

Gazettal of subsidiary legislation on risk-based capital regime and insurance intermediary fees

The Government published in the Gazette today (May 3) various subsidiary legislations under the Insurance Ordinance (Cap. 41) relating to the implementation of a risk-based capital (RBC) regime as well as the charging of intermediaries' licensing and related fees for the insurance industry in Hong Kong.

Following the enactment of the Insurance (Amendment) Ordinance 2023 in July 2023 to introduce a legal framework for the RBC regime and adjust related regulatory requirements, the following pieces of subsidiary legislation in relation to the detailed requirements are made to provide for the implementation of the new regime:

- (i) the Insurance (Actuaries' Qualifications) (Amendment) Regulation 2024;
- (ii) the Insurance (Prescribed Fees) (Amendment) Regulation 2024;
- (iii) the Insurance (Authorization and Annual Fees) (Amendment) Regulation 2024;
- (iv) the Insurance (Levy) (Amendment) Order 2024;
- (v) the Insurance (Amendment) Ordinance 2023 (Commencement) Notice;
- (vi) the Insurance (Determination of Long Term Liabilities) Rules (Repeal) Rules;
- (vii) the Insurance (Margin of Solvency) Rules (Repeal) Rules;
- (viii) the Insurance (General Business) (Valuation) Rules (Repeal) Rules;
- (ix) the Insurance (Exemption to Appointment of Actuary) Rules;
- (x) the Insurance (Valuation and Capital) Rules;
- (xi) the Insurance (Submission of Statements, Reports and Information) Rules;
- (xii) the Insurance (Maintenance of Assets in Hong Kong) Rules;
- (xiii) the Insurance (Marine Insurers and Captive Insurers) Rules; and
- (xiv) the Insurance (Lloyd's) Rules.

The Insurance (Prescribed Fees) (Amendment) Regulation 2024 also provides for fees to be paid in respect of licensing applications and other specified matters after the expiry of a five-year waiver period since the Insurance Authority (IA) assumed regulatory responsibility to supervise all insurance intermediaries in Hong Kong.

A spokesman for the Financial Services and the Treasury Bureau said, "To strengthen the financial soundness of insurers in Hong Kong and provide closer alignment with international standards, the Government and the IA formulated details on valuation, capital, reporting and other requirements for the implementation of the RBC regime. We have undertaken extensive consultations and addressed the views of industry stakeholders to strike an appropriate balance between enhancing the regulatory regime and promoting the development of the insurance industry.

"The level of licensing and related fees payable by insurance intermediaries reflects the consensus reached through industry consultations conducted by the IA. The implementation of the new capital regime and resumption of charging of fees in relation to insurance intermediaries are conducive to the prudent supervision of the insurance sector," the spokesman added.

The Insurance (Amendment) Ordinance 2023 (Commencement) Notice appoints July 1, 2024, as the date on which the RBC regime will come into operation. Provisions on licensing and related fees payable by insurance intermediaries will become effective on September 23, 2024.

The 14 subsidiary legislations will be tabled before the Legislative Council for negative vetting on May 8, 2024.