

L.N. 61 of 2024

Insurance (Exemption to Appointment of Actuary) Rules

(Made by the Insurance Authority under section 129(1) of the Insurance Ordinance (Cap. 41))

1. Commencement

These Rules come into operation on the day on which section 44 of the Insurance (Amendment) Ordinance 2023 (20 of 2023) comes into operation.

2. Interpretation

In these Rules—

gross of reinsurance (未減除再保險前) has the meaning given by rule 2(1) of the Insurance (Valuation and Capital) Rules;

gross premium (毛保費), in relation to a period of time, means the premiums paid or payable to a relevant insurer in respect of contracts of insurance written or renewed in that period of time before deducting commissions of agents or brokers but after deducting any discounts specified in policies or refunds of premiums made in respect of any termination or reduction of risks;

marine insurer (海事保險人) has the meaning given by rule 2 of the Insurance (Marine Insurers and Captive Insurers) Rules;

outstanding claims liabilities (未決申索負債) has the meaning given by rule 30(2)(a) of the Insurance (Valuation and Capital) Rules.

3. Exemption criteria

- (1) An authorized insurer is exempted from section 15AAA(1)(c) and (d) of the Ordinance, if the insurer is a—
 - (a) marine insurer; or
 - (b) captive insurer.
- (2) Subject to subrule (3), an authorized insurer is also exempted from section 15AAA(1)(c) and (d) of the Ordinance in an insurer's financial year, if it satisfies both of the following criteria—
 - (a) total gross premium relating to prescribed scope of the insurer during the financial year is less than \$20,000,000; and
 - (b) total outstanding claims liabilities (gross of reinsurance) relating to prescribed scope of the insurer as at end of the financial year is less than \$20,000,000.
- (3) Subrule (2) does not apply to an authorized insurer in the first 3 financial years on or after the date on which the insurer begins to carry on general business in or from Hong Kong.
- (4) In this rule—

prescribed scope (訂明範圍), in relation to an authorized insurer, means—

 - (a) its general business, if the insurer is—
 - (i) an HK insurer; or
 - (ii) a designated insurer; or
 - (b) its general business carried on in or from Hong Kong, if the insurer is a non-HK insurer but not a designated insurer.

4. Transition

When an authorized insurer ceased to be exempted in accordance with rule 3(1) or (2) in a financial year, the insurer must, within 3 months immediately after the end of that financial year, comply with section 15AAA(1)(c) or (d) of the Ordinance, as the case may be.

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Insurance Authority

29 April 2024

Explanatory Note

These Rules set out the exemption criteria for appointment of actuaries by authorized insurers in respect of their general business.

2. Rule 1 sets out the date of commencement of these Rules.
3. Rule 2 defines terms and expressions used in these Rules.
4. Rule 3 specifies that marine insurers and captive insurers are exempted from the requirement of appointment of actuaries. It further specifies that an authorized insurer is also exempted if its total gross premium and total outstanding claims liabilities (gross of reinsurance) in its financial year relating to the prescribed scope are less than \$20,000,000, except that the insurer is in its first 3 financial years from the date on which it begins to carry on general business.
5. Rule 4 sets out the transitional arrangement when an authorized insurer ceased to be exempted in accordance with rule 3 in a financial year.