MARSH

February 2014

GLOBAL INSURANCE REGULATORY AND PREMIUM TAX UPDATE

The following insurance regulations and premium-related tax news could affect the insurance arrangements of a multinational group.

CZECH REPUBLIC – PREVENTION FUND CONTRIBUTION

Act No 160/2013 Coll. on Prevention Fund Contributions requires insurers to pay a prevention fund contribution of 3% of their motor third party liability premiums to the state loss prevention fund with effect from 1 January 2014.

CHILE – INSURANCE REGULATION

With effect from 1 December 2013, General Regulation (Norma de Caracter General – NCG) No 349 requires that all policies must be registered with the Superintendency of Securities and Insurance (Superintendencia de Valores y Seguros – SVS) and may be used by companies six days following their registration. The policy must be drafted in clear, comprehensible language. In the event of doubt over interpretation, that which is most favourable to the insured will apply. Marine and aviation hull policies are not required to be registered. All policies must be signed by both the insurer and the insured and, if the policy is issued in any other language, there must be a translation in Spanish, also signed by both parties.

ECUADOR – SOCIAL SECURITY LEVY

With effect from 1 January 2015, the rural social security levy on insurance premiums will be 0.5% payable by all insureds. The additional levy of 1.52%, which has been charged since 1 January 2012 to insureds who had not paid the rural social security levy during the period of November 2001 when the levy was introduced, to February 2007 when the regulations were published, will cease to be charged as of the end of 2014.

FRANCE – COMPULSORY INSURANCE

According to EU Directive 2011/61/EU, Alternative Investment Fund managers must be appropriately insured for their professional liability, or must have additional own funds to cover this risk. The EU Directive was enacted into French law by Decree No 2013-687, which was published on 30 July 2013.

GREECE – PREMIUM PAYMENTS

With effect from 1 January 2014, the new legislation, issued by the supervisory body Bank of Greece, requires all premiums to be paid before the issuance of the policy or the effective date of the policy. All premiums collected by intermediaries must be remitted to the insurers within seven days.

MALAYSIA – GOODS AND SERVICES TAX

With effect from 1 April 2015, 6% goods and services tax will apply on insurance and reinsurance premiums paid to local insurers and reinsurers.

MEXICO – VALUE-ADDED TAX ON PREMIUMS

The Mexican senate increased the value-added tax (VAT/IVA) rate from 11% to 16%, with effect from 1 January 2014, for transactions in Baja California Norte, Baja California Sur and Quintana Roo, or within 12.5 miles (20 km) of any land border. However, insurance policies renewing in December 2013 will be subject to 11% VAT/IVA, provided that the premiums are paid before 1 October 2014.

NIGERIA – APPROVAL FOR OFFSHORE REINSURANCE

In order to reduce the turnaround time and to ensure effective monitoring of the processes for issuance of approval in principle, letter of attestation and certificate for offshore reinsurance for all classes of risk placement, the National Insurance Commission has reviewed/harmonised the requirements for requests for approval for foreign placement effective 1 January 2014.

PUERTO RICO – INSOLVENCY LEVY

The Circular Letter CC-2013-1837-EX issued by the Insurance Commissioner's Office on 28 August 2013, introduced a surcharge of 0.9% charged on non-life classes of risk, which will be collected from new policy premiums and additional premiums as of 1 October 2013, and renewals from 1 November 2013.

UGANDA – STAMP DUTY

The Stamps (Amendment of Schedule) Instrument, 2013 increased the stamp duty payable in respect of the non-life insurance classes (including health insurance) from UGX 5,000 (USD 2) to UGX 35,000 (USD 14), with effect from 1 July 2013.

CONTACT

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