

Insurance Obligation for Catastrophic Risks for Resident Businesses and Permanent Establishments of Non-Resident Companies – Implementing Regulation

1. INTRODUCTION

Articles 1, paragraphs 101–111, of Law No. 213 of December 30, 2023 (2024 Budget Law) introduced the obligation for businesses to take out insurance covering damages to tangible fixed assets directly caused by natural disasters and catastrophic events occurring in the national territory.

The provision aims to ensure financial relief for businesses based in Italy in the event of catastrophic events, distributing the risk and related costs not only to the State but also to private entities.

Ministerial Decree No. 18 of January 30, 2025, published in the Official Gazette No. 48 of February 27, 2025, defines the implementing and operational procedures for catastrophic risk insurance schemes.

The initial deadline for compliance with this obligation was December 31, 2024, but it was extended to March 31, 2025, by Article 13, paragraph 1, of Decree-Law No. 202 of December 27, 2024 (the so-called "Milleproroghe"), converted into Law No. 15 of February 21, 2025.

For businesses in the fishing and aquaculture sectors, the deadline has been further extended to December 31, 2025, by Article 19, paragraph 1-quater, of the aforementioned Decree-Law 202/2024, as converted.

2. SUBJECTS REQUIRED TO COMPLY

The obligation to take out catastrophic risk insurance applies to businesses that:

- Have their registered office in Italy or have a registered office abroad with a permanent establishment in Italy;
- Are required to register with the Business Register pursuant to Article 2188 of the Italian Civil Code.

In the absence of specific provisions, it is assumed that the obligation applies to both businesses registered in the ordinary section of the Register and those registered in special sections.

Exclusions

Agricultural enterprises under Article 2135 of the Italian Civil Code are exempt from this obligation, as they fall under the National Mutual Fund for coverage of meteorological and climatic catastrophic damages (Article 1, paragraphs 515 et seq., of Law No. 234/2021).

3. ASSETS COVERED

The insurance policies are intended to cover damages to the assets listed in Article 2424, paragraph 1, of the Italian Civil Code, under the "Assets" section, item B-II (tangible fixed assets), numbers 1), 2), and 3), namely:

- Land and buildings,
- Plants and machinery,
- Industrial and commercial equipment,

as defined in Article 1, paragraph 1, letter b), numbers 1, 2, 3, and 4 of Ministerial Decree 18/2025, regardless of the title under which they are used for business activities.

This suggests that the insurance should also cover assets used by the entrepreneur under various titles (rental, loan for use, leasing), even if they are not owned.

Exclusions

The obligation does not apply to assets already covered by a similar insurance policy, even if taken out by parties other than the entrepreneur using the assets.

Insurance coverage does not extend to real estate affected by building violations or constructed without the required permits, nor to those where illegal modifications occurred after construction.

Additionally, since the contracts cover damages to tangible fixed assets of the specified businesses, current assets—such as inventory—are excluded from coverage.

4. INSURED EVENTS

The insurance contracts cover damages to the aforementioned assets directly caused by natural disasters and catastrophic events occurring in the national territory, specifically:

- Earthquakes,
- Floods,
- Landslides,
- Inundations,
- Overflows,

as defined in Article 3 of Ministerial Decree 18/2025.

The insurance policy does not cover:

- Damages resulting directly from human actions or damages to third parties caused by insured assets following events;
- Damages directly or indirectly resulting from armed conflicts, terrorism, sabotage, or riots;
- Damages related to nuclear energy, weapons, radioactive, explosive, or chemical substances, or damages resulting from pollution or contamination.

5. CONTRACT CONDITIONS

Law No. 213/2023 and Ministerial Decree 18/2025 define certain aspects of the insurance contract terms, which insurance companies must comply with in their policy documents.

Premium Calculation

Premiums (the amount the policyholder must pay to the insurer as consideration for the insurance contract) must be determined in proportion to the risk, taking into account various factors, including the territory and the vulnerability of the insured assets. Consideration is also given, "in proportion to the resulting risk reduction," to the measures adopted by the business to prevent risks and protect insured assets.

Premiums will be periodically updated.

Deductible

The policy may include a deductible, which remains the responsibility of the insured.

Specifically:

- For insured amounts up to €30 million, the portion borne by the business cannot exceed 15% of the indemnifiable damage;
- For amounts exceeding €30 million and for large enterprises (defined as those that, at the balance sheet closing date, have both a turnover exceeding €150 million and at least 500 employees), the percentage of indemnifiable damage borne by the insured is subject to free negotiation between the parties.

Coverage Limits

Insurance contracts may also include a maximum coverage limit, meaning the maximum amount payable per claim, based on the following principles:

- For insured amounts up to €1 million, the coverage limit equals the insured amount;
- For amounts between €1 million and €30 million, the indemnity limit is 70% of the insured amount;
- For amounts exceeding €30 million and for large enterprises, the determination of coverage limits is subject to free negotiation between the parties.

6 DEADLINES FOR COMPLIANCE

The majority of affected businesses must obtain the described insurance policy by 31.03.2025. For fishing and aquaculture enterprises, the deadline is set for 31.12.2025.

Regarding insurance companies, they must:

- Adjust policy texts by 29.03.2025;
- Adapt existing policies starting from the first renewal or the next due premium payment.

7 PENALTIES

If the obligated businesses fail to comply, such non-compliance "must be taken into account in the allocation of grants, subsidies, or financial incentives based on public resources, including those provided in the event of disasters and catastrophic events."

Non-compliant businesses may therefore be excluded from any form of public benefits (not just those granted in case of disasters) or may receive them in a reduced amount.

Insurance companies that refuse or evade the obligation to contract are subject to an administrative financial penalty ranging from €100,000.00 to €500,000.00.