

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1152/18-19  
(These minutes have been seen  
by the Administration)

Ref : CB1/SS/13/18

**Subcommittee on Insurance (Prescribed Fees) (Amendment) Regulation 2019**

**Minutes of the first meeting on  
Thursday, 2 May 2019, at 10:45 am  
in Conference Room 2 of the Legislative Council Complex**

- Members present** : Hon WONG Ting-kwong, GBS, JP (Chairman)  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Hon CHAN Kin-por, GBS, JP  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon KWOK Ka-ki
- Members absent** : Hon Dennis KWOK Wing-hang  
Hon Alvin YEUNG
- Public officers attending** : Mr Eddie CHEUNG, JP  
Deputy Secretary for Financial Services and the Treasury  
(Financial Services)<sup>2</sup>
- Ms Noel TSANG  
Principal Assistant Secretary for Financial Services and  
the Treasury (Financial Services) Insurance and  
Retirement Scheme
- Mr Jonathan LUK  
Senior Government Counsel  
Department of Justice
- Attendance by invitation** : Mr Tony CHAN  
Associate Director (Policy and Development)  
Insurance Authority

**Clerk in attendance :** Ms Connie SZETO  
Chief Council Secretary (1)4

**Staff in attendance :** Ms Clara TAM  
Assistant Legal Adviser 9

Mr Hugo CHIU  
Senior Council Secretary (1)4

Miss Judy YEE  
Council Secretary (1)4

Ms Sharon CHAN  
Legislative Assistant (1)4

Ms Vivian CHAN  
Clerical Assistant (1)4

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## Action

### **I Election of Chairman (and Deputy Chairman)**

#### Election of Chairman

Mr Tommy CHEUNG, the member with the highest precedence among those who were present at the meeting, presided over the election of the Chairman of the Subcommittee and invited nominations.

2. Mr WONG Ting-kwong was nominated by Mr CHAN Kin-por and the nomination was seconded by Ms Alice MAK. Mr WONG Ting-kwong accepted the nomination. There being no other nomination, Mr Tommy CHEUNG declared that Mr WONG Ting-kwong was elected the Chairman of the Subcommittee. Mr WONG then took the chair.

3. Members agreed that there was no need to elect a Deputy Chairman.

### **II Meeting with the Administration**

#### Relevant papers

(L.N. 43 of 2019

— Insurance (Prescribed Fees)  
(Amendment) Regulation 2019

Action

- |                                 |   |
|---------------------------------|---|
| File Ref: INS/2/5C              | — Legislative Council Brief   |
| LC Paper No. LS64/18-19         | — Legal Service Division Report   |
| LC Paper No. CB(1)976/18-19(01) | — Marked-up copy of the Insurance (Prescribed Fees) (Amendment) Regulation 2019 prepared by the Legal Service Division (Restricted to members only) |

Declaration of interest

4. Mr CHAN Kin-por declared that he was returned by the insurance functional constituency, and was a senior advisor of the Well Link Insurance Group Holdings Limited.

Discussion

5. The Subcommittee deliberated (Index of proceedings attached at **Appendix**).

Follow-up actions to be taken by the Administration

6. Under the Insurance Ordinance (Cap. 41), the Insurance Authority ("IA") was empowered to collect user fees on specific services it provided. IA was requested to provide information on how the levels of such user fees were worked out, including the new fee items covered by the Insurance (Prescribed Fees) (Amendment) Regulation 2019 ("the Amendment Regulation").

*(Post meeting note: The Administration's written responses were issued to members vide LC Paper No. CB(1)1051/18-19(02) on 10 May 2019.)*

**III Any other business**

Legislative timetable

7. The Chairman said that as the motion to extend the scrutiny period of the Amendment Regulation to the Council meeting of 22 May 2019 could not be dealt with before the adjournment of the Council meeting of 17 April 2019, the period for amending the Amendment Regulation had expired at the said Council meeting. The Amendment Regulation would come into operation on 27 May 2019.

Action

The Chairman said that he would make a verbal report on the deliberations of the Subcommittee at the House Committee meeting on 10 May 2019.

*(Post meeting note: Subcommittee members were informed that the Chairman would report on the Subcommittee's deliberations to the House Committee on 24 May 2019 vide LC Paper No. CB(1)1022/18-19 on 7 May 2019.)*

8. There being no other business, the meeting ended at 11:16 am.

Council Business Division 1  
Legislative Council Secretariat  
6 June 2019

**Proceedings of the first meeting of  
the Subcommittee on Insurance (Prescribed Fees) (Amendment) Regulation 2019  
on Thursday, 2 May 2019, at 10:45 am  
in Conference Room 2 of the Legislative Council Complex**

Time Marker	Speaker	Subject(s)	Action Required
<b>Agenda item I — Election of Chairman (and Deputy Chairman)</b>			
000355 – 000552	Mr Tommy CHEUNG Mr CHAN Kin-por Ms Alice MAK Mr WONG Ting-kwong	Election of Chairman	
<b>Agenda item II — Meeting with the Administration</b>			
000553 – 000849	Chairman Administration	Briefing by the Administration on the Insurance (Prescribed Fees) (Amendment) Regulation 2019 ("the Amendment Regulation")  [LegCo Brief Ref: INS/2/5C]	
000850 – 001121	Chairman Mr CHAN Kin-por Administration Insurance Authority ("IA")	Mr CHAN's declaration of interests and his enquiries about:  (a) whether the Administration and IA had consulted the insurance industry on the proposed user fees covered by the Amendment Regulation; and  (b) the insurance industry's feedback, and IA's follow-up.  IA's responses as follows:  (a) it had consulted the insurance industry on the proposed user fees;  (b) the industry generally found the proposed fee items and fee levels acceptable;  (c) on the new fee item 16 (relating to the submission of financial information, request for modifying or varying any of the requirements of Schedule 3 to the	

Time Marker	Speaker	Subject(s)	Action Required
		<p>Insurance Ordinance (Cap. 41) ("IO") in relation to an authorized insurer in such respects and for such period as IA and the insurer might agree under section 17(2) of IO) and item 23 (request for relaxation of rules to be provided for determination of the value of the assets and the amount of the liabilities of an authorized insurer under section 130 of IO), the industry had suggested that IA should consider giving approval for a longer period of variation or modification on the applications concerned; and</p> <p>(d) IA noted the industry's suggestions and would consider them having regard to the specific circumstances of individual insurers as well as the prevailing international requirements.</p> <p>Mr CHAN called on IA to accommodate the industry's views where possible.</p>	
<b>Clause-by-clause examination of the subsidiary legislation</b>			
001122 – 003225	Chairman Administration Dr KWOK Ka-ki IA	<p><b>Insurance (Prescribed Fees) (Amendment) Regulation 2019</b></p> <p>[LC Paper No. CB(1)976/18-19(01)]</p> <p><u>Section 2 – Insurance (Prescribed Fees) Regulation amended</u></p> <p><u>Section 3 – Section 2 substituted</u></p> <p><u>Section 4 – Schedule amended (fees)</u></p> <p>Dr KWOK enquired about the basis for working out the level of fees in the Schedule.</p> <p>IA explained that it adopted a cost recovery principle in setting its user fees and determined the levels having regard to the aggregate efforts and time of different level of responsible staff involved in providing the services concerned.</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>In response to Dr KWOK's enquiry on the fees for items 8 and 9 in the Schedule, the Administration said that:</p> <ul style="list-style-type: none"> <li>(a) the fee items were in relation to the notification to IA on appointments of new controller, director, auditor or actuary, and changes to the appointments, which required IA's prior approval;</li> <li>(b) the proposed amendments were textual in nature with the purpose to clarify that the fees concerned applied to insurers only;</li> <li>(c) licensed insurance intermediary meant licensed insurance agent or licensed insurance broker, both of which could be a company; and</li> <li>(d) the licensing regime for insurance intermediaries was scheduled to roll out in the third quarter of 2019, and the subsidiary legislation on user fees applicable to insurance intermediaries would be tabled before the Legislative Council in due course.</li> </ul> <p>In respect of the new item 18 in the Schedule (relating to performance of IA's function in relation to a petition served on it for transfer of long term business under section 24(1) of IO), Dr KWOK enquired about:</p> <ul style="list-style-type: none"> <li>(a) how IA would protect the interests of policyholders during in the transfer of long term businesses among insurers; and</li> <li>(b) whether the proposed fee of \$300,000 could cover IA's cost in handling a complicated transfer case.</li> </ul>	

<b>Time Marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
		<p>IA responded that:</p> <ul style="list-style-type: none"><li>(a) court's approval had to be sought for the transfer of long term businesses among insurers, and IO required both the transferor and transferee insurers to provide to IA copies of the documents they submitted to the court;</li><li>(b) IA would examine such documents (which included, inter alia, independent actuarial reports) to ensure that the interests of policyholders of both the transferor and transferee insurers would be properly protected;</li><li>(c) the fee of \$300,000 only covered IA's internal administration cost in examining the documents, assessing the impact of the transfer of businesses on the policyholders, and attending court hearings; and</li><li>(d) other costs (including costs incurred by IA in engaging lawyers and auditors) were not covered, and such other costs would be awarded to IA by the court as appropriate.</li></ul> <p>In respect of the new item 22 in the Schedule (for obtaining IA's written consent for use of certain terms and representations associated with the word "insurance" under section 56A(1) of IO), Dr KWOK enquired about:</p> <ul style="list-style-type: none"><li>(a) the scope of terms and representations to be covered; and</li><li>(b) the enforcement actions the Administration and IA would take against non-compliance with the requirement.</li></ul> <p>The Administration responded that:</p> <ul style="list-style-type: none"><li>(a) under IO, an entity was prohibited to use the word "insurance" or "assurance" in</li></ul>	



Time Marker	Speaker	Subject(s)	Action Required
		<p>its name and business description unless it had obtained IA's consent;</p> <p>(b) in general, IA would not approve an application if the entity concerned was not engaged in insurance business; and</p> <p>(c) IA would act on complaints, and would notify the Police on non-compliance cases (including fraudulent websites of insurers identified) for the latter to take appropriate follow-up actions.</p> <p>At Dr KWOK's request, IA was required to provide information on how the levels of fee set out in the Schedule, including the new fee items covered by the Amendment Regulation, had been worked out.</p> <p><u>Section 1 – Commencement</u></p>	<p>The Administration to take action as per paragraph 6 of the minutes</p>
<b>Agenda item III — Any other business</b>			
003226 – 003510	Chairman Assistant                      Legal Adviser 9 Administration Clerk	Legislative timetable, the way forward and concluding remarks	