HMRC - IPT05930 - Effect Of The De Minimis Limits On Co-Insurance

In co-insurance, several contracts of insurance are written under one policy. Each co-insurer has a separate contract of insurance with the insured, for the percentage of the risk they are covering. Under the de minimis provision they are not allowed to apply the de minimis limits to the premium received under each co-insurance contract, but must apply them to the whole policy. This is because the co-insurers are, in effect, sharing a risk, and the ESC is targeted at entire risks where the related premium is de minimis. The lead co-insurer will normally be responsible for making the decision as to whether a mixed policy is de minimis.

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