

# GLOBAL INSURANCE REGULATORY AND PREMIUM TAX UPDATE — Q4 2011

The following is a summary of the insurance regulation and premium tax related news that could affect insurance contracts procured by a multinational group:

## ARGENTINA

Under the terms of the new regulation mandated by the Argentina Superintendency (SSN) that took effect on September 1, 2011, all reinsurance in Argentina must be purchased through registered reinsurers.

Reinsurers that have not registered with the SSN are prohibited from accepting reinsurance transactions in Argentina, although new reinsurers will be allowed to do business with the SSN's approval.

## AUSTRALIA: VICTORIA STAMP DUTY

As of January 1, 2012, Lloyd's underwriters are required to account for stamp duty on business placed on a direct basis (i.e. without the involvement of Marsh Australia or any other local intermediary).

The Insurance Council of Australia has updated the fire services levies payable to the Victoria Country Fire Authority. The new rates apply to property policies incepting or renewed between October 1, 2011, and June 30, 2012. The applicable rates depend on the location of the property (country or metro area) and the insurers involved (local, Lloyd's or overseas).

## AUSTRALIA: NEW SOUTH WALES INSURANCE PROTECTION TAX

The 1 per cent levy that was introduced by the government following the collapse of HIH Insurance Ltd in 2001 has been abolished as of July 1, 2011.

## DOMINICAN REPUBLIC

From June 1, 2011, the withholding tax rate on all cessions to overseas companies has increased from 2.5 per cent to 2.9 per cent.

## HUNGARY

The government intends to introduce a so called "accident tax" of 30 per cent, which will be collected via the motor third party liability premium starting January 1, 2012.

## SOUTH AFRICA

The Financial Services Board issued a directive stating that, as of July 1, 2011, formal approval would be required for any premiums paid by a local entity for local risks covered under a global programme by overseas insurers. A formal application must be made to the South African Reserve Bank under its exchange control regulations. South African subsidiaries of international groups that are required to participate in the global insurance programme of the international group are not required to prove that no local insurer offers the insurance sought.

## VIETNAM

The Law on Insurance Business was modified such that, as of July 1, 2011, local operations of foreign companies and

foreigners working in Vietnam can purchase insurance from overseas insurers on a non-admitted basis.

### ZAMBIA

Local insurance premiums will be subject to a value added tax (VAT) at 16 per cent from January 1, 2011. All reinsurance

placements on a facultative basis will attract a 0.8 per cent levy payable to the Pensions and Insurance Authority.

If you have any questions about insurance regulations and premium-related tax issues, please contact:

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