



Global Balance
Consultancy

Germany

Market practice



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Prologue

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GERMANY

SUMMARY

Country Extensive Summary Report (CESR)

EU Member?	Yes
What are the compulsory insurances?	TPL on motor insurance, Health insurance, Personnel Insurance (employer to arrange cover for their employees for accident or sickness)
Does a local mandatory retention apply?	No
Is insurance on non-admitted basis allowed?	No. Members of the EU however are able to insure German risks on a Freedom of service basis
What is the consequence if risk is insured on a non-admitted basis?	Fine, losing license to do business
Local insurance authority	Insurance Supervisory Act (VAG) (exempt reinsurance and marine contracts)
Factors to take into account	Regulator, Tax authority are very active and strict

Operational Information

Who issues policies?	Both an insurer as a broker can issue policies
Is there a requirement for the local policy to be issued within a certain timescale from inception for cover to apply?	Not applicable
What currencies can premiums be collected in?	EURO and USD
Is there a requirement for premium to be collected prior to inception or within a certain timescale from inception for cover to apply?	No cash-before-cover applies
Is there a requirement for the local policy to be issued within a certain timescale from inception for cover to apply?	No
Is there a payment penalty when client paid too late?	No
Maximum policy term permitted	36 months



Strong tendency to issue/setup Multinational programs (CMP)?	Yes
In what language are policies generally issued?	German or English
Are there any rules in issuing policies?	General following the EU directive. Pre-contractual information
Local broker required?	No
Local broker license required?	Yes
Local broker commission allowed?	Yes, but not for an unlicensed broker!
What is the maximum broker commission that is allowed?	No maximum applies
Policy filing with authorities needed?	For mandatory classes, terms and conditions need to be filed with the authorities. Upon approval, insurance product can be presented.
Tariff rating (premium) applicable?	No
Cash-before-cover applicable?	No
Is central collection (there where the premium for all countries like FOS, other European countries where policies are presented) within country possible?	Yes
Policy issuance after inception date possible?	Yes
Multiple named insured restriction?	Only one entity can be set as main policy holder. All other entities are mentioned as additional named insureds. List of additional insureds to be thoroughly checked with regards to restrictions when entity is located outside Germany.
Can separate invoices (per entity) for one insurance policy be issued?	Yes
Cover note before binding/issuance?	No
Local retention applicable?	No
Local compulsory reinsurance?	No
In case of reinsurance, how much may be exported?	100%
Are punitive damages covered?	Not under German law unless a contractual agreement is made or the risk is insured abroad.
Are there any compulsory insurance pools applicable?	No



Tax Information

How is tax calculated?	On Gross premium including drafting costs
What are the insured taxes for non-life products?	All classes except health & life insurance, 19%
Is tax due on life products?	No. Life and health insurances are exempt from taxes.
Who is liable to pay taxes to the local authorities?	Insurer but if the contract is with a Non-EU insurer then the insurer is liable
Are there any other levies applicable?	No
Does reinsurance tax apply?	No



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