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**Item No. 5 on the agenda: Ongoing legislative activities carried over from the
2020-2022 Work Programme**

(e) 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 Programmes 2020-2022 and 2023-2025</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 UNIDROIT 2017-2019 Work Programme upon a proposal of a group of scholars of the Universities of Zurich, Frankfurt and Vienna, supported by an international team of experts covering Europe, Asia, Africa and the Americas, and observed 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 to ensure consistency with the UNIDROIT Principles of International Commercial Contracts (UPICC), to the extent possible, deemed and treated as best practice concerning general rules of contract law. As the project was financially self-sufficient, it was classified among the low priority activities of the Work Programme.

2. Consistent with the announced timeline for the project, the PRICL – First Part (black-letter rules and comments) were published as [Version 1.0 of 2019](#) following approval by the Governing Council at its 98th session (Rome, 8-10 May 2019). The first part of the instrument contains "General provisions on the application of the PRICL and definitions"; "General, precontractual and contractual duties of the reinsurer and the reinsured"; "Remedies in general"; "Loss allocation"; and "Loss aggregation". Because the project received additional funding to address remaining topics (among which "Back-to-back-cover"; "Non-contractual liability clauses"; "Termination and recapture"; and "Limitation periods) in 2018, 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. Finally, the Working Group received authorisation to complete the project using the funding left unspent during the COVID-19 pandemic, and therefore the General Assembly, at its 81st session in December 2022, adopted the Governing Council's recommendation

to keep the project on the Institute's Work Programme 2023-2025, until its final completion in 2024. UNIDROIT's participation in the project will continue to ensure the prominent role of the UPICC as background general contract law as well as a potential applicable law to the contract.

II. PROJECT ACTIVITIES SINCE THE LAST GOVERNING COUNCIL'S SESSION

Working Group meetings

3. The UNIDROIT Secretariat participated in the **tenth PRICL Workshop**, held from 13 to 15 July 2022 in Bad Homburg (Germany), and hosted by the Goethe University Frankfurt am Main. The Workshop addressed the final draft on the Rule on the Period of Reinsurance Contracts, a first draft of the back-to-back clause, and the draft joint PRICL-UNIDROIT Note on PRICL and the Covid-19 pandemic. The meeting also discussed the way forward, as well as a marketing strategy for the instrument.

4. The **eleventh PRICL Workshop** was held in person in Rome at the seat of UNIDROIT, on 25-27 January 2023. The Working Group discussed a draft on the Rule on Retention, a revised draft of the back-to-back clause, and a new draft on the special termination (presented as an additional part of the "Rule on the period of contract"). Particularly regarding the latter topic, much attention was given to the relationship with general contract law as embodied by the UPICC.

Seminars and publications

5. The Working Group's January session was preceded by a **hybrid dissemination seminar**, held on 25 January 2023 and co-organised by the PRICL Working Group, the Universities of Zurich and Frankfurt a.M., and UNIDROIT, which hosted the event at its seat. The seminar was part of the series of ATILA lectures of the European Law Institute and offered an opportunity to present the advantages of using the PRICL in practice, in a dialogue between leading scholars and practitioners in this field. Around one hundred participants were welcomed and introduced to the project and the cooperation between UNIDROIT and PRICL Working Group by UNIDROIT Secretary-General Ignacio Tirado and Deputy Secretary-General Anna Veneziano, as well as by project co-Leader Manfred Wandt (Goethe University Frankfurt am Main). Helmut Heiss (University of Zurich and the other project co-leader) introduced the mechanisms of application of the PRICL, highlighting the flexibility of the instrument. Diana Cerini (University of Milan, Bicocca) focused on the remedies of the PRICL and their relationship with the UPICC. A discussion panel followed, featuring Rosaria Acanfora (Reinsurance Contracts and Claims Manager Generali, Italia), Lari Kuitunen (Reinsurance Manager If P&C Insurance, Finland), and Christian Lang (General Counsel Swiss Re Corporate Solutions, Switzerland), who presented several concrete examples of practical application and usefulness of the PRICL in practice.

6. On 8 February 2023, UNIDROIT and the PRICL Working Group released a Note that discusses the potential response to the COVID-19 health crisis exclusively by reinsurance contracts governed by the Principles of Reinsurance Contract Law (PRICL): ["Note on the Principles of Reinsurance Contract Law \(PRICL\) and the Covid-19 Health Crisis"](#). The note was authored by Kevin Bork, Helmut Heiss, Marta Ostrowska, Jeffrey W. Stempel, Manfred Wandt, and Oliver D. William in cooperation with the UNIDROIT Secretariat.

III. NEXT STEPS

7. The next PRICL Working Group meeting has been planned for 12-14 July 2023 and will be hosted at the Max-Planck Institute in Hamburg (Germany).

8. In relation to future consultation and dissemination activities, the Working Group is planning to hold consultations with the industry and other stakeholders, in order to raise awareness on the practical relevance and usefulness of the instrument and contribute to its finalisation.

IV. ACTION TO BE TAKEN

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