

Readers will be interested to know that a report on the proceedings of the Danish Colloquium in 1977 is now housed in the C.I.I. Library and will be a useful source of reference. In addition, a 'Pictorial History of the Aachen Reinsurance Company' has been given to the C.I.I. Library in commemoration of the Company's existence for 125 years.

### Current Legal Changes

We have of course all seen, since the last Bulletin, the Report of the Royal Commission on Civil Liability and Compensation under the Chairmanship of Lord Pearson (published 16th June, 1978). There are some 188 individual recommendations contained in the Report and this perhaps explains the number of years it has taken to produce the Report and the considerable expense of purchasing copies. A great deal has already been written on the Report's recommendation both in the National newspapers and in the various insurance journals and we hope to include our own appraisal in a future Bulletin. In broad terms, the recommendations seek to achieve a compromise position combining no-fault liability, strict liability and tortious liability. We must now wait to see what, if any, Government legislation will emerge and this may depend to some extent on the forthcoming General Election.

Slowly but surely the Committee to Review the Functioning of Financial Institutions under the Chairmanship of Sir Harold Wilson is gathering together its evidence. The insurance industry's first stage evidence was submitted in June, 1977 and subsequently published. The second and final stage evidence has also now been published. This latter evidence contains familiar points, including the importance of insurance as a major contributor to invisible earnings and a rebuttal of the suggestion that the insurance industry is failing to provide manufacturing industry with funds. These valuable points must, of course, be constantly reiterated since the insurance industry's critics, are very audible in their constant denunciation of the present capitalist system.

Yet another White Paper on Industrial Democracy has appeared. The new recommendations largely reflect the recommendations of the minority report of the Bullock Committee. This is another area which is highly political and it will be interesting to see what legislation eventually emerges.

We had hoped to write a few lines on the recent case in the House of Lords, *Cookson-v-Knowles*, concerning the topical subject of interest on general damages. However, it is believed that another case is currently before the House of Lords which might throw further light on the subject and we will have to await a future edition.

Editor

## New Insurance Regulations

New draft Regulations governing the authorisation of companies to carry on direct general business in Great Britain have now been published. These Regulations implement further provisions of the EEC Non-Life Insurance Establishment Directive and as the Directive is not directly applicable under U.K. law, it is, of course, the provisions of the Regulations themselves that must be followed. The Regulations are additional to those made on September 20th, 1977 which dealt with classification of risks and margins of solvency. The new Regulations are made under the European Communities Act 1972 and are subject to the affirmative resolution.

### 1. The Insurance Companies (Authorisation and Accounts : General Business) Regulations 1978.

These Regulations will supplement and modify the provisions of Part I of the Insurance Companies Act 1974 which sets out the present conditions which must be met before a company can be authorised to carry on insurance business in Great Britain (with consequential amendments to Part II of the Act).

Although, therefore, authorisations will still be given under Section 3 of the 1974 Act, more detailed requirements will apply as from 31st July, 1978 regarding the authorisation of companies to carry on general insurance business in Great Britain, in three different cases:

- a) A company with its head office in the United Kingdom.
- b) A company with its head office in a member state of the EEC.
- c) A company with its head office in a country outside the EEC.

The Regulations differentiate "affected companies" and "affected applicants". The former comprise those companies already authorised under the 1974 Act and the latter comprises companies in the process of applying for authorisation. Many of the new provisions are only relevant to 'affected applicants'. In particular, companies applying for authorisation must submit a scheme of operations to the Secretary of State. Many of the new provisions only affect companies within categories b) and c). More particularly, all companies with their head office outside the United Kingdom must maintain a general representative in the United Kingdom. Affected companies will also need to comply with the new Regulations.

The second set of Regulations, the Insurance Companies (Changes of Director, Controller or Manager) Regulations 1978 also come into operation on 31st July, 1978 and these will require more information to be given to the Secretary of State concerning persons who intend to become controllers of, or who have recently become directors or managers of existing insurance companies. New application forms have been devised. The new Regulations supercede the earlier ones made in 1975 and take account of developments which have occurred and experience which has been gained. One example is that convictions which would otherwise be 'spent' must, nevertheless, be disclosed, (following directly from the Rehabilitation of Offenders (Exceptions) Order 1975). In general terms, the new forms will require more information to be given and resolve some of the doubts as to the way in which the early Regulations applied in certain respects. The overall intention of the Regulations remains the same which is to enable consideration to be given as to whether persons concerned are "fit and proper persons" to hold senior posts.

The third set of Regulations which also come into operation on 31st July, 1978 make detailed technical changes in respect of information to be given in annual returns to the Department of Trade under the 1974 Act. The "Insurance Companies (Accounts and Forms) (Amendment) Regulations 1978 further amend the original 1968 Regulations so as to require insurance companies to reflect in accounts submitted in respect of financial years ending on or after 31st July, 1978, certain of the technical requirements flowing from the new solvency Regulations and the new authorisation Regulations. The new Regulations specify the certification requirements, which must be annexed to the Annual Return. .

Editor