



New taxation in Belgium of life insurance policies

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Summary

As of 1 January 2006, a tax of 1.10% is payable on each premium paid into a life insurance policy if the policyholder has his/her habitual residence in Belgium.

The tax of 1.10% is applicable to all life insurance policies, independent of where the insurance company is established (Belgium or abroad).

This tax is to be borne by the policyholder.

The insurance company passes the taxes it collects on to the Belgian Ministry of Finance, on a global and anonymous basis.

No personal policyholder data is communicated to the Belgian Ministry of Finance.

What are the consequences of the new Belgian law for life insurance policies concluded with Clerical Medical?

Since this tax is payable on each life insurance premium, CMI Insurance (Luxembourg) S.A. and Clerical Medical Investment Group Ltd (Maastricht) have to collect it for each top-up premium paid into a Premier Account policy as of 1 January 2006.

This tax amounts to 1.10%, calculated on the gross amount of each premium paid (including charges). This tax is due as soon as the policyholder takes his/her habitual residence in Belgium

For practical reasons, CMI Insurance (Luxembourg) S.A. and Clerical Medical Investment Group Ltd (Maastricht) carry out the collection of the tax; they assure the legal obligation towards this tax.

All taxes collected by the insurance company during a month are then paid directly by the insurance company, on a general and anonymous basis, to the Belgian Ministry of Finance.

Once a year, all insurance companies (whether Belgian or foreign) have to complete a statement which lists, for each policy, the amount of premiums paid, the tax paid on these premiums and the date of payment of the tax. This statement is due on each 1 June of the following years, i.e. for the fiscal year 2006, the annual statement for the 1.10% tax will have to be provided on 1 June 2007 at the latest.

As stated above, only non-personal data (details of the insurance company, policy number, amount of premiums payable, collected tax and date of payment of the tax) are communicated to the Belgian Ministry of Finance as proof that the indirect tax of 1.10% is duly collected.

As a consequence, and contrary to the statements in the initial draft of the legislation, life insurance policies taken out with CMI Insurance (Luxembourg) S.A. will continue to be subject to the professional confidentiality regulations each company is legally bound to respect; any non-compliance with these regulations would have legal consequences.