Insurance Briefing Special Edition

Law 5162/2024 on Mandatory Insurance Coverage Against Natural Disasters and Other Provisions

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A. Introduction

1. Recently introduced Law 5162/2024 (the **Law**) amends Law 5116/2024 which introduced mandatory insurance coverage for certain types of natural disaster on companies with an annual gross revenue of over €2m in two ways:
   a. the Law reduces the threshold so that companies with an annual gross revenue of over €500k in the previous tax year must now take out insurance against specific natural disasters; and
   b. the Law extends the obligation to take out insurance coverage against certain types of natural disaster to vehicles as well.
2. Both provisions come into effect on 1 June 2025.

B. Insurance Against Natural Disasters for Companies

1. The types of natural disaster against which insurance coverage is compulsory are forest fires, floods and earthquakes.
2. The Law imposes an obligation that the compulsory insurance must cover:
   a. at least the risk of damage to property caused by forest fires, floods and earthquakes to assets of the company, including:
      i. privately owned buildings;
      ii. equipment;

iii. raw materials and goods;
iv. trucks and vehicles for commercial use;
v. means of production; and
vi. stored products; and

b. at least 70% of the value of all the above assets.

C. Penalties for Non-Compliance

1. The Law provides for an administrative fine of €10k on companies which fall within the scope of the Law for failure to comply with the obligation to take out the compulsory insurance coverage against natural disasters.
2. Companies must comply with the obligation to take out insurance coverage within 30 days of receiving the fine. Failure to do so results in the imposition of a fine of twice the amount of the original fine.
3. The Law also provides that companies under the obligation to take out insurance are exempted from receiving State aid for material damage to the assets listed in B.2.a. above caused by forest fires, floods and earthquakes.

D. Insurance Against Natural Disasters for Vehicles[1]

1. It is now compulsory for motor vehicles to be covered for forest fires and floods.
2. This obligation is imposed on the owners or holders of private motor vehicles which are usually parked within Greece and does not apply to public vehicles[2].
3. Insurance coverage against natural disasters is calculated with reference to the current market value of the vehicle and is in addition to the insurance obligations under Presidential Decree (PD) 237/1986.
4. Insurance coverage must be obtained from the granting of the license and registration plates and is not dependent on the vehicle being operational or moved.
5. If an uninsured vehicle is damaged in a forest fire or flood, its owners are not eligible to receive State aid.

[1] By virtue of a joint decision of the Ministers of National Economy and Finance, Development and Climate Crisis and Civil Protection, the scope, conditions and risks covered by such mandatory insurance may be further specified and additional exemptions and the procedure and supporting documents for such exemptions may be introduced and regulated.
[2] Article 5A par. 2 Law 5116/2024



KEY CONTACTS

Evi Kitsou
Partner
ekitsou@bernitsaslaw.com



Penny Brouma
Associate
pbrouma@bernitsaslaw.com

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