

L.N. 2 of 2003

Insurance Companies Ordinance (Amendment of
Part 1 of Third Schedule) Regulation 2003

(Made by the Chief Executive in Council under section 59(1)(c)
of the Insurance Companies Ordinance (Cap. 41))

1. Commencement

This Regulation shall come into operation on 3 April 2003.

2. Application

This Regulation applies to an insurer within the meaning of the Insurance Companies Ordinance (Cap. 41) in respect of its financial year ending on or after 31 December 2003 and every successive financial year.

3. Accounts and Statements

Part 1 of the Third Schedule to the Insurance Companies Ordinance (Cap. 41) is amended as indicated in the Schedule.

SCHEDULE [s. 3]

Item	Provision affected	Amendment
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1. Paragraph 1 (a) In subparagraph (1)---

(i) repeal paragraph (a) of the definition of "Hong Kong insurance business" and substitute---

"(a) any direct business or facultative reinsurance business, being general business, in relation to which the risk is underwritten in Hong Kong, that is to say---

(i) the policy is issued in Hong Kong;

(ii) the proposal form, application form or any other form of a similar nature is prepared or signed in Hong Kong;

(iii) the proposal form, application form or any other form of a similar nature is submitted or received in Hong Kong;

(iv) the proposal form, application form or any other form of a similar nature is accepted in Hong Kong; or

(v) the risk is accepted in Hong Kong; or";

(ii) add---

""Hong Kong long term insurance business" (香港長期保險業務) means---

(a) any direct business or facultative reinsurance business, being long term business, in relation to which the risk is underwritten in Hong Kong, that is to say---

(i) the policy is issued in Hong Kong;

(ii) the proposal form, application form or any other form of a similar nature is signed in Hong Kong;

(iii) the proposal form, application form or any other form of a similar nature is submitted or received in Hong Kong;

(iv) the proposal form, application form or any other form of a similar nature is accepted in Hong Kong; or

(v) the risk is accepted in Hong Kong; or

(b) any treaty reinsurance business, being long term business, in relation to which the risk is underwritten in Hong Kong, that is to say---

(i) the treaty is signed in Hong Kong;

(ii) the treaty is accepted in Hong Kong; or

(iii) the treaty negotiation is concluded in Hong Kong,

but does not include any treaty reinsurance business in respect of which less than 25% of the total risk (calculated in terms of the gross premiums receivable under the treaty) arises in Hong Kong within the meaning of subparagraph (3);".

(b) In subparagraph (2), repeal "this paragraph" and substitute "paragraph (b) of the definition of "Hong Kong insurance business",".

(c) Add---

"(3) For the purposes of paragraph (b) of the definition of "Hong Kong long term insurance business", a risk is deemed to arise in Hong Kong, if---

(a) the policy holder being an individual is resident in Hong Kong; or

(b) the policy holder is a company within the meaning of section 2 of the Companies Ordinance (Cap. 32).".

2. Paragraph 4(1A) (a) Add "(except the forms to be submitted in Form HKL2 and Form HKL3 under Part 8)" after "this Schedule".

(b) In sub-subparagraph (a)---

(i) add "(except Form HKL1)" before "under";

(ii) repeal "business; and" and substitute "business;".

(c) Add---

"(aa) with respect to Form HKL1 under Part 8, annex a report to the form stating whether or not in his opinion---

(i) the insurer maintains proper records in accordance with section 16 of this Ordinance for the purposes of preparing the form; and

(ii) the form has been properly prepared in accordance with those records; and".

CHENG Mei-sze, Maisie

Clerk to the Executive Council

Council Chamber

14 January 2003

Explanatory Note

The purpose of this Regulation is to amend Part 1 of the Third Schedule to the Insurance Companies Ordinance (Cap. 41) ("the Ordinance"). The amendments are

necessary in view of the enactment of the Insurance Companies Ordinance (Amendment of Part 8 of Third Schedule) Regulation 2003 (L.N. 3 of 2003).

2. Under section 59(2)(a) of the Ordinance, the Insurance Authority may, with the approval of the Secretary for Financial Services and the Treasury, by regulations amend Parts 2 to 9 of the Third Schedule to the Ordinance. The power to amend Part 1 of that Schedule by regulations is however given to the Chief Executive in Council under section 59(1)(c) of the Ordinance.

3. The Insurance Companies Ordinance (Amendment of Part 8 of Third Schedule) Regulation 2003 (L.N. 3 of 2003) seeks to introduce additional requirements and new forms in respect of submitting revenue accounts and other information to the Insurance Authority by an insurer who carries on "Hong Kong long term insurance business". It is then necessary to amend Part 1 of the Third Schedule to the Ordinance to define the term "Hong Kong long term insurance business" referred to in the amended Part 8 of that Schedule. In addition, paragraph 4(1A) in Part 1 of that Schedule also needs to be amended to require a revenue account submitted in Form HKL1 to be audited.

4. Minor amendments are also made to the definition of "Hong Kong insurance business" in paragraph 1(1) of Part 1 of the Third Schedule to the Ordinance and paragraph 1(2) of that Part.