

# Insurance obligation against catastrophic risks: recent updates

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# Mandatory insurance for natural disasters

With the publication in the **Official Gazette of Law no. 78 of May 27, 2025** (O.J. May 30, 2025), the conversion of **Law Decree no. 39 of March 31, 2025** was completed.

The new regulations, now fully in effect, define the application framework of the insurance obligation against catastrophic risks as set forth in **Article 1, Paragraph 101 of the 2024 Budget Law** (Law no. 213/2023).



The obligation applies to companies with registered offices or permanent establishment in Italy, registered with the Company Registry.

It does not apply to agricultural enterprises, as defined by Article **2135** of the **Italian Civil Code**, which remain subject to the mutual fund already provided by sector regulations.

# Mandatory insurance for natural disasters

The regulations distinguish between:

Large enterprises, for which the term to hold coverage has been set to April 1, 2025, with a 90-day-term deferral (expiring on July 1, 2025) for the application of the relevant measures in the event of a possible non-fulfillment.

1

Medium-sized enterprises, for which the obligation has been deferred to October 1, 2025.

2

Small and micro enterprises for which the obligation has been postponed to January 1, 2026.

3

# Categories: large, medium and small enterprises

For the assessment of whether an enterprise falls into the "medium" or "small" category, reference shall be made to the **European Commission Recommendation 2003/361/EC**, while for large enterprises, reference is the **Delegated Directive (EU) 2023/2775**.

An enterprise is considered large if it exceeds at least one of the following thresholds:

1. Balance sheet total > **€43 million**
2. Net sales revenue > **€50 million**
3. Average number of employees > **250**



## Categories: corporate groups

For corporate groups, the regulations provide for an important facilitation. If all subsidiaries or affiliates – as defined in Article 2359 of the Italian Civil Code – **together exceed the size thresholds identified in Article 1, paragraph 1, letter o), of the Decree of the Minister of Economy and Finance dated 30 January 2025, no. 18** - namely, an annual turnover exceeding €150 million and number of employees equal or greater than 500 – a single group policy may be taken out; in this case, the 15 percent cap on deductibles and excesses no longer applies, with an obvious benefit in terms of efficiency and costs.

## Assets subject to insurance coverage

The assets subject to the insurance obligation are the fixed assets recorded in the financial statements pursuant to Article 2424, first paragraph, section Assets, item B-II, numbers 1), 2), and 3) of the Italian Civil Code (Article 1 of the Decree).

The coverage applies to all assets used in the business activity, regardless of the legal title under which the enterprise holds them; accordingly, leased, rented, used under a usufruct or loaned assets must be included.

Pursuant to Article 1-bis of Law Decree no. 155/2024, converted into Law no. 189/2024 (Financial Provisions for Emergency Management),

As a matter of fact

*“the object of the insurance coverage referred to in Article 1, paragraph 101, first sentence, of Law No. 213, is the assets listed in Article 2424, first paragraph, section Assets, item B-II, numbers 1), 2), and 3), of the Italian Civil Code, used under any title for the exercise of the business activity, excluding those already covered by similar insurance, even if taken out by parties other than the entrepreneur who employs the assets.”*

## Assets subject to insurance coverage

When assets are owned by parties other than the company using them, the owner is indemnified; however, if the premium has been paid by the tenant (by way of example), the latter is entitled to indirect compensation – **up to 40 percent of the liquidated amount** – to cover lost profits and incurred costs.

The circumstance that more parties are subject to the coverage obligation requires coordination between the parties to the contract concerning the use of the assets to be insured (e.g., lessor and lessee, transferor and transferee of the business, or parties to a capital lease), to ensure that one of them (if subject to the obligation) has arranged for adequate and timely coverage.

Capital lease agreements concerning real estate properties often provide for insurance coverage obligations on the tenant, obligations that now must be clearly defined in accordance with the new legal requirements.

Recourse may be made to widely established practices, such as the inclusion of clauses or endorsements whereby payment of indemnity may be made to the tenant only upon approval of the owner, who thereby retains the right to enforce claims arising out of the policy; alternatively, this may be achieved through the issuance of policies on behalf of others or on behalf of the entitled party pursuant to Article 1891 of the Italian Civil Code.



## Insured value and exclusions

The insured value is to be calculated based on the rebuilding cost for buildings, the replacement cost for movable property, and the restoration cost for affected land – a criterion that realigns the regulations with common underwriting practices in the market.

Buildings without a building permit, those affected by irremediable abuses or unauthorized modifications remain excluded;



Conversely, buildings under amnesty or regularization, as well as those constructed before authorization regulations existed, are eligible for coverage.



# Events covered by insurance policies for catastrophic events

Covered events include:

## Earthquakes



**floods, overflows, and landslides, excluding slow - or gradual-developing landslides,** which are considered preventable through mitigation measures borne by the insured.



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The law does not introduce direct financial penalties for defaulting parties; yet, it does provide for the automatic loss of any public subsidies or grants, a measure that is set to be incorporated into the future Incentives Code.

# Conclusions

To ensure transparency, IVASS will establish a digital portal modeled after the one dedicated to car insurance, where insurance companies will be required to upload policies compliant with the new regulations, including all conditions, extensions, and exclusions.

The highlighted new features pertain not only to the expansion of the subjective and objective scope of the obligation, but also to alignment with European business regulations, methods for determining the insurable value, and transitional provisions.

