



Frequently Asked Questions (“FAQ”) on the Insurance Authority (IA) Levy

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A. About Insurance Authority (IA) Levy

Q1	What is Insurance Authority (IA)?		
A1	The IA, a statutory body established under the Insurance Companies (Amendment) Ordinance 2015 (“Amendment Ordinance”), is a new insurance regulator independent of the Government of the Hong Kong Special Administrative Region. IA replaced the Office of the Commissioner of Insurance (OCI) to regulate insurance companies with effect from June 26, 2017, while the OCI was disbanded on the same day.		
Q2	What is IA Levy?		
A2	IA will collect levy (“IA Levy”) from policyholders through insurers for policies with policy effective date or inception anniversary date on or after January 1, 2018.		
Q3	What is the objective of imposing IA Levy?		
A3	While Government funding of HKD 650 million has been set aside for supporting the establishment and initial years of operation of IA, the long-term target is that about 70% of IA’s expenditure will be met by income from this IA Levy on insurance premiums from policyholders and the remaining 30% by income from various fees payable by the industry.		
Q4	What is the rate of IA Levy? And will there be maximum levy caps for policy?		
A4	The levy rates prescribed by IA:		
	Period	Levy rate	Maximum levy for specified general insurance policies*
	From January 1, 2018 to March 31, 2019 (both dates inclusive)	0.04%	HKD 2,000
	From April 1, 2019 to March 31, 2020 (both dates inclusive)	0.06%	HKD 3,000
	From April 1, 2020 to March 31, 2021 (both dates inclusive)	0.085%	HKD 4,250
	From April 1, 2021 onwards	0.1%	HKD 5,000
	*Remark:		
	<ul style="list-style-type: none"> • A cap would be imposed on the levy of general insurance policies with annual premiums at or above HKD 5 million. • If the amount of levy for each policy includes a fraction of a cent, the amount is to be rounded to the nearest cent. 		
Q5	When will the IA Levy be imposed on insurance policies?		
A5	IA Levy will be imposed on all new policies with policy effective date on or after January 1, 2018; and all existing in-force policies starting on their inception anniversary date on or after January 1, 2018.		
Q6	Will the IA Levy apply to new policies and renewal policies?		
A6	Yes, IA Levy will be imposed on all policies including new policies and renewal policies with policy effective date or inception anniversary date on or after January 1, 2018.		
Q7	Will the IA Levy apply to policy endorsement endorsed on or after January 1, 2018?		
A7	Yes, IA Levy will be imposed on endorsed policies which the corresponding policy effective date is on or after January 1, 2018.		

Q8	Will the IA Levy apply to short period policies (i.e. single trip travel)?
A8	Yes, IA Levy will be imposed on short period policies which the corresponding policy effective date is on or after January 1, 2018.
Q9	Will there be exemptions for not paying the IA Levy?
A9	Reinsurance businesses, marine, aviation and goods in-transits businesses and policies underwritten by authorized captive insurers are exempt from the levy. List of exempted insurance products of Zurich are listed in Appendix A.
Q10	Who is responsible for paying the IA Levy?
A10	Policyholders are responsible for paying IA Levy, despite Zurich will settle the corresponding IA Levy on behalf of policyholders for designated insurance products until December 31, 2018. List of designated insurance products of Zurich are listed in Appendix B.
Q11	How will the IA Levy impact multi-year policies with installments?
A11	IA Levy will be collected by Zurich on multi-year policies with installments according to the IA Levy rate prevailing on such policy's effective date.

B. Impact to Zurich and its policyholders

Q1	What will Zurich do to comply with IA Levy requirements?
A1	Zurich will implement necessary system and process changes to report and remit IA Levy starting January 1, 2018. The changes will also be ready to collect levy payment from both new policies and renewal policies with effective date or inception anniversary date on or after January 1, 2018.
Q2	Which Zurich products are exempted from IA levy ("Exempted products")?
A2	Please refer the Appendix A.
Q3	What are the designated Zurich products which Zurich will settle IA Levy for policyholders ("Designated products")?
A3	Please refer to the Appendix B.
Q4	Will policyholders know how much IA Levy they are paying?
A4	For non-Exempted products and non-Designated products, the applicable IA Levy amount will be shown in applicable policy schedule or quotation.
Q5	What are the consequences if a policyholder failed to pay the IA Levy?
A5	If a policyholder has not settled IA Levy payment as required, IA may impose on the policyholder a pecuniary penalty not exceeding HKD 5,000.
Q6	How can policyholders know if the IA Levy is settled?
A6	Policyholders can submit a written request to Zurich for the related written proof of IA Levy payment.
Q7	Will the IA Levy be refunded if a policy is cancelled? If yes, how to calculate the refund?
A7	IA Levy can be refunded if the related policies are cancelled and have premium refunded. Zurich will refund to the policyholder the amount of IA Levy paid proportional to the corresponding premium refundable.

Q8	Will there be any changes on existing policy documents related to IA Levy?
A8	<p>For Exempted products, there will not be any changes on existing policy documents.</p> <p>For Designated products, an IA Levy statement will be inserted to premium notices/debit notes, certificates of insurance, policy schedules/endorsements and/or renewal notices/letters to notify customer about the implementation of IA Levy collection and indicating the imposed IA Levy will be settled by Zurich on customer's behalf for the relevant period.</p> <p>For non-Exempted products and non-Designated products, a leaflet introducing IA Levy will be inserted to corresponding product brochures/application forms. Individual policy's applicable IA Levy amount will be added to the corresponding quotations, policy schedules/endorsements, and/or renewal notices/letters. Moreover, an IA Levy statement will be inserted to premium notices/debit notes, certificates of insurance, policy schedules/endorsements and/or renewal notices/letters to notify customer about the implementation of IA Levy.</p>

C. Impact to Zurich's intermediaries

Q1	Are there any IA Levy-related actions for Zurich's intermediaries?
A1	<p>Zurich's intermediaries need to:</p> <ul style="list-style-type: none"> • observe Zurich's arrangements on IA Levy collection; • ensure accurate collections of IA Levy; • ensure all policy documents of applicable products comply with IA Levy requirements, if intermediaries are not using policy documents provided by Zurich; • ensure all intermediaries' own platforms comply with IA Levy requirements; and • consult Zurich about all intermediaries arrangements on IA Levy.
Q2	Will there be any IA Levy-related changes to Zurich system and portal for intermediaries?
A2	Zurich will implement necessary changes on all affected systems/portals to comply with the IA Levy requirements. Intermediaries will be informed for any changes.
Q3	How will the IA Levy impact co-insurance policies?
A3	Leaders of co-insurance policies are responsible for the collection and remittance of such policies' IA Levy calculated from these policies' full premium to be paid to all participating insurers. Followers of co-insurance policies should not need to handle so.

For further enquiries, please contact your Zurich representative. You may also visit the website of IA at www.ia.org.hk or call IA at +852 2867 2565.

D. Appendix A – List of Exempted products

Product class	Product code
MARINE / GIT	CGA / FAA / FAC / FAD / FAJ / FAM / FAP / FFL / ZGT / ZMM / ZYY / CGO / FAE / GIT / HPC / HUL / MLB / ZMT / MOC

E. Appendix B - List of Designated products

Product class	Product code
DOMESTIC HELPER	DHT / DSP / ZDD / ZDH
MEDICAL (INDIVIDUAL)	DCP / HCI / HCS / HLA / HLC / HLE / HLF / HLP / HME / HPS / OMP / ZMC
MISCELLANEOUS	GOL / ZAA / ZKG
MOTOR - PRIVATE CAR	ZPP / ZJJ
PERSONAL ACCIDENT	FPA / HKP / PAC / PAD / PAE / PAI / PAM / PAP / PAT / ZSX / ZZZ
PECUNIARY LOSS	ZCA
PROPERTY	EHC / EHP / EKH / HIP / HIZ / IMP / KMB / STH / ZHA / ZHB / ZHH / ZHO / ZHP / ZHS
TRAVEL	ATT / CMC / TCP / TVA / TVB / TVL / ZTA / ZXS