



NEW
REGULATION
ON INSURANCE
CONTRACTS

H&H

New regulation on Insurance Contracts

On November 18, 2018, Act No. 19,678 was enacted. New Act's main purpose is to regulate the different types of the insurance contract, considering that there is regulation still in force on other insurance contracts.

This new Act is of public policy, so the parties of an insurance agreement can not stipulate clauses that contradict or modify the what is set forth by this Act, unless they are for the benefit of the insured party.

What is new?

With the entry into force of this Act, the insurance contract becomes a **consensual** one given that it is perfected with the mere consent of the parties, even before the issuance of the policy.

The Act foresees the **plurality of insurances**, which means that an insured can cover the same risk with more than one insurer, provided that he informs the same to the other insurers.

In addition, **the change in the holder of the insured interest** is allowed, provided that the insurer is notified within 10 days of the change. If this is not fulfilled, the insurer will be released from its obligation to cover the policy.

This Act modifies the statute of limitations to initiate legal actions: **two years for property insurance and five years for life insurance.**

The Act also states that it is not allowed the seizure of the amounts received by the creditor or creditors of the insurance company derived from the life annuity agreement.

Termination possibilities and other provisions of interest

Except in cases of life insurances, both the insured and the insurer **may terminate the agreement at any time without expression of cause**, provided that they notify the other party with a prior 30 days' notice.

Additionally, the Act establishes that the insurer **must accept or reject an accident within 30 calendar days of its complaint** and that the complaint must be made within 5 calendar days of the event or within the term established in the policy when its longer than 5 days.

If the insurer does not express himself within the said term, **the accident will be considered accepted and the insurer must make the payment within 60 calendar days** from the date of such acceptance.

Creation of a Life Insurance Registry

This Act foresees the creation of a Life Insurance Policies Registry under the control of the Uruguayan Central Bank.

The purpose of this Registry is to provide information, to any person submitting a notarial copy of a death certificate, as to whether a deceased person had life insurance or not and, if so, which company insured the referred risk.

Contact:



Lucía Patrón
lpatron@hughes.com.uy



José María Tais
jmtais@hughes.com.uy

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