Corporate Briefing Special Edition

Law 5116/2024 on Mandatory Insurance Coverage Against Natural Disasters and Other Provisions

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A. Introduction

1. Recently introduced Law 5116/2024 (the **Law**) has made it mandatory for large companies with an annual gross revenue of over €2m in the previous tax year to have insurance against specific natural disasters from 1 January 2025[1].

B. Insurance Against Natural Disasters

1. The types of natural disaster against which insurance coverage is now compulsory are forest fires, floods and earthquakes.

2. The Law[2] imposes the following obligations with respect to the compulsory insurance. The 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;

[1] Article 5
[2] Article 5, par. 2

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

C. Penalties for Non-Compliance

1. The Law[3] provides for an administrative fine of €10k 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[4] 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.



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[3] Article 5, par. 3
[4] Article 5, par. 4