



## **Insurance Obligation for Catastrophic Risks for Resident Companies and Permanent Establishments of Non-Resident Companies - Implementing Regulation**



## 1. INTRODUCTION

Article 1, paragraphs 101 - 111 of Law No. 213 of 30.12.2023 (Budget Law 2024) introduced the obligation for companies to take out insurance covering damages to tangible fixed assets directly caused by natural disasters and catastrophic events occurring in the national territory.

The provision aims to ensure financial relief for companies based in Italy in the event of catastrophic events, placing the risk and related costs not only on the State but also on private entities.

With Ministerial Decree No. 18 of 30.1.2025, published in the Official Gazette No. 48 of 27.2.2025, the implementing and operational procedures for catastrophic risk insurance schemes have been defined.

The initial deadline for compliance with this obligation was set for 31.12.2024 but was extended to 31.3.2025 by Article 13, paragraph 1, of Decree-Law No. 202 of 27.12.2024 (so-called "Milleproroghe"), converted into Law No. 15 of 21.2.2025.

For fishing and aquaculture enterprises, the deadline has been further extended to 31.12.2025 by Article 19, paragraph 1-quater, of the aforementioned Decree-Law 202/2024 as converted.

## 2. SUBJECTS

The obligation to take out catastrophic insurance policies applies to companies:

- with a registered office in Italy or a registered office abroad with a permanent establishment in Italy;
- required to register in the Business Register pursuant to Article 2188 of the Civil Code.

In the absence of specific provisions, it is assumed that the obligation applies both to entities registered in the ordinary section of the Register and to companies registered in special sections.

### Exclusions

Companies operating in agriculture pursuant to Article 2135 of the Civil Code are exempt from the obligation, as they are covered by the National Mutual Fund for the coverage of meteorological and climate-related catastrophic damages (Article 1, paragraphs 515 et seq., of Law 234/2021).

## 3. ASSETS COVERED

The policies are intended to cover damage to assets listed in Article 2424, paragraph 1, of the Civil Code, under the Assets section, item B-II (tangible fixed assets), numbers 1), 2), and 3), namely:

- land and buildings,



- plants and machinery,
- industrial and commercial equipment,

as defined in Article 1, paragraph 1, letter b), numbers 1, 2, 3, and 4, of Ministerial Decree 18/2025, regardless of how they are used in business activities.

It follows that the insurance should also cover assets that the entrepreneur enjoys under various titles (lease, loan, leasing) and does not own.

### **Exclusions**

Assets already covered by a similar insurance policy, even if taken out by entities other than the entrepreneur using the assets, are excluded from the obligation.

Real estate properties with unauthorized construction, lacking the required permits, or subject to unauthorized modifications after construction are excluded from insurance coverage.

Furthermore, since the contracts cover damage to tangible fixed assets of the specified companies, circulating assets, such as inventory, are excluded from coverage.

### **4. INSURED EVENTS**

Insurance contracts cover damage to the aforementioned assets, directly caused by natural disasters and catastrophic events occurring in the national territory, identified as:

- earthquakes,
- floods,
- landslides,
- inundations,
- overflows,

as defined in Article 3 of Ministerial Decree 18/2025.

The insurance policy does not cover:

- damages directly resulting from human actions or damages to third parties caused by insured assets due to events;
- damages resulting directly or indirectly from armed conflicts, terrorism, sabotage, riots;
- damages related to nuclear energy, weapons, radioactive, explosive, or chemical substances, or those resulting from pollution or contamination.

### **5. CONTRACT CONDITIONS**

Law No. 213/2023 and Ministerial Decree 18/2025 define certain aspects of the insurance contract content, which insurance companies must incorporate into their policy texts.



## **Premium Calculation**

Premiums (the amount the policyholder must pay the insurer in exchange for the insurance contract) must be determined in proportion to the risk, taking into account various factors, including the territory and the vulnerability of the insured assets.

Consideration is also given to "the proportional reduction of risk" achieved through measures adopted by the company to prevent risks and protect insured assets.

Premiums will be periodically updated.

## **Deductibles**

The policy may include a deductible borne by the insured.

Specifically:

- for sums insured up to 30 million euros, the deductible borne by the company cannot exceed 15% of the indemnifiable damage;
- for sums insured above 30 million euros and for large companies (those that, as of the balance sheet closing date, have both a turnover exceeding 150 million euros and at least 500 employees), the percentage of indemnifiable damage remaining with the insured is subject to free negotiation between the parties.

## **Policy Limits**

Insurance contracts may also include a maximum coverage limit, i.e., the maximum amount paid per claim, according to the following principles:

- for sums insured up to one million euros, the limit equals the insured sum;
- for sums insured between one million and 30 million euros, the indemnity limit is 70% of the insured sum;
- for sums insured above 30 million euros and for large companies, the determination of limits is subject to free negotiation between the parties.

## **6. DEADLINES FOR COMPLIANCE**

Most affected companies must obtain the required policy by 31.3.2025.

For fishing and aquaculture enterprises, the deadline is set at 31.12.2025.

Regarding insurance companies, they:

- must adjust policy texts by 29.3.2025;
- must adapt existing policies starting from the first renewal or applicable payment due.



## 7. PENALTIES

If companies subject to this obligation fail to comply, "this non-compliance will be considered in the assignment of contributions, subsidies, or financial benefits from public resources, including those provided in case of calamities and catastrophic events."

Non-compliant companies may be excluded from any form of public financial aid (not only those related to disasters) or may receive reduced benefits.

Insurance companies that refuse or circumvent the obligation to provide coverage will face administrative fines ranging from **€100,000.00 to €500,000.00**.

Source: Eutekne