

L. N. 3 of 2003

Insurance Companies Ordinance (Amendment of  
Part 8 of Third Schedule) Regulation 2003

(Made under section 59(2)(a) of the Insurance Companies Ordinance  
(Cap. 41) with the approval of the Secretary for  
Financial Services and the Treasury)

1. Commencement

This Regulation shall come into operation on 3 April 2003.

2. Accounts and Statements

Part 8 of the Third Schedule to the Insurance Companies Ordinance  
(Cap. 41) is amended---

(a) in the heading, by adding "AND HONG KONG LONG TERM INSURANCE BUSINESS" before  
"OF AN INSURER";

(b) by adding at the end---

"41. (1) Subject to subparagraphs (5) and (6), an insurer who is authorized to  
carry on long term business shall, in relation to the Hong Kong long term insurance  
business carried on by it, submit to the Insurance Authority---

(a) if its financial year ends on 31 December, in respect of the financial year ending  
on 31 December 2003; or

(b) in any other case, in respect of the first financial year ending after 31 December  
2003,

and in respect of every successive financial year---

(c) the revenue account, together with the supplementary information, specified in  
subparagraph (2);

(d) the valuation summary specified in subparagraph (3); and

(e) the valuation balance sheet, together with the supplementary information,  
specified in subparagraph (4).

(2) The revenue account referred to in subparagraph (1)(c) is, in respect of each  
class of business specified in Part 2 of the First Schedule, a revenue account, in  
Form HKL1, and the supplementary information referred to in that subparagraph is---

(a) the date up to which the valuation referred to in section 18(1)(a) or 32(1)(a)  
of this Ordinance ("the valuation") is made;

(b) the principles on which the valuation and distribution of profits among the policy  
holders are made, and whether those principles were determined by the instrument  
constituting the insurer or by the insurer's regulations or bylaws or otherwise;

(c) the table or tables of mortality used in the valuation;

(d) the rate or rates of interest assumed in the calculations;

(e) the proportion of the annual premium income reserved as a provision for future expenses and profit or, if no such provision is made, a statement as to what provision is made;

(f) the period during which a policy must be in force in order to entitle the policy holders to share in the profits; and

(g) the results of the valuation, in respect of the Hong Kong long term insurance business carried on by the insurer, showing---

(i) the total amount of profit made by the insurer;

(ii) the amount of profit divided among the policy holders, and the number and amount of the policies which participated; and

(iii) the amount of profit brought forward from the previous valuation, the amount of profit allotted to policy holders and shareholders.

(3) The valuation summary referred to in subparagraph (1)(d) is a valuation summary, as at the date up to which the valuation is made, in Form HKL2.

(4) The valuation balance sheet referred to in subparagraph (1)(e) is a valuation balance sheet, as at the date up to which the valuation is made, in Form HKL3, and the supplementary information referred to in that subparagraph is particulars of the average rate of interest yielded by the assets (whether invested or uninvested) constituting the long term business fund of the insurer, or that part of the fund, which is attributable to the Hong Kong long term insurance business carried on by it ("Hong Kong fund"), calculated on the mean Hong Kong fund of the financial year.

(5) If, during a financial year, an insurer authorized to carry on long term business does not carry on Hong Kong long term insurance business in respect of which information would have had to be submitted under subparagraph (1) had the insurer carried on such business, the insurer shall submit a statement to that effect.

(6) A statement required to be submitted under subparagraph (5) shall be contained---

(a) in Form HKL1;

(b) in Form HKL2; and

(c) in Form HKL3.

14 January 2003

Explanatory Note

The purpose of this Regulation is to amend Part 8 of the Third Schedule to the Insurance Companies Ordinance (Cap. 41) to require insurers authorized by the Insurance Authority to carry on long term insurance business to submit to the Insurance Authority revenue accounts and other information in relation to the long term insurance business carried on by them in Hong Kong.

2. The accounts referred to in paragraph 1 have to be audited and submitted in the form specified for the purpose.