

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

**Responses to list of follow-up actions arising from the discussion
at the meeting on 2 May 2019**

At the meeting of the Subcommittee on 2 May 2019, Members requested the Insurance Authority (“IA”) to provide information on how the levels of user fee items are determined.

2. The Insurance (Prescribed Fees) (Amendment) Regulation 2019 covers 12 new user fee items charged by the IA. The IA sets the fee levels on a cost recovery basis, i.e., according to the efforts and time required by the IA to provide the requested service. Details are set out at **Annex**.

**Financial Services and the Treasury Bureau
Insurance Authority
10 May 2019**

List of New User Fee Items

Note: The number of “man-days” refers to the aggregate efforts and time of different levels of responsible staff involved. Actual time spent by each level of responsible staff depends on the complexity of each task.

	Corresponding Item Number under the Amended Cap. 41 sub. leg. B	Service Items	Fee Levels (HK\$)	The Insurance Authority (IA)’s Work in Processing Each Request	Efforts and Time Normally Required by IA to Process Each Request
1.	7A 7B	Obtaining copy or certified copy of entry or extract of the register of licensed insurance intermediaries under section 64O(3)(a) and (b) of the Insurance Ordinance (Cap. 41) (“IO”)	6 per page (without certification) 100 plus 6 per page (with certification)	To make photo copy or prepare certified copy of the relevant part of the register of licensed insurance intermediaries.	The cost is mainly attributable to cost of photocopying and certification
2.	13	Application for waiver of annual fee under section 13(1)(b) of the IO where an authorized insurers does not intend to effect any contracts of insurance after any anniversary of its authorization date	2,000	To review an authorized insurer’s financial position and the status of its run-off insurance portfolio and assess if authorization of the insurer is ready to be withdrawn.	About 1 man-day
3.	14	Application for acceptance by IA other actuarial standards as being comparable to the prescribed standards under section 15C of the IO	5,000	To make assessment on the comparability between the proposed actuarial standards and the prescribed standards under the IO.	About 2 man-days

	Corresponding Item Number under the Amended Cap. 41 sub. leg. B	Service Items	Fee Levels (HK\$)	The Insurance Authority (IA)'s Work in Processing Each Request	Efforts and Time Normally Required by IA to Process Each Request
4.	15	Extension of deadline for submission of accounts under section 20(1) of the IO	2,000	To assess if the extension of filing of accounts would restrict the ability of IA to conduct the solvency assessment.	About 1 man-day
5.	16	In relation to the submission of financial information, request for modifying or varying any of the requirements of Schedule 3 to the IO in relation to an authorized insurer in such respects and for such period as IA and the insurer may agree under section 17(2) of the IO	30,000	To assess the modified or varied requirements to Schedule 3 to the IO would be sufficient for IA to assess solvency position of the insurer.	About 6 man-days
6.	17	Application by foreign insurers for maintaining separate accounts of long term business carried on in or from Hong Kong under section 22A(1) to the IO	50,000	To examine the manner and appropriateness of which the insurer maintains separate account for its assets and liabilities attributable to its Hong Kong long term business.	About 9 man-days

	Corresponding Item Number under the Amended Cap. 41 sub. leg. B	Service Items	Fee Levels (HK\$)	The Insurance Authority (IA)'s Work in Processing Each Request	Efforts and Time Normally Required by IA to Process Each Request
7.	18	Performance of IA's function in relation to a petition served on it for transfer of long term business under section 24(1) of the IO (other than performance for which court costs may be awarded to IA, e.g. engaging external counsel or solicitors or both)	300,000	To review the transfer scheme documents (e.g. proposed scheme documents, petition, affidavits, independent actuary's report); assess solvency position of authorized insurers concerned; assess if the interest of the policyholders of both the transferor and transferee are not affected after the transfer; and attend court hearings.	About 50 man-days
8.	19	Obtaining approval from IA of terms and conditions of a letter of credit or other commitment from a bank under section 25C(1) of the IO	5,000	To review the appropriateness and suitability of the terms and conditions of the letter of credit or other commitment from a bank.	About 2 man-days
9.	20	Application for transfer of general business under section 25D(1) of the IO	300,000	To review the terms and conditions of the proposed transfer agreement, report on transfer particulars, and other specific information requested by IA. This includes assessment of the solvency position	About 50 man-days

	Corresponding Item Number under the Amended Cap. 41 sub. leg. B	Service Items	Fee Levels (HK\$)	The Insurance Authority (IA)'s Work in Processing Each Request	Efforts and Time Normally Required by IA to Process Each Request
				of the authorized insurers concerned to ensure the interests of policy holders are not affected by the transfer.	
10.	21	Request for confirmation to an authorized insurer's auditor about the authorization status and other matters relating to the insurer	2,000	To review an authorized insurer's particulars (e.g. authorized classes of business)	About 1 man-day
11.	22	Obtaining written consent from IA for use of certain terms and representations associated with insurance under section 56A(1) of the IO	5,000	To assess the appropriateness and suitability of the applicant for use of "insurance" in its representations, and whether such representation would mislead the public.	About 2 man-days
12.	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(1) of the IO	30,000	To assess if the relaxed requirements would have implications on the valuation of assets and liabilities of the insurer.	About 6 man-days