

L.N. 58 of 2017

**Insurance Companies (Authorization and Annual Fees)
(Amendment) Regulation 2017**

(Made by the Chief Executive in Council under section 128(1) of the Insurance Ordinance (Cap. 41) after consultation with the Provisional Insurance Authority)

1. Commencement

This Regulation comes into operation on 26 June 2017.

**2. Insurance Companies (Authorization and Annual Fees)
Regulation amended**

The Insurance Companies (Authorization and Annual Fees) Regulation (Cap. 41 sub. leg. C) is amended as set out in sections 3 to 8.

3. Title substituted

The title—

Repeal the title

Substitute

**“Insurance (Authorization and Annual Fees)
Regulation”.**

4. Section 1A added

Before section 2—

Add

“1A. Interpretation

In this Regulation—

insurance liabilities (保險負債), for an authorized insurer in relation to a payment due date—

- (a) for long term business, means the amount of net liability in the last Form HKL2 set out in Schedule 3 to the Ordinance that was required to be furnished by the insurer to the Authority before the payment due date;
- (b) for general business, means the aggregate of—
 - (i) the amount of unexpired risks carried forward;
 - (ii) the provision for outstanding claims (net amount); and
 - (iii) the provision for IBNR,
in the last Forms 1A and 2A set out in Schedule 3 to the Ordinance that were required to be submitted by the insurer to the Authority before the payment due date;

payment due date (付款到期日)—

- (a) for the prescribed fees payable under section 13(1)(a) of the Ordinance, means the date on which the authorized insurer is authorized;
- (b) for the prescribed fees payable under section 13(1)(b) of the Ordinance, means each anniversary of the date referred to in paragraph (a);

variable fee (非固定費用)—see section 3.”.

Section 5

5. Section 2 substituted

Section 2—

Repeal the section

Substitute

“2. Prescribed fees under section 13(1)(a) and (b) of Ordinance

The fees payable under section 13(1)(a) and (b) of the Ordinance consist of a fixed fee and a variable fee set out in Schedules 1 and 2.”.

6. Section 3 added

After section 2—

Add

“3. Determination of variable fee

- (1) This section applies to the determination of a variable fee payable by an authorized insurer on a payment due date.
- (2) For Schedule 1, the variable fee is—
 - (a) the amount determined by multiplying the insurance liabilities of the authorized insurer by the variable fee rate corresponding to the reference period in which the payment due date falls; or
 - (b) \$7,000,000,whichever is the lower.

Section 7

(3) For Schedule 2, the variable fee is the amount determined by multiplying the insurance liabilities of the authorized insurer by the variable fee rate corresponding to the reference period in which the payment due date falls.

(4) The variable fee rates are set out in Schedule 3.”.

7. Schedules 1 and 2 substituted

Schedules 1 and 2—

Repeal the Schedules

Substitute

“Schedule 1

[ss. 2 & 3]

Fees Payable under Section 13(1)(a) and (b) of Ordinance by Authorized Insurer (other than Captive Insurer)

Column 1	Column 2	Column 3	Column 4	Column 5
Item	Section of Ordinance	Fee to be paid	Class of insurance business carried on by authorized insurer (other than captive insurer)	Fee
1.	Section 13(1)(a)	Fee payable upon authorization	(a) Long term business	The aggregate of a fixed fee of \$300,000 and a variable fee
			(b) General business	The aggregate of a fixed fee of \$300,000 and a variable fee

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Section 7

Column 1	Column 2	Column 3	Column 4	Column 5
Item	Section of Ordinance	Fee to be paid	Class of insurance business carried on by authorized insurer (other than captive insurer)	Fee
			(c) Both long term business and general business	The aggregate of the fees payable under (a) and (b)
2.	Section 13(1)(b)	Annual fee	(a) Long term business	The aggregate of a fixed fee of \$300,000 and a variable fee
			(b) General business	The aggregate of a fixed fee of \$300,000 and a variable fee
			(c) Both long term business and general business	The aggregate of the fees payable under (a) and (b)

Schedule 2

[ss. 2 & 3]

Fees Payable under Section 13(1)(a) and (b) of Ordinance by Authorized Insurer who is Captive Insurer

Column 1 Item	Column 2 Section of Ordinance	Column 3 Fee to be paid	Column 4 Fee
1.	Section 13(1)(a)	Fee payable upon authorization	The aggregate of a fixed fee of \$30,000 and a variable fee
2.	Section 13(1)(b)	Annual fee	The aggregate of a fixed fee of \$30,000 and a variable fee”.

- 8. Schedule 3 added**
After Schedule 2—
Add

“Schedule 3

[s. 3]

Variable Fee Rates

Column 1 Reference period	Column 2 Variable fee rate
From 26 June 2017 to 25 June 2018	0.0001%
From 26 June 2018 to 25 June 2019	0.0005%
From 26 June 2019 to 25 June 2020	0.0013%
From 26 June 2020 to 25 June 2021	0.0026%
From 26 June 2021 to 25 June 2022	0.0031%
From 26 June 2022 to 25 June 2023 and each subsequent period of 1 year from 26 June	0.0039%”.

Kinnie WONG
Clerk to the Executive Council

COUNCIL CHAMBER

11 April 2017

Explanatory Note

This Regulation amends the Insurance Companies (Authorization and Annual Fees) Regulation (Cap. 41 sub. leg. C) (*principal Regulation*) to—

- (a) amend the title of the principal Regulation;
- (b) substitute Schedules 1 and 2 with new Schedules 1 and 2 and add a new Schedule 3 to the principal Regulation to increase the prescribed fees payable under section 13(1)(a) and (b) of the Insurance Ordinance (Cap. 41); and
- (c) make textual amendments to the principal Regulation.