

Life Assurance Premium Levy

July 2009



The Minister for Finance announced the introduction of a new 1% levy on new and existing Life Assurance premiums during his budget speech in April. Hibernian Aviva together with other IIF Members has been in discussion with the Department of Finance regarding the competitive issues the possible introduction of this levy raises for the sale of pension and investment products.

These discussions are still ongoing but in the meantime the 1% levy is coming into effect on the 1 August.

What is Hibernian Aviva's position?

Hibernian Aviva will apply the levy **on all protection policies** from August 1. We will issue a revised quotation system for new protection business which will reflect the impact of the levy. For existing protection business we will be amending premium collections from August onwards to collect the levy. Protection business includes individual risk, specified illness and group risk.

For example, if a customer is paying a premium of €40 per month by direct debit, the 1% levy will be added to their premium increasing the debit to €40.40. This will be collected using the existing direct debit from August.

How will Hibernian Aviva advise customers?

We intend advertising in the national press over the coming weeks to highlight to customers the fact that we are imposing the levy and its effect on them.

What about Pension and Investment business?

Pending the outcome of industry discussions with the Department of Finance, Hibernian Aviva will not apply the 1% levy to pension and investment products while the discussions with the Department continue. Hibernian Aviva will review this position and communicate with you when we have greater clarity.

What happens Pension and Investment business written in August?

Hibernian Aviva will not apply the 1% levy retrospectively to premiums for pension and investment business received during this period. Therefore, we will **not** be going back to customers to apply the levy to pension or investment premiums already paid.

In conclusion

Together with other IIF members, Hibernian Aviva has proposed to advance a payment to the Revenue while discussions are ongoing. We are hopeful of a positive outcome as a result of discussions with the Department of Finance. Given that these discussions are currently taken place, they may or may not be finalised by September, however, we are committed to keeping you up to date on our position in the meantime.