In order to assist you with your upcoming (re)insurance placement, Aon wants to share some specific information related to the Foreign Account Tax Compliance Act (FATCA) and how it may affect your (re)insurance premium payments. **Please note that the rules for FATCA have expanded to include premium payments made by non-US clients covering US risk on transactions incepting on or after January 1, 2017. Before then, only premium payments covering US risk made by US clients were in scope (with some limited exceptions related to reinsurance).**

**What you need to know as a (re)insurance buyer:**

FATCA represents a major change to the US tax law and organizations need to understand how it will potentially affect incoming and outgoing premium payments. This law is generally intended to improve tax compliance in the US for those *individuals and entities* holding foreign financial assets and offshore accounts.  The payment of insurance premiums covering US risks falls within the scope of FATCA.

 **Here are some of the key points you should be aware of:**

* As currently drafted, the withholding aspect of FATCA applies to (re)insurance premium payments of US risks made by US clients on or after July 1, 2014.
* FATCA places a significant operational responsibility on (re)insurance buyers to ensure that they have valid FATCA forms in-hand prior to making (re)insurance premium payments.
* Failure to have appropriate FATCA documents in-hand from (re)insurers at time of payment could result in withholding taxes equal to 30 percent of gross premium.
* Each March, beginning in 2015, (re)insurance buyers may be required to file annual withholding tax returns with the Internal Revenue Service to report withholding tax remitted on payments for US risks made to non-US (re)insurers.
* As noted for transactions incepting on or after January 1, 2017, the law was expanded so that (re)insurance coverage that contain an element of US risk regardless of the domicile of client, broker or market are considered in scope for FATCA.

**Premium payments to Aon US or a Qualified Intermediary**

For all premium payments made to Aon US or to an Aon entity with a Qualified Intermediary tax designation, Aon will undertake responsibility for all (re)insurer’s FATCA documentation and FATCA reporting obligations, as follows:

Payments to Aon US:

In order to be FATCA compliant on all premium payments made through Aon US, you will only need to obtain and independently validate a W-9 form for the Aon US entity that issued you a premium invoice.

Payments to a Qualified Intermediary (QI) (see Aon.com/FATCA for a listing of current QIs):

In order to be FATCA compliant on all premium payments made to a QI, you will only need to obtain and independently validate the W-8IMY for the appropriate QI entity you are paying premium to. As a QI, Aon has agreed to undertake primary withholding where premium payments are made to an Aon QI and reporting responsibilities related to downstream premium payments. Accordingly, no withholding or allocation statement is required on placements made through a QI.

**All of Aon’s operating broking entities’ FATCA forms, including those for Aon’s QI entities, are available at Aon.com/FATCA**

**Note to Aon Reinsurance Solutions Clients:**
All required FATCA documentation will be delivered to you through ABConnect for those clients that use the tool. Please contact your Aon Reinsurance Solutions broker if you need assistance in accessing ABConnect.

**Premium payments to non-QI Aon entities**

For all premium payments made directly to Aon entities other than Aon US or an Aon QI, there may be additional FATCA documentation, withholding and reporting obligations. Your Account Executive/Broker can provide additional information regarding Aon’s role in support of your FATCA obligations.

**Premium payments to non-Aon entities (e.g. payments directly to (re)insurance markets)**

Aon strongly encourages you to consult with your tax advisors to assess the overall impact of FATCA on your organization for premium payments made directly to (re)insurers or to (re)insurance brokers other than Aon. You may have additional FATCA documentation requirements or other FATCA obligations.

**Aon recommends that you consult with your tax advisors to fully understand your specific FATCA obligations related to (re)insurance premium payments in all cases.**