

BROKER NOTICE



August 2016

Home & Legacy's approach to the change in Insurance Premium Tax

In March 2016, the UK government announced an increase in the standard rate of Insurance Premium Tax (IPT) from 9.5% to 10% to help fund flood defences and resilience. The new rate is coming into effect on 1st October 2016 for all new business and renewals.

However, there is also a four-month concessionary period where the old rate can be applied to mid-term adjustments on policies incepted before 1st October 2016, this period runs up to and including 31st January 2017.

- Home & Legacy **will be using the four-month concessionary period** on all of our **household and landlord property insurance policies** – Prestige Home, Ultra Home, Ultimate Home, Prestige Landlord, Ultra Landlord and Tenant's Contents Insurance.
- However, we **will not be using the concessionary period** on our **motor insurance or our rent and legal protection products** – Premier Motor, Ultimate Motor, Landlord's Legal Expenses and Landlord's Rent & Legal Protection.

The IPT charges outlined will be based on the effective date of a transaction.

The following pages provide an overview of how Home & Legacy is approaching the change on all of our policies.

Please make sure your customers understand the increase in the tax and the financial implications on the relevant products they purchase from Home & Legacy.

If you have any questions, please call us on 0344 893 8370 or email us info@homeandlegacy.co.uk

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HOUSEHOLD INSURANCE AND LANDLORD PROPERTY INSURANCE

Prestige Home, Ultra Home, Ultimate Home, Prestige Landlord, Ultra Landlord and Tenant's Contents Insurance

Inception / Renewal Date	Transaction Type	Transaction Effective Dates				
		Before 01/10/2016	01/10/2016 – 31/01/17	On/After 01/02/2017	RECEIVED On/After 01/02/2017	
On/After 01/11/2015	NB	9.5%	NA	NA	10.0%	
	Renewal	9.5%	NA	NA	10.0%	
	Before 01/10/2016	MTA - AP	9.5%	9.5%	10.0%	10.0%
		MTA/Canx - RP	9.5%	9.5%	9.5%	9.5%
On/After 01/10/2016	NB	NA	10.0%	10.0%	10.0%	
	Renewal	NA	10.0%	10.0%	10.0%	
	MTA - AP	NA	10.0%	10.0%	10.0%	
	MTA/Canx - RP	NA	10.0%	10.0%	10.0%	

In summary:

New Business and Renewals from 1st October 2016 will have a 10% IPT rate applied, i.e.:

- Inception / renewal date *before* 1st October 2016: 9.5%
- Inception / renewal date *on or after* 1st October 2016: 10%

Mid Term Adjustments (MTAs) on policies incepted or renewed *before* 1st October 2016

Refund Premiums (RPs):

For any MTA which results in a reduction in premium, the refund amount will reflect the original rate of IPT at 9.5% as the IPT refund cannot be more than the rate applied at the time of inception.

Additional Premiums (APs):

For MTAs on or after 1st October 2016 but before the 1st February 2017 which results in the customer needing to pay additional premium, the rate of 9.5% will apply.

For MTAs on or after the 1st February 2017, which results in the customer needing to pay additional premium, the rate of 10% will apply.

Mid Term Adjustments (MTAs) on policies incepted or renewed *on or after* 1st October 2016

Refund Premium (RPs) and Additional Premiums (APs) will be charged at the new rate of 10%.

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MOTOR INSURANCE AND RENT AND LEGAL PROTECTION

Premier Motor, Ultimate Motor, Landlord's Legal Expenses and Landlord's Rent & Legal Protection

Inception / Renewal Date	Transaction Type	Transaction Effective Dates				
		Before 01/10/2016	01/10/2016 – 31/01/17	On/After 01/02/2017	RECEIVED On/After 01/02/2017	
On/After 01/11/2015	NB	9.5%	NA	NA	10.0%	
	Renewal	9.5%	NA	NA	10.0%	
	Before 01/10/2016	MTA - AP	9.5%	10.0%	10.0%	10.0%
		MTA/Canx - RP	9.5%	9.5%	9.5%	9.5%
On/After 01/10/2016	NB	NA	10.0%	10.0%	10.0%	
	Renewal	NA	10.0%	10.0%	10.0%	
	MTA - AP	NA	10.0%	10.0%	10.0%	
	MTA/Canx - RP	NA	10.0%	10.0%	10.0%	

In summary:

New Business and Renewals from 1st October 2016 will have a 10% IPT rate applied, i.e.:

- Inception / renewal date *before* 1st October 2016: 9.5%
- Inception / renewal date *on or after* 1st October 2016: 10%

Mid Term Adjustments (MTAs) on policies incepted or renewed *before* 1st October 2016

Refund Premiums (RPs):

For any MTA which results in a reduction in premium, the refund amount will reflect the original rate of IPT at 9.5% as the IPT refund cannot be more than the rate applied at the time of inception.

Additional Premiums (APs):

For MTAs on or after 1st October 2016 which result in the customer needing to pay additional premium, the new rate of 10% will apply (irrespective of the standard rate of IPT charged at the inception or renewal of the current policy period), i.e.

- Effective date of MTAs with APs *before* 1st October 2016: 9.5%
- Effective date of MTAs with APs *on or after* 1st October 2016: 10%

Mid Term Adjustments (MTAs) on policies incepted or renewed *on or after* 1st October 2016

Refund Premium (RPs) and Additional Premiums (APs) will be charged at the new rate of 10%.