financial year of the body—

- (a) prepare the like annual accounts and annual report, and
- (b) cause to be prepared such an auditors' report,

as would be required under the provisions mentioned in paragraph (3) below if the body were an insurance company formed and registered under the 1985 Act.

(2) The accounts required by this regulation—

- (a) shall be prepared within the period of 7 months beginning immediately after the end of the body's financial year,
- (b) shall state that they are prepared under this regulation, and
- (c) shall comply with such of the requirements of the provisions mentioned in paragraph (3) below as relate to the contents of accounts or reports subject, where the qualifying body is unincorporated, to any necessary modifications to take account of that fact.

(3) The provisions referred to in paragraphs (1) and (2) above are the following provisions of Part VII of the 1985 Act, namely—

- (a) sections 226 to 237⁽⁹⁾ (annual accounts and reports),
- (b) section 242B⁽¹⁰⁾ (delivery and publication of accounts in ECUs),
- (c) sections 255 and 255A⁽¹¹⁾ (banking and insurance companies and groups),

(5) 1965 c. 12.

(6) 1982 c. 50.

(7) Official Journal No. L228 of 16.8.1973, page 3.

(8) Official Journal No. L63 of 13.3.1979, page 1.

(9) Sections 226 to 237 were inserted by sections 4 to 9 of the Companies Act 1989.

(10) Section 242B was inserted by regulation 3 of the Companies Act 1985 (Accounts of Small and Medium-sized Enterprises and Publication of Accounts in ECUs) Regulations 1992 (S.I. [1992/2452](#)).

(11) Sections 255 and 255A were inserted by regulation 3 of the Companies Act 1985 (Bank Accounts) Regulations 1991 (S.I. [1991/2705](#)). Section 255A was amended by regulation 5 of the Companies Act 1985 (Disclosure of Branches and Bank

- (d) Schedule 4A(12) (form and content of group accounts), as modified by Part II of Schedule 9A(13) other than paragraphs 13(3) to (5), 14 and 15,
 - (e) Schedule 5(14) (disclosure of information: related undertakings) other than paragraphs 4, 5, 10, 12, 18, 19 and 29,
 - (f) Schedule 6(15) (disclosure of information: emoluments and other benefits of directors and others) other than paragraphs 2 to 6, 8 and 9,
 - (g) paragraph 6 of Schedule 7(16) (matters to be included in directors' report), and
 - (h) Schedule 9A other than paragraphs 10, 56, 61, 63, 64, 65, 70(3)(b), 72(2), 73 and 74, and, in paragraph 2(2), the words from “but the following” to the end.
- (4) For the purposes of those provisions as applied to accounts prepared under this regulation, these Regulations shall be regarded as part of the requirements of the 1985 Act.
- (5) Part II of the Companies Act 1989 (eligibility for appointment as auditors) shall apply to auditors appointed for the purposes of this regulation subject, where the body concerned is unincorporated, to any necessary modifications to take account of that fact.
- (6) In this regulation “financial year”, in relation to a qualifying body, means—
- (a) any period in respect of which a profit and loss account, or in the case of an industrial and provident society, an annual return, of the body is required to be made up by or in accordance with its constitution or by any enactment (whether that period is a year or not); or
 - (b) failing any such requirement, each period of 12 months beginning with 1st April.

Preparation of accounts by Council of Lloyd's

- 4.—(1) The members of the Council of Lloyd's shall prepare an account in respect of each calendar year by amalgamating all syndicate accounts for that year.
- (2) The account required by this regulation—
- (a) shall be prepared within the period of 7 months beginning immediately after the end of the calendar year,
 - (b) shall state that it is prepared under this regulation, and
 - (c) shall comply with the requirements of paragraphs (3) and (4) below.
- (3) The notes to the account shall include details of the following, namely—
- (a) inter-syndicate business, including premiums written and claims paid,
 - (b) the method by which run-off accounts are taken into account, and
 - (c) the method by which the premium income limit for individual members of Lloyd's syndicates is calculated.
- (4) The notes to the account shall state—
- (a) the aggregate amount of members' qualifying assets and how that aggregate amount is divided between—

Accounts) Regulations 1992 (S.I. 1992/3178). Section 255 is amended, and section 255A further amended, by regulations 2 and 3 of the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993 (S.I. 1993/3246).

(12) Schedule 4A was inserted into the 1985 Act by section 5 of, and Schedule 2 to, the 1989 Act.

(13) Parts I and II of Schedule 9 to the 1985 Act were formed into a new Schedule numbered 9A by regulation 5(1) of the Bank Accounts Regulations. Regulation 4 of, and Schedule 1 to, the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993 has substituted a new Schedule 9A.

(14) Schedule 5 was substituted by section 6 of, and Schedule 3 to, the 1989 Act.

(15) Schedule 6 was amended by section 6 of, and Schedule 4 to, the 1989 Act.

(16) Schedule 7 was amended by section 8 of, and Schedule 5 to, the 1989 Act.

- (i) Lloyd's deposits,
 - (ii) personal reserve funds,
 - (iii) special reserve funds, and
 - (iv) other qualifying assets;
 - (b) the aggregate amount of Lloyd's central resources and how that aggregate amount is divided between—
 - (i) the net assets of the Central Fund, and
 - (ii) the net assets of the Corporation of Lloyd's;
 - (c) the reason why charges to tax are not shown in the account and the basic rate of tax applicable to amounts of tax deducted at source; and
 - (d) the estimated average rates of commission and brokerage charged by agents and brokers at Lloyd's.
- (5) In this regulation—
- “run-off account” means a year of account which has not been closed as at the date at which it would normally have been closed in accordance with the policies and practices generally adopted in respect of the syndicate concerned;
- “syndicate accounts” means accounts which are prepared, in accordance with Council Directive 91/674/EEC(17), in respect of syndicates in which members of Lloyd's participate.

Publication of accounts

- 5.—(1) A qualifying body shall—
- (a) make available the latest accounts prepared under regulation 3 above for inspection by any person, without charge and during business hours, at the body's head office in Great Britain; and
 - (b) supply to any person upon request a copy of those accounts (or such part of those accounts as may be requested) at a price not exceeding the administrative cost of making the copy.
- (2) The Council of Lloyd's shall—
- (a) make available the latest account prepared under regulation 4 above for inspection by any person, without charge and during business hours, at the Council's office in London; and
 - (b) supply to any person upon request a copy of that account (or such part of that account as may be requested) at a price not exceeding the administrative cost of making the copy.
- (3) In the case of industrial and provident societies which are qualifying bodies, the obligation in paragraph (1)(b) above is subject to the provisions of section 39(5) of the Industrial and Provident Societies Act 1965(18) .

Penalties for non-compliance

- 6.—(1) If—
- (a) the directors of a qualifying body fail to comply with paragraph (1) of regulation 3 above within the period referred to in paragraph (2) of that regulation, or
 - (b) the members of the Council of Lloyd's fail to comply with paragraph (1) of regulation 4 above within the period referred to in paragraph (2) of that regulation,

(17) Official Journal No. L374 of 31.12.91, pages 7 to 31.

(18) 1965 c. 12.

every person who, immediately before the end of that period, was a director of the body or (as the case may be) a member of the Council is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(2) If—

- (a) accounts which are made available for inspection under regulation 5(1) above do not comply with the requirements of regulation 3 above, or
- (b) an account which is made available for inspection under regulation 5(2) above does not comply with the requirements of regulation 4 above,

every person who, at the time when the accounts were or the account was first made available for inspection, was a director of the qualifying body or (as the case may be) a member of the Council of Lloyd's is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(3) If—

- (a) a qualifying body fails to comply with regulation 5(1) above, or
- (b) the Council of Lloyd's fails to comply with regulation 5(2) above,

the body or Council and every person who, at the time when the failure takes place, is a director of the body or (as the case may be) a member of the Council is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(4) It is a defence for a person charged with an offence under this regulation to show that he took all reasonable steps for securing that the requirements in question would be complied with.

(5) The following provisions of the 1985 Act⁽¹⁹⁾, namely—

- (a) section 731 (summary proceedings),
- (b) section 733 (offences by bodies corporate), and
- (c) section 734 (criminal proceedings against unincorporated bodies),

shall apply to an offence under this regulation.

Industrial and provident societies

7.—(1) The Schedule to these Regulations shall have effect for the purpose of modifying—

- (a) the Industrial and Provident Societies Act 1965⁽²⁰⁾; and
- (b) the Friendly and Industrial and Provident Societies Act 1968⁽²¹⁾,

in their application to industrial and provident societies which prepare accounts under the provisions of these Regulations.

(2) The Industrial and Provident Societies (Group Accounts) Regulations 1969⁽²²⁾ shall not apply to industrial and provident societies which prepare accounts under the provisions of these Regulations.

Transitional provisions

8.—(1) The directors of a qualifying body need not prepare accounts in accordance with regulation 3 with respect to a financial year of the body commencing before 23rd December 1994.

(2) Where advantage is taken of paragraph (1), regulation 5 shall not apply to the body.

⁽¹⁹⁾ Section 733(3) has been amended by section 212 of, and Schedule 24 to, the Companies Act 1989, whilst section 734 has been amended by sections 120(2), 123(4) and 145 of, and paragraph 18 of Schedule 19 to, that Act.

⁽²⁰⁾ 1965 c. 12.

⁽²¹⁾ 1968 c. 55.

⁽²²⁾ S.I. 1969/1037.

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18th December 1993

Neil Hamilton
Parliamentary Under-Secretary of State for
Corporate Affairs,
Department of Trade and Industry

SCHEDULE

Regulation 7

MODIFICATIONS OF CERTAIN ENACTMENTS IN THEIR APPLICATION TO INDUSTRIAL AND PROVIDENT SOCIETIES

1. In their application to industrial and provident societies which prepare accounts under the provisions of these Regulations—

- (a) the Industrial and Provident Societies Act 1965⁽²³⁾ shall have effect subject to modifications made by paragraph 2 below; and
- (b) the Friendly and Industrial and Provident Societies Act 1968⁽²⁴⁾ shall have effect subject to modifications made by paragraphs 3 to 6 below.

2.—(1) In subsection (1) of section 39 of the Industrial and Provident Societies Act 1965 (annual returns)—

- (a) for the words “not later than 31st March in each year” there shall be substituted the words “within the period of 7 months beginning immediately after the end of the period required by this section to be included in the return”; and
- (b) for the words “relating to its affairs for the period required by this section to be included in the return” there shall be substituted the words “relating to its affairs for that period”.

(2) In subsection (3) of that section, the words from “and in that case” to the end shall be omitted.

3. The following provisions of the Friendly and Industrial and Provident Societies Act 1968 shall not apply—

- (a) section 3 (general provisions as to accounts and balance sheets of societies),
- (b) section 4(2) to (8) (exemptions from audit for small societies),
- (c) section 7 (qualified auditors),
- (d) section 8 (restrictions on appointment of auditors),
- (e) section 9(1) to (4) and (6) (auditors' report),
- (f) section 13(1) to (5) (group accounts of societies),
- (g) section 14 (exemption from requirements in respect of group accounts), and
- (h) section 15 (meaning of “subsidiary”).

4.—(1) In paragraph (a) of subsection (2) of section 11 of that Act (annual returns of societies), the reference to the revenue account or accounts of the society shall be construed as a reference to the profit and loss account required to be prepared by section 226 of the 1985 Act as applied by regulation 3 of these Regulations.

(2) For paragraph (b) of that subsection there shall be substituted the following paragraph—

“(b) shall not contain any other accounts.”.

5.—(1) In subsection (1) of section 12 of that Act (rules by societies), after the words “of this Act” in both places where they occur, there shall be inserted “or of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 1993”.

(2) After subsection (2) of that section there shall be inserted the following subsection—

“(2A) For the purposes of subsection (1) the appropriate period after the commencement of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations

⁽²³⁾ 1965 c. 12.

⁽²⁴⁾ 1968 c. 55.

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1993 shall be the period of one year beginning with the date of coming into force of those Regulations.”.

6. In section 21(1) of that Act (interpretation)—

(a) there shall be inserted at the appropriate places the following definitions—

““accounts” means the profit and loss account required to be prepared by section 226 of the Companies Act 1985 as applied by regulation 3 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 1993;

“qualified auditor” means a person eligible for appointment as an auditor of the society under Part II of the Companies Act 1989 as applied by paragraph 3 of Schedule 9 to those Regulations;”;

(b) for the definition of “group accounts” there shall be substituted the following definition—

““group accounts” means the accounts required to be prepared by section 227 of the Companies Act 1985 as applied by regulation 3 of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 1993.”.

EXPLANATORY NOTE

(This note is not part of the Regulations)

1. These Regulations implement Council Directive [91/674/EEC](#) Official Journal No. L374 of 31.12.91 pages 7 to 31 on the annual accounts and consolidated accounts of insurance undertakings, in so far as that Directive is applicable to bodies corporate or unincorporate other than (a) bodies corporate to which Part VII of the Companies Act 1985 (“the 1985 Act”) applies and (b) friendly societies (the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993 (S.I.1993/3246) implement Directive [91/674/EEC](#) in respect of bodies corporate to which Part VII of the 1985 Act applies). The Regulations also implement the Directive in so far as it is applicable to the Council of Lloyd’s. Separate regulations will deal with friendly societies.

2. The directors of qualifying bodies for the purposes of the Regulations are required by regulation 3 to prepare accounts and a directors’ report, and to obtain an auditors’ report on such accounts, in accordance with the provisions of Part VII of the 1985 Act which are specified in paragraph (3) and are applicable to insurance companies and groups.

3. The Council of Lloyd’s is required by regulation 4 to prepare an account complying with the requirements of paragraphs (3) and (4) by amalgamating the accounts of syndicates in which members of Lloyd’s participate.

4. Regulation 5 requires the documents prepared under regulations 3 and 4 to be made available for inspection without charge at the relevant body’s head office in Great Britain.

5. Regulation 6 imposes criminal penalties for failure to comply with the Regulations.

6. Regulation 7 of, and the Schedule to, the Regulations make certain modifications of legislation applicable to industrial and provident societies which prepare accounts under the Regulations.

7. Regulation 8 permits the directors of a qualifying body not to prepare accounts and a directors’ report (and obtain an auditors’ report on the accounts) under the Regulations for financial

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years commencing before 23rd December 1994. This transitional provision mirrors the transitional provision in the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993.