

Notice of Collection of Insurance Premium Levy by Insurance Authority

Insurance Authority (IA) has announced the collection of levy on insurance premiums under the Insurance (Levy) Regulation ("Levy Regulation") and Insurance (Levy) Order ("Levy Order") of "Insurance Ordinance (Cap. 41)", which is to be effective on 1st January 2018, from policyholders through insurance companies each time when a premium is paid. An incremental approach will be adopted for the collection of levy:

| Phase | Period | Levy Rate | Levy Cap on General Insurance |
|---------|---|-----------|-------------------------------|
| Phase 1 | From 1 Jan 2018 to 31 March 2019 (both dates inclusive) | 0.04% | HK\$2,000 |
| Phase 2 | From 1 Apr 2019 to 31 March 2020 (both dates inclusive) | 0.06% | HK\$3,000 |
| Phase 3 | From 1 Apr 2020 to 31 March 2021 (both dates inclusive) | 0.085% | HK\$4,250 |
| Phase 4 | From 1 Apr 2021 onwards (inclusive of that date) | 0.1% | HK\$5,000 |

The amount of levy payable for each premium payment under an insurance policy will be the amount of premium multiplied by a levy rate and a cap will apply on the levy.

It is important to note that, if a policyholder fails to pay the prescribed levy within the timeframe as required by law, the policyholder shall commit an offence under Section 3(4) of Levy Regulation and be liable to a pecuniary penalty of up to HK\$5,000.

The amount of levy applied to your policy will be shown on the Payment Advice and/or Policy Schedule. If you have any questions about this notice, please feel free to call your insurance intermediary for assistance.

To find out more about the collection of Premium Levy, please visit:

- i. https://www.ia.org.hk/en/infocenter/press_releases/collection_of_premium_levy_to_take_effect_on_1_January_2018.html
- ii. https://www.ia.org.hk/en/infocenter/faqs/faqs_levy.html
- iii. <https://www.libertyinsurance.com.hk/en/premium-levy/>

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