

# Insurance group-wide supervision regime to commence March 29, 2021

The Government gazetted today (December 31) subsidiary legislation related to the commencement of the insurance group-wide supervision (GWS) framework on March 29, 2021.

Enacted in July 2020, the Insurance (Amendment) (No. 2) Ordinance 2020 introduces a GWS framework for the Insurance Authority (IA) to exercise direct regulatory powers over Hong Kong-incorporated holding companies of insurance groups. For the purpose of implementing the GWS framework, the Government has gazetted the following four pieces of subsidiary legislation:

- (a) the Insurance (Amendment) (No. 2) Ordinance 2020 (Commencement) Notice;
- (b) the Insurance (Designation and Annual Fees for Designated Insurance Holding Companies) Regulation;
- (c) the Insurance (Prescribed Fees) (Amendment) Regulation 2020; and
- (d) the Insurance (Group Capital) Rules.

"At present, the IA is the group supervisor of three international insurance groups. The selection of Hong Kong as the jurisdiction for carrying out GWS for the international insurance groups has clearly demonstrated the advantages that Hong Kong possesses as an international financial centre and insurance hub," a spokesman for the Financial Services and the Treasury Bureau said.

"The implementation of the GWS framework will help align Hong Kong's insurance regulatory regime with international standards and practices. It is a testament of the Government's commitment to reinforce Hong Kong's status as an international financial centre and establish Hong Kong as a preferred base for large insurance groups in Asia Pacific," the spokesman added.

The Insurance (Amendment) (No. 2) Ordinance 2020 (Commencement) Notice appoints March 29, 2021, as the date on which the GWS framework will become effective. The Insurance (Designation and Annual Fees for Designated Insurance Holding Companies) Regulation and the Insurance (Prescribed Fees) (Amendment) Regulation 2020 provide for the collection of various fees for recovering the cost of the IA in carrying out GWS. The Insurance (Group Capital) Rules prescribes group capital adequacy requirements as well as supervisory reporting to the IA and public disclosure in relation to group capital adequacy.

The four pieces of subsidiary legislation will be tabled before the Legislative Council for negative vetting on January 6, 2021.