

GLOBAL INSURANCE REGULATORY AND PREMIUM TAX UPDATE



The following insurance regulation and premium related news could affect insurance contracts procured by a multinational group.

AUSTRALIA – AUSTRALIAN CAPITAL TERRITORY: STAMP DUTY

The stamp duty rate has been reduced from 10% to 8% on premiums paid after October 1, 2012. This is the first stage of the progressive abolition of stamp duty on general and life insurance premiums over a five-year period.

AUSTRALIA – TASMANIA: STAMP DUTY

The stamp duty rate has been increased from 8% to 10% and will apply to premiums paid after October 1, 2012.

AUSTRALIA – VICTORIA: FIRE SERVICE LEVY

From July 1, 2013, funding of the fire and emergency services in Victoria will no longer be connected to insurance. A new Fire Services Property Levy will be collected by local councils and comprise of a fixed component and a variable component. The fixed component is \$100 for residential and \$200 for non-residential properties. The variable component is a percentage of the capital improved value (CIV) of the property, and varies between types of property, such as residential, industrial, commercial, and primary production. The levy rates for the

variable component will be set in this year's Victorian State budget (due to be released later in the year).

For policies placed with overseas insurers (other than Lloyd's) the Fire Service Levy rates are mandated by the Victorian fire authorities. These rates will apply to policies inception or renewed up to and including June 30, 2013, and will apply to the premium for the full policy period.

CANADA – MANITOBA: INCREASE IN RETAIL SALES TAX

According to the Retail Sales Tax Act, the retail sales tax (RST) will increase to 8% on insurance premium related to contracts completed as of July 1, 2013, until June 30, 2023.

CANADA – QUEBEC: DECREASE IN UNLICENSED PREMIUM TAX

Premiums paid to non-Canadian insurers for property risks located in Quebec will now incur a reduced unlicensed premium tax of 3.3% with effect from January 1, 2013.

COLOMBIA: NON-ADMITTED INSURANCE

Articles 61 to 66 of the insurance Law 1328 2009 comes into force from July 15, 2013, allowing Colombian resident companies to procure, with certain exceptions, any non-compulsory class of insurance from an insurer resident outside Colombia. Workers' compensation policies relating to social security and all compulsory classes of risk must be insured with a local registered insurer. Entities in the public sector are not allowed to procure non-admitted cover unless specific approval has been granted by the national government.

The Colombian Sales Tax (IVA) of 16% may be still payable by the local insured on the premiums relating to risks located in Colombia on such insurance arrangement.

GREECE: AUXILIARY FUND RATE INCREASE

The contribution to the Auxiliary Fund, which applies to motor vehicle liability insurance only, has been increased from 5% to 6% with effect from February 1, 2013. While the insurer is liable for 4.2%, the insured will pay 1.8% of the premiums under the motor insurance policy.

INDIA: COMPULSORY CESSION REDUCED

Insurance Regulatory and Development Authority (IRDA) has announced a reduction in the obligatory cession to the state reinsurer, General Insurance Corporation of India (GICRe), to 5% for insurance policies attaching for the period April 1, 2013, to March 31, 2014. The compulsory cession initially was 20%, which was subsequently reduced to 15% in 2007 and 10% in 2008.

SRI LANKA: INCREASE IN STAMP DUTIES

The stamp duty rate increased to 1 LKR (prior 0.50 LKR) for every 1,000 LKR, or part thereof, of the aggregate of the premium payable under an insurance policy with effect from January 1, 2013.

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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