

MARKET BULLETIN

REF: Y4532

Title	Ireland – Introduction of New Insurance Compensation Fund Levy on Insurance Premiums
Purpose	To notify underwriters and brokers of the introduction of a new levy applicable to Irish risks
Type	Event
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Deadline	1 January 2012

This bulletin advises the market on the introduction of a new 2% levy on insurance premiums in Ireland.

The new levy will be in addition to the existing 3% Government Levy and Stamp duty.

The new levy was enacted under the Insurance (Amendment) Act 2011 with the intention that funds raised will be paid into the Insurance Compensation Fund, which can be used to pay policyholders where an Irish authorised or EU authorised non-life insurer goes into liquidation.

The Irish Central Bank is responsible for the implementation and administration of the new levy and has appointed the Revenue Commissioners as the collector.

- The levy will be applicable to all non-life insurance policies located in Ireland except for specified excluded risks.
- The levy rate is 2% and applies to all applicable insurance premiums received in respect of new business and renewals with an inception date on or after 1st January 2012, plus and additional premiums received on or after 1 January.
- The levy is calculated on the gross premium received.

- The levy is imposed on all insurers who are in turn permitted to charge the levy to the policyholders.

Lloyd's will collect and pay the levy centrally every quarter. It will be collected from syndicates via central accounting.

Further information on the application of the levy can be found in Appendix 1.

Managing agents will be advised of the above collections on their Central Accounting Advices under the cost category CHG, tab reference 551.

If you have any queries on the content of this Bulletin please contact:

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Ireland – Insurance Compensation Fund (ICF) Levy**1. What determines whether the levy applies?**

- 1.1 The levy applies to all non-life insurance policies located in Ireland with the exception of specified excluded risks.
- 1.2 The 2% levy will be applied to all non-life insurance policies located in Ireland except for specified excluded risks received in respect of new business and renewals with an inception date on or after 1st January 2012, plus any additional premiums received on or after 1 January.
- 1.2 The specified excluded risks not subject to the levy are as follows:
- Railway rolling stock,
 - Aircraft hull and aircraft liability,
 - Ships hull and ships liability,
 - Goods in transit,
 - Export credit,
 - Reinsurance
 - Life
 - Carriers liability and
 - Insurance of passengers in marine and aviation vehicles

2. Who is responsible for collection and payment of the levy?

- 2.1 It is the underwriters responsibility to assess if the levy is due.
- 2.2 The levy is a charge on the insurer but can be passed on to the policy holder.
- 2.3 The levy will be collected from syndicates by Lloyd's Taxation Department who will arrange payment to be made to the Revenue Commissioners.

3. Method of calculation and administration

Rate of tax	2%
Tax charged to: (i.e. who bears the cost of the levy)	The insurer
Method of calculation	Rate of tax X gross premium
How tax is shown on the slip	If the levy is being treated as a deduction and not charged on to the insured it should be shown in the "Fiscal and Regulatory" section of the MRC slip under

	“Tax payable by insurer(s)”.
Method of payment for Lloyd’s Business	Lloyd’s Taxation Department will collect the levy from syndicates on a quarterly basis.

Rate of tax	2%
Tax charged to: (i.e. who bears the cost of the levy)	The insured
Method of calculation	Rate of tax X gross premium
How tax is shown on the slip	If the levy is being treated as an addition and charged on to the insured it should be shown in the risk details section under In the “Risk details” section of the MRC slip under “Taxes payable by insured and administered by insurer(s)”.
Method of payment for Lloyd’s Business	Lloyd’s Taxation Department will collect the levy from syndicates on a quarterly basis.