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**Item No. 4 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 SESSION

A. Working Group meetings

3. The UNIDROIT Secretariat participated in the twelfth, and last, PRICL Workshop, held from 13 to 15 July 2023 in Hamburg, at the premises of the Max-Planck-Institute for Comparative and International Private Law. The Workshop, jointly organised by the Universities of Zurich and Frankfurt a.M. and by the Max-Planck-Institute, was dedicated to the memory of the late Professor Jürgen Basedow, who was a contributor to the project and the original organiser of the 12th meeting of the Working Group.

4. The Working Group finalised the discussions on the "Period of the reinsurance contract", the "Back-to-back clause", and "Rules on retention". It also addressed the remaining steps for the finalisation of the PRICL, which are expected to be defined in the course 2024, together with a plan for consultations with stakeholders and possible options for the future of the project and the implementation of the Principles.

B. Publications

5. In January 2024, the PRICL were prominently featured in a book entitled "Law and Practice of P&C Reinsurance Contract" (财产再保险合同的法律与实务), by the Law Press of China, authored by [Prof. Pengnan Wang](#) and [Dongxu WU](#), which is aimed at introducing international reinsurance contract law and practice to the Chinese legal and (re)insurance communities.

III. NEXT STEPS

A. Publication of the final version of the PRICL

6. The PRICL Working Group is finalising the text of the instrument, which is expected by the end of summer 2024. The UNIDROIT Secretariat is planning to submit the finalised text of the black-letter rules and comments of the PRICL to the Governing Council (as was done for the first part in 2019) to request authorisation to refer to the text of the PRICL on the UNIDROIT Website, once finalised for publication (expected by end of 2024-beginning of 2025). A confidential copy of the table of contents is available to Governing Council members only in the Annexe to this document.

B. Planned consultation and dissemination activities

7. In relation to future consultation and dissemination activities, the Working Group is planning various actions:

- i. Consultations with the industry and other stakeholders, in order to raise awareness on the practical relevance and usefulness of the instrument: among other, an online presentation on 22 May 2024 to representatives of the captive's reinsurance market; the conference on "Reinsurance Law and Practice – Recht und Praxis der Rückversicherung", organised by Swiss Forum in Zurich, on 11 June 2024, with participation of academics and practitioners; a seminar on the PRICL and UK law, to raise awareness on the instrument among UK stakeholders, planned for early 2025 in London, in the context of the activities of the QMUL-UNIDROIT Institute of Transnational Commercial Law.

- ii. An international conference organised by the University of Zurich on 9-10 January 2025, and co-sponsored by UNIDROIT, entitled “Zurich Forum on transnational insurance law - Soft Law in Insurance”, which will feature the outcome of a research project led by Professor Helmut Heiss and the PRICL Working Group and funded by the Swiss National Science Foundation. Deputy Secretary-General Anna Veneziano has been invited to deliver a keynote speech on “Soft Law Instruments in Contract Law”.
- iii. The setting up of an association supported by reinsurance companies, that will ensure funding for the continued promotion, dissemination, and monitoring of the practical application of the PRICL. The UNIDROIT Secretariat will discuss with the PRICL Working Group’s leaders the most appropriate modalities for a continued involvement of UNIDROIT in such activities.

IV. ACTION TO BE TAKEN

8. *The UNIDROIT Secretariat would invite the Governing Council to take note of the progress of the project. The UNIDROIT Secretariat will keep the Governing Council informed of the progress in the preparation for the publication of the PRICL and provide the finalised draft to the Council with a request for authorisation to refer to the text of the PRICL on the UNIDROIT Website.*