

Thomas Derval & Esra Güler | March 2024

On 14 March 2024, the Belgian Federal Parliament adopted a draft law setting up new rules on time limits and penalties for the payment of insurance covers and benefits (the “Law”).

The Law will enter into force on the first day of the 6th month following its publication in the Official Gazette – which should happen any time soon. It will apply to insurance claims filed on or after its entry into force.

INSURANCE LAW

NEW RULES ON TIME LIMITS
AND PENALTIES FOR THE
PAYMENT OF INSURANCE
COVERS AND BENEFITS

WHERE ARE WE NOW? THE CURRENT TIME LIMITS AND PENALTIES

Under the current regime, time limits for the payment of insurance covers or benefits only exist for certain classes of insurances, namely:

- car insurances;
- fire insurances;
- life insurances; and
- complementary pension insurances.

For other classes of insurances, insurers are not subject to any specific deadlines to address the claims filed by their policyholders or beneficiaries. This has been identified as an issue by the Insurance Ombudsman and certain members of the Federal Parliament.

WHAT'S AHEAD? THE UPCOMING REGIME IN A NUTSHELL

Without digging into all the details in this short news, we summarise below the key elements of the reform.

Scope of application

The new rules will apply to categories of insurance that are not yet subject to specific rules on time limits and penalties for the payment of insurance covers or benefits.

This will typically affect (i) liability insurances (e.g. private liability, objective liability for fire and explosion in premises accessible to the public), (ii) property insurances (e.g. theft), as well as (iii) all other insurances (residuary category).

The falling of the residuary category within the scope of application of the Law ensures that the new time limits and penalties will also apply to any new insurance product that would be created in the future. This could prove relevant to insurance products pertaining for instance to A.I., new technologies, cyber...



Time limits

Insurers will have 3 months as from the filing of a claim to dispute their coverage with a motivated answer.

If, after 3 months, the insurance claimant has not yet received any answer from the insurer and sends a reminder (by registered mail or similar means), the insurer will need to answer the reminder within 11 days.

Finally, insurers will have 30 days to release the insurance cover or benefits once in possession of all elements reasonably necessary to adopt a position on the claim and once all disputes on the claims are settled.

Penalties

If insurers fail to comply with any of the aforementioned timelines, they will have to pay a lump sum compensation of EUR 300 to the insurance claimant. This lump sum amount will be indexed in accordance with the consumer index on an annual basis.

Furthermore, if insurers fail to pay the insurance cover or benefits by the applicable deadline, late payments will automatically bear interest at double the legal interest rate.

Partial payments

In cases where the insurer only disputes the amount of the insurance cover or benefits, the insurer will need to release the undisputed portion of the claim within the aforementioned 30-days period.

Proposals to advance certain costs to the insurance claimant may not be subjected to any (partial) waiver on the claim.

WHAT SHOULD I DO? HOW INSURERS SHOULD PREPARE

There are a few things insurers and intermediaries will need to think about and implement before the entry into force of this new regime, i.e.:

- identifying the policies affected: make sure you identify the products concerned by the new rules;
- adapting your processes: customer and claim departments might require reinforcement or adaptation;
- educating your staff: make sure all your staff and your distribution network (agents, brokers, etc.) are aware and know what to do before the entry into force of these rules.

Any questions? Contact our Insurance Experts

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