

Renewal¹

Austria	<p>Possible as co-insurance (several contractually linked insurers) and additional insurance (several insurers, not linked)</p> <p>Multiple insurance (§ 59) and Double insurance (§ 60,) – duty to notify, limits of indemnification; void contracts in case of fraud on side of the policyholder</p>
Bulgaria	<p>No general rules on the renewal of insurance contracts. The period of validity of contracts is freely negotiated with exception of some specific cases like motor liability insurance. The renewal is also a matter of negotiations. Only with regard to mandatory insurances <u>art. 251, (2)</u> creates the obligation for the customer to renew the contract before expiry of its term except in cases where the insured interest has ceased to exist.</p>
Croatia	<p>Pursuant to Article 8 of the Compulsory Traffic Insurance Act with insurance contracts concluded for one or more years, the rights and obligations ensuing from the insurance contract shall be extended after the expiry of the insurance contract for a maximum of 30 days (grace period) unless the insurance undertaking has not received, at least three days before the expiry date of coverage, a registered letter from the policyholder stating that he does not approve of the extension of the insurance contract.</p>
Estonia	<p>§ 467 LOA: Any agreement under which an insurance contract which is not cancelled prior to expiry thereof is deemed to be extended for longer than one year is void.</p>
Finland	<p>Most non-life insurances are continuous unless explicitly terminated. There is a definition of continuous insurance in the Insurance Contract Act. One year-contract, however, is most common. The parties may always agree otherwise.</p>
France	<p><u>Article L 113-14 Insurance Code:</u> Modifié par Loi n°81-5 du 7 janvier 1981 - art. 28 JORF 8 janvier 1981 rectificatif JORF 8 février 1981</p> <p>Whenever the insured is entitled to request termination, he may do so, at his discretion, either by declaration made against receipt at the registered office or to the insurer's representative in the area, or by extra judicial instrument or by registered letter, or by any other means stated in the policy.</p> <p><u>Article L 113-15 Insurance Code:</u></p>

¹ The information in this table is provided by insurance experts or insurance organisations from respective country. It does not contain a thorough review of all Member States' insurance contract laws and does not reflect the official opinion of the Commission.

	<p>Modifié par Loi n°81-5 du 7 janvier 1981 - art. 28 JORF 8 janvier 1981 rectificatif JORF 8 février 1981</p> <p>The duration of the contract must be stated in very clear fonts in the policy.</p> <p>The policy must also state that the term of the automatic renewal may not under any circumstances exceed one year.</p> <p><u>(NON LIFE) Article L 113-15-1 Insurance Code:</u> Créé par Loi n°2005-67 du 28 janvier 2005 - art. 2 JORF 1er février 2005 en vigueur le 28 juillet 2005</p> <p>In the case of tacitly renewable contracts covering natural persons outside their professional capacity, the deadline for the exercise by the policyholder of his right to terminate the contract must be recalled with every premium or contribution advice note (sent to him). When this advice note is sent to him less than fifteen days prior to the deadline date, or when it is sent to him after this date, the policyholder must be informed by this advice note that he has a twenty days-time-limit following the dispatch date of the said advice note to stop the renewal of the contract. In this case, the time-limit for the termination of the contract shall run starting from the date indicated on the postmark.</p> <p>When this information was not sent to him in accordance with the provisions of the first paragraph, the policyholder can put an end to the contract, without any penalty, at any time as from the date of renewal by sending a registered letter to the insurer. The termination shall take effect on the day after the one indicated on the postmark.</p> <p>The policyholder must pay part of the premium or contribution corresponding to the period during which the risk occurred. This period is calculated until the date on which the termination takes effect. The insurer must refund to the policyholder, within thirty days as from the date on which the termination takes effect, the part of the premium or contribution corresponding to the period during which the risk has not occurred. This period shall be calculated as from the aforementioned date on which the termination takes effect. In the absence of refunding under these conditions, the sums due shall produce interest at the legal rate.</p> <p>The provisions of this article shall apply neither to life insurances nor to group contracts and other collective operations</p>
<p>Germany</p>	<p>§ 11 VVG: (1) The parties cannot agree in advance on the extension of the insurance contract for more than one year if the contract provides for a limited period.</p> <p>(2) Both parties may only terminate the insurance contract which is concluded for an unlimited period, to the end of the current period of insurance. They may agree to waive the right of termination for no more than two years.</p>

	<p>(3) The period of notice must be the same for both parties; it may not be less than one month and no more than three months.</p> <p>(4) A policyholder may terminate an insurance contract concluded for a period of more than three years to the end of the third or each successive year, subject to a notice period of three months.</p> <p>§ 11 (2) to (4) VVG are semi-mandatory, § 18 VVG.</p> <p>Under § 12 VVG the period of insurance is one year unless the insurance premium is determined for shorter periods.</p>
Greece	<p><u>Art 8 § 1 and 2 of law 2496/1997 in regard to insurance contract:</u></p> <p>If the insurance contract provides for a limited duration (finite duration), it shall be terminated following the lapse of the period specified, unless it has been agreed that it can be prolonged. <u>Such prolongation (renewal) may not be agreed for a period of more than one year.</u></p> <p>If the contract is of indefinite duration (unlimited duration), the contract shall be terminated by notice at the end of the insurance period. The time limit set for the exercise of the right of termination may be neither less than one month, nor more than three months.</p> <p><u>MTPL insurance: Art 11a § 4 of law 489/1976:</u></p> <p>The insurance contract is valid for the period stated in the policy and is renewed each time, de jure, for an equal period, unless one of the parties notifies the other, with registered mail or notice on receipt, of its objection within thirty (30) days before the expiry date of the insurance policy.</p>
Hungary	<p>No general rules on the renewal of the contract. Parties are free to decide on it.</p> <p>As a general rule contracts concluded for an open term will be renewed automatically unless it has been terminated by one of the contracting parties 30 days prior to the end of the insurance period (typically 1 year).</p>
Italy	<p><u>Art. 1899 Civil Code:</u></p> <p>it is possible to have a tacit renewal, but it is valid for maximum 2 years (<u>NON-LIFE</u>)</p> <p>The prolongation of the contract is considered as a renewal and not as a continuation of the original contract.</p> <p><u>Liability MOTOR-VEHICLE mandatory insurance, art. 170-bis d.lgs. 209 7/9/2005:</u></p> <p>The tacit renewal is forbidden and the maximum duration of the contract</p>

	<p>is one year.</p> <p>NON-LIFE, <u>Art. 1899 Civil Code</u>: For insurances contracts valid for more than 5 years it's possible to not renew the contract after the 5th year has passed. The letter of not renewal shall be effective 60 days after its reception by the insurer. NB: technically, the rule set by art.1899 refers to the will of the insured not to renew the contract.</p>
<p>Portugal</p>	<p>Articles 39 to 42 of the Legal Regime state:</p> <p style="text-align: center;"><u>CHAPTER III</u></p> <p style="text-align: center;"><u>PERIOD OF VALIDITY OF THE CONTRACT</u></p> <p style="text-align: center;">Article 39</p> <p style="text-align: center;"><i>Production of effects</i></p> <p>Without prejudice to the provisions of the following articles and save as otherwise agreed, the contract of insurance shall produce its effects as of zero hours on the day following the day on which it is concluded.</p> <p style="text-align: center;">Article 40</p> <p style="text-align: center;"><i>Duration</i></p> <p>Where the parties are silent on the matter, the period of validity of a contract of insurance shall be one year.</p> <p style="text-align: center;">Article 41</p> <p style="text-align: center;"><i>Extension</i></p> <p>1. Unless otherwise agreed, a contract of insurance concluded for the initial period of one year may be extended subsequently, upon expiry of the stipulated term, for further periods of one year.</p> <p>2. Save as otherwise agreed, a contract of insurance concluded for an initial period of less or more than one year shall not be extended upon expiry of the stipulated term.</p> <p>3. Any contract that is the subject of extension shall be deemed to be the sole contract.</p> <p style="text-align: center;">Article 42</p> <p style="text-align: center;"><i>Risk cover</i></p> <p>1. The start date of insurance cover may be set by the parties in the contract, without prejudice to the provisions of art.59.</p>

	<p>2. The parties may agree that cover will cover risks pre-dating conclusion of the contract, without prejudice to the provisions of art.44.</p> <p style="text-align: center;">Article 44</p> <p style="text-align: center;"><i>Non-existence of the risk</i></p> <p>1. Save in those cases provided for by law, the contract of insurance shall be null and void if, at the time of its conclusion, the insurer, the policyholder or the insured is aware of the fact that the risk has ceased to exist.</p> <p>2. The insurer shall not cover losses pre-dating conclusion of the contract when the policyholder or the insured is aware of them on that date.</p> <p>3. The contract of insurance shall not produce its effects in relation to a future risk that fails to materialize.</p> <p>4. In the cases provided for in the preceding paragraphs, the policyholder shall be entitled to return of the premium paid, less any expenses necessary for conclusion of the contract paid in good faith by the insurer.</p> <p>5. In the event of bad faith on the part of the policyholder, the insurer, acting in good faith, shall be entitled to retain the premium paid.</p> <p>6. Bad faith on the part of the policyholder will be assumed if the insured was aware, upon conclusion of the contract of insurance, that the loss had occurred.</p>
Romania	There are no general rules on the renewal of insurance contracts.
Slovakia	There are no specific rules on the renewal of the insurance contracts. Duration of the contracts is upon the contractual parties and the renewal of the contract is a matter of negotiations.
Spain	<p><u>Art. 22 LCS</u> The duration of the contract must be determined in the policy and may not exceed ten years.</p> <p>In life insurance, this provision is only applied if it is compatible with the regulation of life insurance. Consequently, only temporary life insurance may be less than ten years.</p> <p>The parties have the option to envisage contractually one or more renewals of the contract, the duration of each renewal not exceeding one year (Art. 22)</p> <p>The parties may contest the conventional renewal of the contract in writing to the other party at least two months before the end of the current period.</p>
Sweden	<p>Chapter 3, Article 4, the Insurance Contract Act (2005:104)</p> <p>Where no valid notification of termination has taken place, the insurance</p>

	<p>policy is renewed for the 'normal' policy term, which comes closest to the previously applicable policy term and other terms and conditions, unless the policyholder has acquired a corresponding insurance policy from another insurer.</p> <p>This applies only where the parties have not agreed otherwise.</p> <p>Chapter 3, Article 5, the Insurance Contract Act (2005:104) Where the Insurance Company wishes to effect a change in the insurance policy in connection with a renewal under Article 4, the Insurer must specify the change in writing no later than in connection with the claim for payment of premium.</p> <p>Information obligations in conjunction with a change in the insurance policy are regulated by Chapter 2, Article 6, the Insurance Contract Act (2005:104). Where the Insurance Company amends or otherwise changes the Insurance Policy pursuant to Chapter 3, the Company shall contemporaneously provide the policyholder with information which he/she may need.</p>
<p>United Kingdom</p>	<p>Most forms of insurance policy are generally for a fixed period and usually expire after one year ("but longer for certain commercial risks, e.g. construction...", Colinvaux & Merkin's Loose-leaf, page 10301). In contrast, a life policy is generally viewed as a continuing contract.</p> <p>The renewal of a non-life policy is seen as the making of a new contract (See <i>Stokell v Heywood</i> [1897] 1 CH 459, Principles of European Insurance Contract Law, p. 249, N3, Birds, p.103). Thus, for example the duty of disclosure arises again (Birds, p.101).</p> <p>Agreement for renewal</p> <p>There is no obligation for the insurer to renew a contract (Birds, p.103). There is also no right to renew an insurance contract in the absence of a term to that effect (<i>Kirby v Cosindit Spa</i> (1969), quoted in Birds, p.102). In the case that renewal has not been provided for, it can only take place through a new agreement between the parties (Colinvaux & Merkin's Loose-leaf, page 10301).</p> <p>"Where there is a provision for renewal it may, as is usual in life policies, give the assured an unconditional right to renew or, as is generally the case in connection with other policies, renewal may be conditional on the assent of both parties," (Colinvaux & Merkin's Loose-leaf, page 10301).</p> <p>Period of grace</p> <p>In practice insurers generally renew policies and allow some period of grace for the payment of the premium upon renewal. However, if the premium has not been paid, there will be doubt whether the insured could benefit from the protection under the policy if the loss occurs during the period of grace (Birds, p.103).</p>

Life policies

A life policy may be:

"(a) an annual contract, which the assured has the right to renew, by payment of a further premium, or

(b) an entire contract for life, subject to forfeiture on the failure of the assured to pay any of the annual premiums," (Colinvaux & Merkin's Loose-leaf, page 10303).

The type of life policy will have a bearing in the case that death occurs during the period of grace. For category (a): "If the assured fails to renew, by the appointed day, ... his right to do so can only be revived by the assent of the insurers and, if they give this consent, subject to conditions a new contract will be formed thereby". For category (b), "...as where a debtor insures his life in favour of a creditor and covenants to pay the premiums, ...the assured has not only an option but a duty to renew" (Colinvaux & Merkin's Loose-leaf, page 10303).

"As a general rule, days of grace are allowed for payment of the renewal premium. The position in the event of the death of the life assured during the days of grace and before payment of the premium, must be ascertained from the policy and/or from the regulations of the life office. The life policy may expressly provide that cover continues during the days of grace even before payment of the premium, in which case the position is clear. Most policies...contain further provisions to define the position which arises if the renewal premium remains unpaid after the expiry of the days of grace," (Houseman's Law of Life Assurance, 14th edition, Chapter 1, Section 7D)".

Terms of Renewal

There is a presumption that a renewal is on the same terms as the earlier cover unless there is an express agreement to the contrary (Colinvaux & Merkin's Loose-leaf, page 10304, *Great North Eastern Railway Ltd v Avon Insurance Plc* [2001] EWCA Civ 780).

Notification

Under common law there was no obligation for the insurer to send a renewal notice, but this has changed under ICOBS.

ICOBS 6.1.5 requires that insurance providers take reasonable steps to ensure a customer is given appropriate information about a policy in good time and in a comprehensible form so that the customer can make an informed decision about the arrangements proposed. (This includes renewals (ICOBS 6.1.6).)