

Collection of premium levy effective from January 1, 2018

- 1) From 1 January 2018, the Insurance Authority (IA) will start collecting a premium levy from policy holders in accordance with the law¹. The levy rate will start at 0.04% of the insurance premium per policy year and increase gradually to 0.1%. The amount of the levy imposed on each policy will be subject to a cap.
- 2) Except for certain policies² exempt from the levy by law, policy holders of all new or in-force life insurance policies and general insurance policies (such as travel, motor, property and household insurance) must pay the levy along with their premium payment. The IA will collect the levy from policy holders via the insurance companies.
- 3) The insurance companies will inform policy holders of the arrangement through various channels (e.g. anniversary statements). Policy holders can contact their insurance companies for details about the premium levy on their policies.
- 4) In Phase 1 (1 January 2018 to 31 March 2019), for life insurance policies with single or annualised premiums at or above \$100,000, policy holders will pay only \$40³ at most per policy year. For general insurance policies with annual premiums at or above \$5 million, the cap will be \$2,000 per policy year. Details of the levy rates and caps are set out below:

Description	Phase 1	Phase 2	Phase 3	Phase 4
Period	1 January 2018 to 31 March 2019	1 April 2019 to 31 March 2020	1 April 2020 to 31 March 2021	1 April 2021 onwards
Levy rate	0.04%	0.06%	0.085%	0.1%
Levy cap				
Life insurance	\$40	\$60	\$85	\$100
General insurance	\$2,000	\$3,000	\$4,250	\$5,000

- 5) As stated in the law, if a policy holder does not pay the levy as required, the IA may impose on the policy holder a penalty of up to \$5,000, and may recover the outstanding levy as a civil debt due to the IA.

Notes:

¹The Insurance (Levy) Regulation and the Insurance (Levy) Order under the Insurance Ordinance (Cap. 41).

²Reinsurance business, policies underwritten by authorized captive insurers, and marine, aviation and goods-in-transit business are exempt from the levy.

³Group life insurance policies with medical protection offered by employers will be subject to the levy cap for general insurance policies.

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