

LCQ16: Impacts of participation in annuity and insurance schemes on the eligibility for social welfare and subsidised housing

Following is a question by the Hon Shiu Ka-chun and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (November 14):

Question:

When processing applications for Old Age Living Allowance (OALA), the Social Welfare Department (SWD) regards any payout from an annuity scheme as an applicant's income, but does not regard the one-off lump-sum premium payment for the annuity scheme as the applicant's asset. Regarding the impacts of participation in public and private annuity schemes and insurance schemes on the eligibility for social welfare and subsidised housing, will the Government inform this Council:

(1) whether SWD, when it processes OALA applications:

(i) regards as an applicant's asset the cash value of an insurance scheme with investment elements;

(ii) regards as the applicant's income the bonuses and interests disbursed under the insurance scheme mentioned in (i); and

(iii) regards as an applicant's asset the premium payments, payable by installment, for an annuity scheme; and

(2) whether the one-off lump-sum premium payment for a public or private annuity scheme is regarded as an asset of a person applying for (i) public rental housing and (ii) comprehensive social security assistance; if so, of the reasons for that?

Reply:

President,

My reply to the Member's question is as follows:

(1) Under the prevailing arrangement for the Old Age Living Allowance (OALA), the cash value of insurance policies is not treated as asset. This has taken into account that insurance products acquired by elderly persons with financial needs are mostly under the categories of life, medical, critical illness, etc., and the cash value concerned has to be accumulated over a long period of time for contingency use. However, if the relevant persons surrender or partially surrender the insurance policies, the surrender value (if any) will be treated as asset. Meanwhile, bonuses and interests received under insurance policies are also treated as asset.

Separately, the premium payment under annuity schemes is not treated as asset under OALA. If the relevant persons surrender or partially surrender the annuity schemes, the surrender value (if any) will be treated as asset. As for payout disbursed under annuity schemes, the relevant amount is treated as monthly income.

(2) The Comprehensive Social Security Assistance (CSSA) Scheme provides a safety net for persons who cannot provide for themselves financially to assist them to meet their basic needs. Therefore, if CSSA recipients participate in annuity schemes (including the "HKMC Annuity Plan" of the HKMC Annuity Limited), the relevant premium payment will be treated as asset. If the recipients surrender or partially surrender the annuity schemes, the surrender value (if any) will also be treated as asset.

According to information provided by the Housing Department, during asset declaration, applicants for public rental housing are required to declare value of asset items like investments such as savings or investment-linked insurance schemes (including the cash value and accumulated bonuses and interests), listed shares, bonds, funds, etc. The above declaration arrangements are also applicable to annuity schemes, including the "HKMC Annuity Plan" and annuity schemes launched by private entities. The surrender value of annuity schemes is treated as asset.