



Italy - Brexit for the Insurance Sector

INSURANCE HORIZONS

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- UK insurers who passported into Italy before the end of the transition period can continue to manage existing contracts, but are not allowed to enter into new contracts, or renew existing ones.
- UK insurers were expected to provide information to policyholders, insureds and beneficiaries by 15 January 2021 and must provide a run off plan to IVASS (the Italian supervisor) by 31 March 2021.
- Policyholders have the right to withdraw from policies with UK insurers without being charged, and tacit renewal clauses will not be enforceable.

On 31 December 2020, the Italian Government issued the Law Decree No. 183 (the so-called *Milleproroghe for 2021*). The Law Decree entered into force on the same date and contains provisions on various matters, including Brexit.

In particular, paragraphs 6-9 of Article 22, examined below, regulate the activity in Italy under the passporting regime of insurance undertakings with registered offices in the UK after the expiry of the Brexit transition period on 31 December 2020. These paragraphs largely take up provisions previously set out in Article 9 of Law Decree No. 22/2019, as converted and amended by Law No. 41 of 20 May 2019.

What happens to UK undertakings previously authorised to carry on insurance business in Italy under the passporting regime? [Article 22(6)]

- They are removed from the Register of insurance undertakings licensed in Italy of the Institute for the Supervision of Insurance (IVASS).
- They are entitled to manage contracts in existence as of 31 December 2020.
- They are not allowed to enter into new contracts, or renew existing ones.
- IVASS shall give evidence to the public of the temporary continuation of such kind of activity.

What are the information duties for UK insurance carriers? [Article 22(7)]

By 15 January 2021, UK insurance carriers must have informed policyholders, insureds, and other persons entitled to insurance benefits, of the regime applying to them in respect of the management of existing contracts, and also include a communication on their website.

By 31 March 2021, UK insurance carriers must submit to IVASS a plan containing the measures enabling them to expeditiously and properly perform the insurance contracts in force as of 31 December 2020, including the payment of claims.

They must provide IVASS with an annual report on progress with implementation of the plan.

Which provisions are UK insurance carriers subject to during the period of temporary continuation of business? [Article 22(9)]

- Article 193 of the Italian Insurance Code (concerning IVASS's supervisory authority).
- Any other provision on insurance matters, including the provisions of Title XVIII of the Italian Insurance Code (concerning fines).
- Article 10(8) of the Italian Insurance Code, which states that IVASS “may exchange information with the competent authorities of States outside the European Union”.

What are policyholders' rights after 31 December 2020? [Article 22(8)]

- Policyholders under insurance contracts issued by UK undertakings with a duration exceeding one year may withdraw from them with no charge, on written notification to the insurer.
- Policyholders may rely on any other termination provisions in the relevant contract.
- Tacit renewal clauses shall no longer be enforceable.
- Policyholders' withdrawal shall take effect next date on which a policy period expires following the date on which the withdrawal is exercised.

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