

L.N. 56 of 2024

**Insurance (Authorization and Annual Fees) (Amendment)
Regulation 2024**

(Made by the Chief Executive in Council under section 128(1) of the Insurance Ordinance (Cap. 41) after consultation with the Insurance Authority)

1. Commencement

This Regulation comes into operation on 1 July 2024.

2. Insurance (Authorization and Annual Fees) Regulation amended

The Insurance (Authorization and Annual Fees) Regulation (Cap. 41 sub. leg. C) is amended as set out in sections 3, 4 and 5.

3. Section 1A amended (interpretation)

(1) Section 1A, definition of *insurance liabilities*—

Repeal paragraphs (a) and (b)

Substitute

“(a) for long term business, means—

- (i) if the financial information last provided by the authorized insurer to the Authority before the payment due date was submitted under section 17 of the pre-amended Ordinance—the amount of net liability specified in Form HKL2 (set out in Schedule 3 to the pre-amended Ordinance) so submitted to the Authority; or
- (ii) if the financial information last provided by the authorized insurer to the Authority before the

payment due date was submitted under rule 4(1) of the Insurance (Submission of Statements, Reports and Information) Rules—the difference between—

- (A) its total insurance liabilities (gross of reinsurance) relating to long term business; and
- (B) the portion of those insurance liabilities belonging to branch insurance operations outside Hong Kong,

specified in the form providing information with respect to the authorized insurer's financial position so submitted to the Authority;

(b) for general business, means—

- (i) if the financial information last provided by the authorized insurer to the Authority before the payment due date was submitted under section 17 of the pre-amended Ordinance—the aggregate of—

- (A) the amount of unexpired risks carried forward;
- (B) the provision for outstanding claims (net amount); and
- (C) the provision for IBNR,

specified in Forms 1A and 2A (set out in Schedule 3 to the pre-amended Ordinance) so submitted to the Authority; or

- (ii) if the financial information last provided by the authorized insurer to the Authority before the payment due date was submitted under rule 4(1) of the Insurance (Submission of Statements,

Reports and Information) Rules—the difference between—

(A) its total insurance liabilities (gross of reinsurance) relating to general business; and

(B) the portion of those insurance liabilities belonging to branch insurance operations outside Hong Kong,

specified in the form providing information with respect to the authorized insurer’s financial position so submitted to the Authority;”.

(2) Section 1A—

Add in alphabetical order

“*pre-amended Ordinance* (《原有條例》) means the Ordinance as in force immediately before the date on which Part 2 of the Insurance (Amendment) Ordinance 2023 (20 of 2023) comes into operation;”.

4. Section 3 amended (determination of variable fee)

Section 3(2)(a) and (3), after “authorized insurer”—

Add

“(floored at zero if it is a negative amount)”.

5. Schedule 1 amended (fees payable under section 13(1)(a) and (b) of Ordinance by authorized insurer (other than captive insurer or special purpose insurer))

Schedule 1, column 4, heading, after “business”—

Add

“authorized to be”.

Carmen KONG
Clerk to the Executive Council

COUNCIL CHAMBER

23 April 2024

Explanatory Note

The Insurance (Authorization and Annual Fees) Regulation (Cap. 41 sub. leg. C) (*principal Regulation*) provides that a portion of the fees payable by an authorized insurer, other than a special purpose insurer, on authorization and annually is calculated based on the insurance liabilities of the insurer. Before the amendments made by this Regulation, insurance liabilities of an authorized insurer was defined to mean certain amounts specified in forms set out in Schedule 3 to the Insurance Ordinance (Cap. 41) (*principal Ordinance*).

2. The Insurance (Amendment) Ordinance 2023 (20 of 2023) has repealed Schedule 3 to the principal Ordinance and revised section 17 of the principal Ordinance (which required authorized insurers to submit financial information as required by the repealed Schedule 3) to empower the Insurance Authority to prescribe requirements in relation to the submission by authorized insurers of financial information by rules. The relevant requirements are now set out in rule 4(1) of the Insurance (Submission of Statements, Reports and Information) Rules.
3. This Regulation amends the principal Regulation—
 - (a) to update the definition of *insurance liabilities* to reflect the changes mentioned in paragraph 2; and
 - (b) to make other related and minor amendments.