

# Insurance Update from FSB Insurance

## Preparing for the Insurance Premium Tax Change

In the summer budget, the Chancellor of the Exchequer George Osborne announced that the standard Insurance Premium Tax (IPT) rate would be increased from 6% to 9.5% from 1st November 2015. Here we briefly outline who will be affected by the new rules and what happens if you need to make an adjustment to your policy outside of your standard renewal cycle.

### Who is likely to be affected?

The rate increase will be applied to most general insurance policies, so will affect all individuals, households and businesses which are not exempt from IPT.

The new rate of 9.5% will apply to all new policies and policy renewals on or after the 1st November 2015.

The higher IPT rate; which applies to insurance for certain mechanical and electrical appliances, some vehicle insurance and travel insurance; will remain unchanged at 20%.

### What if I need to make a change to my current policy before renewal?

The rules are slightly different for mid-term adjustments. Where charges are applicable, this table will help explain which rate of IPT will be applied, depending when your policy began or renewed, and when the adjustment is made:

Policy Start Date or Last Renewal Date	Mid-term adjustment Date	IPT rate
31st October 2015 or earlier	31st October 2015 or earlier	6%
31st October 2015 or earlier	1st November 2015 to 29th February 2016	6%
31st October 2015 or earlier	1st March 2016 or later	9.5%
1st November 2015 or later	1st November 2015 or later	9.5%

### What about return premiums?

If a full or partial refund is made to you, the IPT refund will be at the rate that you paid it.

### Like to know more?

Further information and advice regarding the change can be found on the Government's website: [www.gov.uk/insurance-premium-tax](http://www.gov.uk/insurance-premium-tax)  
Our specialist FSB Insurance advisors are also on hand should you need any further support.

