HMRC - IPT08495 - References

The insurance industry is highly fragmented and a single insurance contract may have several insurers each insuring a proportion of the risk. This is known as co-insurance. The issue of references enables cross checks to be made to confirm the way each of the participants have applied IPT.

References are especially important when an insurer has treated a taxable risk as exempt and vice versa. For each risk that you establish has been dealt with incorrectly you should obtain from your insurer the other participants in the contract. You should send references to the officers for all the participating insurers to enable them to confirm the treatment of the risk by their insurer.

References are also useful where a co-insured risk is apportioned. Is the apportionment just and reasonable across all the companies that are participating?

References will also be essential to confirm IPT figures where an insurer is party to a fronting arrangement. This is where one insurance company accepts risks through another insurance company that ‘fronts’ the business (see IPT03540).

There are no pre-prepared IPT reference forms. Therefore a memorandum prominently headed ‘IPT Reference’ should be sent which gives the following details:

name and address of the insured;

name and address of the insurer and IPT registration number if known;

name and address of the broker involved;

policy number or other unique reference;

details of the insurance supplied;

an explanation of the nature of the problem and the action requested of the recipient;

your name, address and telephone number.

You should maintain local records of references issued and received.

If you do not know the officer who is responsible for the insurer to which a reference relates, contact the UoE (see IPT08100).

Previous page