

L.N. 3 of 2003**INSURANCE COMPANIES ORDINANCE (AMENDMENT OF
PART 8 OF THIRD SCHEDULE) REGULATION 2003**

(Made under section 59(2)(a) of the Insurance Companies Ordinance
(Cap. 41) with the approval of the Secretary for
Financial Services and the Treasury)

1. Commencement

This Regulation shall come into operation on 3 April 2003.

2. Accounts and Statements

Part 8 of the Third Schedule to the Insurance Companies Ordinance
(Cap. 41) is amended—

(a) in the heading, by adding “AND HONG KONG LONG TERM
INSURANCE BUSINESS” before “OF AN INSURER”;

(b) by adding at the end—

“41. (1) Subject to subparagraphs (5) and (6), an insurer who is authorized to
carry on long term business shall, in relation to the Hong Kong long term
insurance business carried on by it, submit to the Insurance Authority—

(a) if its financial year ends on 31 December, in respect of the
financial year ending on 31 December 2003; or

(b) in any other case, in respect of the first financial year ending
after 31 December 2003,

and in respect of every successive financial year—

(c) the revenue account, together with the supplementary
information, specified in subparagraph (2);

(d) the valuation summary specified in subparagraph (3); and

(e) the valuation balance sheet, together with the supplementary
information, specified in subparagraph (4).

(2) The revenue account referred to in subparagraph (1)(c) is, in respect
of each class of business specified in Part 2 of the First Schedule, a revenue
account, in Form HKL1, and the supplementary information referred to in
that subparagraph is—

(a) the date up to which the valuation referred to in section 18(1)(a)
or 32(1)(a) of this Ordinance (“the valuation”) is made;

- (b) the principles on which the valuation and distribution of profits among the policy holders are made, and whether those principles were determined by the instrument constituting the insurer or by the insurer's regulations or bylaws or otherwise;
- (c) the table or tables of mortality used in the valuation;
- (d) the rate or rates of interest assumed in the calculations;
- (e) the proportion of the annual premium income reserved as a provision for future expenses and profit or, if no such provision is made, a statement as to what provision is made;
- (f) the period during which a policy must be in force in order to entitle the policy holders to share in the profits; and
- (g) the results of the valuation, in respect of the Hong Kong long term insurance business carried on by the insurer, showing—
 - (i) the total amount of profit made by the insurer;
 - (ii) the amount of profit divided among the policy holders, and the number and amount of the policies which participated; and
 - (iii) the amount of profit brought forward from the previous valuation, the amount of profit allotted to policy holders and shareholders.

(3) The valuation summary referred to in subparagraph (1)(d) is a valuation summary, as at the date up to which the valuation is made, in Form HKL2.

(4) The valuation balance sheet referred to in subparagraph (1)(e) is a valuation balance sheet, as at the date up to which the valuation is made, in Form HKL3, and the supplementary information referred to in that subparagraph is particulars of the average rate of interest yielded by the assets (whether invested or uninvested) constituting the long term business fund of the insurer, or that part of the fund, which is attributable to the Hong Kong long term insurance business carried on by it ("Hong Kong fund"), calculated on the mean Hong Kong fund of the financial year.

(5) If, during a financial year, an insurer authorized to carry on long term business does not carry on Hong Kong long term insurance business in respect of which information would have had to be submitted under subparagraph (1) had the insurer carried on such business, the insurer shall submit a statement to that effect.

(6) A statement required to be submitted under subparagraph (5) shall be contained—

- (a) in Form HKL1;
- (b) in Form HKL2; and
- (c) in Form HKL3.

FORM HKLI

HONG KONG LONG TERM INSURANCE BUSINESS - REVENUE ACCOUNT OF (Name of insurer)
 in respect of class(es)* for the period commencing on and ending on

Amount of Fund(s) [#] as at the Beginning of the Period	HK\$	XX	Gross Claims Payable:				HK\$
Gross Premiums Receivable:			Direct	On Death	Reinsurance Accepted	Direct	Recoverable from Reinsurers
Regular Premiums	Reinsurance Accepted	(...)	On Surrender	On Maturity	On Other Events		
Single Premiums	Reinsurance Ceded	(...)					
Transferred Premiums	Direct	(...)					
		(...)					
Net Premiums Receivable	XX		Net Claims Payable				XX
Interest or Income from Long Term Business Assets			Dividends to Policy Holders				XX
Attributable to Hong Kong Long Term Insurance Business	XX		Commissions Payable				XX
Commissions Receivable	XX		Other Payments (accounts to be specified)				XX
Other Receipts (accounts to be specified)	XX		Transfer to Other Long Term Insurance Class(es)*				XX
Transfer from Other Long Term Insurance Class(es)*	XX		Transfer to Profit and Loss Account				XX
Transfer from Profit and Loss Account	XX		Amount of Fund(s) [#] as at the End of the Period				XX
							XX

We certify that the above information is true and correct.

() () ()
 Director Director
 § Chief Executive/Secretary

* The classes referred to correspond to the classes of Long Term Business set out in Part 2 of the First Schedule to the Insurance Companies Ordinance (Cap. 41).
[#] "Fund" means the long term business fund, or that part of the fund, which is attributable to the Hong Kong long term insurance business carried on by the insurer.
[§] Delete as necessary.

Class	Type of business	Number of contracts	2		3		5	6	7	8
			Amount of sums assured or annuities per annum including vested reversionary bonuses HK\$	Amount of sums assured or annuities per annum including vested reversionary bonuses HK\$	Office premiums HK\$	Net premiums HK\$				
C	Linked long term:									
	Whole life.....									
	Endowment.....									
	Annuity.....									
	Others.....									
	Total of Class C									
D	Permanent health									
E	Pontines									
F	Capital redemption									
G	Retirement scheme management category I:									
	(i) MPF subfunds									
	(ii) Other subfunds									
	Total of Class G*									
H	Retirement scheme management category II:									
	(i) MPF subfunds									
	(ii) Other subfunds									
	Total of Class H*									
	Total of Classes G & H*									
I	Retirement scheme management category III									
	Other reserves (to be specified)									
	TOTALS									

We certify that the above information is true and correct.

(_____) Director (_____) Director (_____) # Chief Executive/Secretary

Notes

1. The classes referred to correspond to the classes of Long Term Business set out in Part 2 of the First Schedule to the Insurance Companies Ordinance (Cap. 41).
 2. Within each class of long term insurance business, the following are to be shown -
 - (i) direct business and reinsurance accepted;
 - (ii) reinsurance ceded, and
 - (iii) net retained business
 3. The entry under column 8 should either refer to details given as supplementary information or should state the mortality tables/statistical tables and rates of interest employed, as appropriate.
 4. With regard to business within class A -
 - (i) separate summaries similar in form to the above must be furnished in respect of policies valued by different mortality tables, or at different rates of interest, and
 - (ii) contracts the nature of which or the method of valuation of which makes it impossible or inappropriate to give the information required in columns 4, 5 and 6 of any valuation summary are to be shown separately and the reason stated
- * Eliminate duplicate in total line.
" Delete as necessary.

FORM HKL3

HONG KONG LONG TERM INSURANCE BUSINESS - VALUATION BALANCE SHEET OF (Name of insurer)
as at

	HK\$	HK\$
Net liability under Hong Kong Long Term Insurance Business		Fund(s)* (as per Balance Sheet).....
Surplus		Deficiency
	\$	\$

We certify that the above information is true and correct.

() Director () Director () # Chief Executive/Secretary

* "Fund" means the long term business fund, or that part of the fund, which is attributable to the Hong Kong long term insurance business carried on by the insurer.
Delete as necessary. ??

Benjamin K. B. TANG
Insurance Authority

14 January 2003

Explanatory Note

The purpose of this Regulation is to amend Part 8 of the Third Schedule to the Insurance Companies Ordinance (Cap. 41) to require insurers authorized by the Insurance Authority to carry on long term insurance business to submit to the Insurance Authority revenue accounts and other information in relation to the long term insurance business carried on by them in Hong Kong.

2. The accounts referred to in paragraph 1 have to be audited and submitted in the form specified for the purpose.