

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.

ALGERIA – COMPULSORY INSURANCE

Law No 14-05 of February 24, 2014, which relates to mining activities, reiterates miners' obligations to insure third party liability, as well as all of their activities.

AUSTRALIA – PROFESSIONAL INDEMNITY – TAX FINANCIAL ADVISERS

The Tax Agent Services Act requires financial advisors that register as tax advisors with the Tax Practitioners Board (TPB) after July 1, 2014, to have professional indemnity (PI) insurance in accordance with the TPB regulations. These require such tax advisors to have minimum PI cover of A\$2 million if they have annual revenue of up to A\$2 million. If revenue is higher, minimum PI cover should be equal to expected revenue.

BELARUS – COMPULSORY INSURANCE

As of July 1, 2014, two new compulsory coverages were introduced: third party liability for persons/enterprises involved in hazardous activities and third party liability for carriers of hazardous goods. Hazardous activities relate to third party liability of a company involved in the distribution and transportation of hazardous goods, and require an indemnity limit of EUR75,000 for each vehicle. Hazardous goods are defined as explosives, flammable gases, toxic gases, flammable liquids, desensitized explosives, liquid oxidizing agents, and radioactive substances.

CIMA (CONFÉRENCE INTERAFRICAINNE DES MARCHÉS D'ASSURANCES) – PREMIUM COLLECTION

Insurers residing and licensed in CIMA-member countries are required to either collect outstanding premiums or write off premium unpaid by December 31, 2014.

DENMARK – STORM FLOOD LEVY

As of July 1, 2014, the storm flood levy has been increased from its current rate of DKK30 to DKK60 per policy. It is understood that only DKK10 of the increase is a permanent change and the balance of DKK20 is temporary and is expected to cease by December 2017.

ESTONIA – MOTOR THIRD PARTY LIABILITY

As of October 1, 2014, under the new motor law, the indemnity limit is increased from EUR1 million to EUR1.2 million for property damage and from EUR5 million to EUR5.6 million for bodily injury. Pain and suffering will be limited to a maximum of EUR3,200 for the most serious injuries. The new law will allow direct settlement of third party claims by the injured party's own insurer from January 1, 2015.

GHANA – PREMIUM TAX

As of June 1, 2014, all non-life insurance premiums are subject to value-added tax at the rate of 15%.

INDIA – WORDINGS OF LOCAL POLICY REVIEW

India's insurance regulator, the Insurance Regulatory and Development Authority (IRDA), is set to remove the decade-old standardized general insurance policy format covering fire, accidents, or floods, leaving multinational companies free to choose the specific risks to be covered.

This initiative will provide greater certainty and transparency for multinational companies with local operations in India, as the policy could be customized to suit their specific needs. Furthermore, this may create an opportunity to mirror the terms and conditions of the master policy in the Indian local policy.

LITHUANIA – CONVERSION TO EURO

Lithuania is adopting the Euro as its official currency as of January 1, 2015. The Lithuanian Litas (LTL) will be withdrawn as legal tender from January 1, 2015. The official fixed Euro rate is LTL3.4528 = 1 EUR.

NAMIBIA – INTERMEDIARIES AND REMUNERATION

As of November 1, 2014, all (re)insurance brokers or agents must apply to be registered as such under the laws of Namibia. Furthermore, such brokers and agents must be remunerated by way of commission, only as required by law for rendering insurance intermediary services.

SERBIA – MOTOR THIRD PARTY LIABILITY

As of October 12, 2014, statutory indemnity limits for motor third party liability is increased to EUR1 million any one accident for bodily injury and EUR200,000 for property damage.

SWEDEN – DECENNIAL LIABILITY

Legislation came into force on June 1, 2014, which repealed the law on construction defect insurance (decennial liability). Consequently as of that date, it is no longer mandatory to take out this form of insurance.

UGANDA – CLINICAL TRIALS

The National Drug Policy and Authority (Conduct of Clinical Trials) Regulations 2014 require the sponsors of clinical trials to effect insurance against injuries that may arise against the subjects of the trial, and also insurance to indemnify the principal investigator against claims arising from the trial, except for claims that arise from malpractice or negligence of the sponsor.

CONTACT

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