

New insurance levy to be introduced

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In accordance with the Insurance (Levy) Regulation and the Insurance (Levy) Order under the Insurance Ordinance (Cap 41), the Insurance Authority will begin to [collect a levy](#) from policyholders through premium payments to insurers from January 1 2018.

The levy will be incremental and divided into four phases:

- It will start at 0.04% during the first phase between January 1 2018 and March 31 2019.
- It will gradually increase to 0.06% between April 1 2019 and March 31 2020.
- There will be further increments to 0.085% between April 1 2020 and March 31 2021.
- It will reach a rate of 0.1% from April 1 2021 onwards.

The amount of the levy imposed on each policy (ie, life insurance or general insurance) will be subject to a cap.

For example, in phase 1 for a life insurance policy with premiums of or above HK\$100,000, the policyholder will pay a maximum of HK\$40 for that policy year. Employers which offer group life insurance policies with medical protection will be subject to the general insurance levy.

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

If a policyholder does not pay the required levy, the Insurance Authority may [impose a penalty](#) of up to HK\$5,000 on the policyholder and may recover the outstanding levy as a civil debt due to the Insurance Authority. If an insurer collects an excessive levy from a policyholder, the Insurance Authority may impose a penalty of up to HK\$10,000 on the insurer.

Holders of life insurance policies and general insurance policies (eg, travel, motor, property and household) will be required to pay the levy; however, reinsurers, policies underwritten by captive insurers and marine, aviation and goods-in-transit businesses are exempt.

The insurance industry and policyholders should be prepared to adopt the new levy from January 1 2018.

For further information on this topic please contact [Kevin Bowers](#) or [Michael Withington](#) at Howse Williams Bowers by telephone (+852 2803 3688) or email (kevin.bowers@hwbhk.com or michael.withington@hwbhk.com). The Howse Williams Bowers website can be accessed at www.hwbhk.com.

AUTHORS

[Kevin Bowers](#)



[Michael Withington](#)



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