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Item No. 5 on the agenda: Ongoing legislative activities

(g) Principles of Reinsurance Contracts (PRICL)

(prepared by the Secretariat)

<i>Summary</i>	<i>Report on the development of the PRICL Project</i>
<i>Action to be taken</i>	<i>The Governing Council is invited to take note of the progress of the work of the PRICL Working Group</i>
<i>Mandate</i>	<i>Work Programme 2017-2019; renewed for Work Programme 2020-2022</i>
<i>Priority level</i>	<i>Low</i>

I. HISTORY AND CURRENT STATUS OF THE PROJECT

1. The project on the "Formulation of Principles of Reinsurance Contracts" (PRICL) was included in the 2017-2019 Work Programme of UNIDROIT upon a proposal of a group of scholars of the Universities of Zurich, Frankfurt and Vienna, supported by an international team of experts and advised by representatives of the global insurance and reinsurance markets. The project's purpose is to formulate a "restatement" of existing global reinsurance law. UNIDROIT was invited to participate in view of the fact that the project leaders wished to ensure consistency with the UNIDROIT Principles of International Commercial Contracts (UPICC), to the extent possible, as general rules of contract law. As the project was financially self-sufficient, it was classified among the low priority activities of the Work Programme. Consistent with the announced timeline for the project, the PRICL – First Part (black-letter rules and comments) were presented to the Governing Council at its 98th session (Rome, 8-10 May 2019), which authorised its publication on the Institute's webpage. The Working Group formally finalised the publication of the first part of the project, which can be accessed as [Version 1.0 of 2019](#).

2. In 2018, the project received funding for a second triennium to address the remaining topics (Back-to-back-cover; Non-contractual liability clauses; Termination and recapture; Limitation periods). Due to the connections between a number of these topics and the UPICC, and the desirability of this second part of the PRICL to continue referring to the UPICC both in the general choice-of-law clause and in the specific black-letter rules and comments, the PRICL Working Group asked UNIDROIT to continue its involvement under the same conditions as before (i.e., in-kind contribution through participation in the biannual Working Group meetings). The continuation of the

project for the Work Programme 2020-2022 was approved by the UNIDROIT Governing Council at its 98th session in 2019 and adopted by the General Assembly at its 78th session in the same year.

3. The insurgence of the COVID-19 pandemic limited the activities of the Working Group. The 8th Workshop of the project was held remotely on 18 January 2021 and discussed inter alia the possibility to develop a Note of PRICL and COVID-19, which was then further discussed at the [second lecture in the Transatlantic Lectures on Insurance Law \(ATILA\)](#) series organised by the Insurance Law SIG at the ELI in cooperation with the PRICL Working Group and with participation of the UNIDROIT Secretariat. Additionally, the Working Group discussed the issue of Limitation Periods, for which the reference to the UNIDROIT Principles was considered to provide satisfactory default provisions.

II. PLANNED ACTIVITIES

4. The project leaders have received the formal authorisation to use the unspent funding for an additional year (with the possibility to extend the period by a further year) until completion of the publication, which is expected by 2024. Consequently, the Secretariat has invited the Governing Council to consider the continuation of UNIDROIT's participation in the project during the 2023-2025 Work Programme until its completion, as a low priority activity and at the same conditions as before.

5. The next PRICL Working Group meeting has been planned for 13-15 July 2022 and will be held in Bad Homburg (Germany). The Working Group will address the final draft on the period of reinsurance contracts, as well as a draft of the back-to-back clause. It will also discuss the way forward of the project and marketing.

6. In relation to future consultation and dissemination activities, the Working Group is planning to hold industry and other stakeholders' consultations in the second half of 2023. The Secretariat is open to host one such international consultation event at the Institute's headquarters, in order to raise awareness on the practical relevance and usefulness of the instrument and contribute to its finalisation.

III. ACTION TO BE TAKEN

7. *The UNIDROIT Secretariat would invite the Governing Council to take note of the progress of the project.*