

香港特別行政區政府
財經事務及庫務局
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來函檔號 YOUR REF.: CB1/PL/FA

14 March 2018

Clerk to Panel
Legislative Council Panel on Financial Affairs
Legislative Council Complex
Legislative Council Road, Central, Hong Kong
(Attn: Mr Hugo Chiu)

Dear Mr Chiu,

**Panel on Financial Affairs
Follow-up to meeting on 5 March 2018**

Thank you for your letter of 5 March 2018 regarding Agenda Item IV – Budget of the Insurance Authority (“IA”) for the financial year 2018-2019. Our reply to the question raised in your letter is provided in the ensuing paragraph.

Under the Insurance (Authorization and Annual Fees) Regulation (Cap. 41C), the annual authorization fee payable by insurers consists of two elements, namely, a fixed fee of \$300,000 (for captive insurer, \$30,000; and for composite insurer, \$600,000) and a variable fee calculated as a percentage of insurance liabilities. An incremental approach will be adopted for the collection of the variable fee. The fee rate will increase gradually from the current level of 0.0001% to 0.0039% from 26 June 2022 onwards, subject to a cap of \$7 million (\$14 million for composite insurer). According to the IA’s projection, while no insurer will be required to pay the maximum variable fee from 2018-19 to 2020-21, the number of insurers which have to pay the maximum variable fee of \$7 million will be two and three in 2021-22 and 2022-23 respectively. There will be one composite insurer projected to be paying the maximum fee at \$14 million in 2022-23. These projections are made with available information on liabilities of insurers and growth assumptions which will be reviewed on a regular basis.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Joan Hung', written over a blue line.

(Ms Joan Hung)

for Secretary for Financial Services and the Treasury

c.c. Hon Kenneth Leung (Panel Chairman)
Insurance Authority