

INFORMATION REQUIRED

GENERAL NOTES

- (1) All parts of this form are to be completed.
- (2) All copies of original documents shall be certified by the chief executive as being true and correct copies of the originals.
- (3) All documents shall be produced either in the Chinese language or English language. Where documents are required to be translated, the chief executive of the company shall certify that to the best of his knowledge and belief the person making the translation is competent to translate the documents into the Chinese/English language. The person making the translation shall state his qualifications and certify that the translation is a true and correct translation of the original.
- (4) If insufficient space is provided in this form, please give details on a separate sheet.
- (5) Unless otherwise indicated, all references to sections or schedules are sections of or schedules to the Ordinance.
- (6) Please specify, as applicable, the currency used.
- (7) Please complete the Checklist at the Appendix.
- (8) **IMPORTANT:**
 - (a) An application should not be made until **all** the information required is available. In this connection, it is advisable to hold preliminary meetings with the Insurance Authority before submitting the formal application.
 - (b) The company should not commence to carry on any insurance business in or from Hong Kong, or make any press announcement, until its application has been approved. Any failure to observe this requirement will constitute an offence under the Ordinance and may prejudice the application.

5. The capital structure of the company:-
 - (a) the amount of authorized share capital, if applicable;
 - (b) the amount of issued share capital and the amount fully paid-up;
 - (c) the amount paid up in respect of redeemable preference shares included in (b) above, if any;
 - (d) the amount of subordinated loan stock, if any, and the interest rate applicable; and
 - (e) the proposed amount of the issued share capital which will be fully paid-up immediately prior to authorization, if such is granted.
6. The date of the financial year end of the company.
7. A statement showing the amount by which the assets are expected to exceed liabilities (excluding liabilities in respect of capital and free reserves) at the date of application and how calculated.

8. Name, address and qualifications of the auditors of the company.

9. Name, address and qualifications of the appointed actuary of the company.

10. Names and addresses of the company's principal bankers.

11. Names, addresses and qualifications of the company's professional advisers (other than auditors and actuary) including solicitors and investment consultants, etc.

12. Names and addresses of the company's main insurance brokers and agents.

13. In the case of a non-Hong Kong company, the name of the person who is or will be employed by the company and is responsible for the conduct of the whole of the insurance business proposed to be carried on by the company within Hong Kong. Attach the Form A prescribed in Schedule 2 which shall be completed for such person.

PART II - EXISTING AUTHORIZATIONS

16. The classes of insurance business which the company is currently authorized to carry on in Hong Kong, if applicable.

17. In the case of a non-Hong Kong company, a certificate from the supervisory authority of the company's place of incorporation evidencing the classes of insurance business for which the company is authorized in its place of incorporation.

18. Full list of **other countries** in which the company carries on insurance business and the classes of business carried on in each country. If the classes of business do not correspond with the classification set out in Schedule 1, the equivalent or nearest Hong Kong classification must be given.

country

classes of insurance business

19. Whether any application for authorization has been refused, any authorization revoked, or any requirements imposed as a condition for being permitted to continue to carry on insurance business, by any supervisory authority, and if so, give particulars.

PART III - BUSINESS PLAN

20. The sources of business (for example: direct from public, through insurance brokers and agents, in-house from group companies), and the approximate percentage expected from each source.

21. The particulars of the marketing activities which the company proposes to carry out in Hong Kong.

22. The nature of the commitments which the company proposes to take on in Hong Kong (including establishment of its own office (in the case of a non-Hong Kong company, its own branch office) as its place of business in Hong Kong, and give particulars of the office infrastructure).

23. In the case of a non-Hong Kong company, what arrangements would be made with regard to the keeping of books of account and other records in respect of the Hong Kong operations, and to what extent the company considers that it is able to meet the accounting requirements and valuation rules under the Ordinance.

24. In the case of a company incorporated in Hong Kong intending to extend its operations overseas, a detailed description of its proposed overseas operations and the proportion in its global business portfolio.

25. The technical bases that the appointed actuary proposes to employ for each class of business, including the bases needed for calculating premium rates and mathematical reserves.

26. Whether the company would make separation of assets and liabilities attributable to its long term business under section 22. If not, give reasons why it would not make such separation.

27. A brief summary of the material reinsurance arrangements in respect of each class of insurance business to be written in or from Hong Kong including the company's maximum retention per risk or event after all reinsurance ceded, the limit of reinsurance, the names of the principal reinsurers and the respective percentages underwritten by them under each treaty.

28. In the case of a non-Hong Kong company, a list of investments which the company expects to represent the insurance funds and the relevant amount or the required margin of solvency pertaining to the insurance business written in or from Hong Kong and the estimated proportion which will be represented by each type of investment, together with a description of the company's investment policy in relation to the Hong Kong Branch.

29. In the case of a company incorporated in Hong Kong:-
- (a) a list of investments which the company expects to represent its capital, surpluses and insurance funds; and the estimated proportion which will be represented by each type of investment, together with a description of the company's investment policy; and

 - (b) a description of the company's dividend policy.
30. A description of the principles and methods of determining the discretionary benefits payable under participating policies and deposit administration policies, if the company proposes to write such policies in or from Hong Kong.
31. In the case of a company incorporated in Hong Kong, provide two sets of financial projections, representing separately an "optimistic estimate" and a "pessimistic estimate", for each of the first three financial years following authorization in respect of its **global** operations. The financial projections should include:-
- (a) a projected volume of new business, showing for **each type of contract** :-
 - the number of new contracts expected to be issued;
 - the total premium income both gross and net of reinsurance ceded; and
 - the total sums assured or amounts of annuity per annum;

 - (b) a projected in-force business portfolio, showing for **each type of contract** :-
 - the number of contracts;
 - the total premium income both gross and net of reinsurance ceded;
 - the total sums assured or amounts of annuity per annum;
 - the amount of net liability (determined in accordance with the Insurance (Determination of Long Term Liabilities) Rules); and
 - the required margin of solvency (determined in accordance with the Insurance (Margin of Solvency) Rules);

- (c) a projected revenue account, showing for **each class of business** :-
 - the premiums receivable both gross and net of reinsurance ceded;
 - the investment income;
 - the commissions receivable;
 - the claims payable (by nature of the claims);
 - the expenses payable, showing separately the commissions payable, other selling expenses, and other expenses;
 - dividends to policy holders;
 - the amount of funds brought forward and carried forward; and
 - the amount transferred to/from the profit and loss account;

- (d) a projected profit and loss account; and

- (e) a projected balance sheet.

An “optimistic estimate” projection should be based on the assumption that new business level is at the upper end of the company’s expectations and the other assumptions used should be realistic. A “pessimistic estimate” projection should be based on the assumption that new business level is at the lower end of the company’s expectations and the other assumptions used should be less favourable. The appointed actuary should indicate which assumptions used are critical in the projected results. The assumptions made in the financial projections and the rationales behind use of those assumptions should be given. The accounting policies and bases adopted in the projections should also be provided.

(Note: In considering the application, financial projections up to a point where the operations can be demonstrated to be self-supporting may be required.)

32. In the case of a non-Hong Kong company:-

- (a) provide two sets of financial projections, representing separately an “optimistic estimate” and a “pessimistic estimate”, for each of the first three financial years following authorization in respect of the operation of its **Hong Kong Branch**. The financial projections should include :-
 - (i) a projected volume of new business, showing for **each type of contract** :-
 - the number of new contracts expected to be issued;
 - the total premium income both gross and net of reinsurance ceded; and
 - the total sums assured or amounts of annuity per annum;

- (ii) a projected in-force business portfolio, showing for **each type of contract** :-
 - the number of contracts;
 - the total premium income both gross and net of reinsurance ceded;
 - the total sums assured or amounts of annuity per annum;
 - the amount of net liability (determined in accordance with the Insurance (Determination of Long Term Liabilities) Rules); and
 - the required margin of solvency (determined in accordance with the Insurance (Margin of Solvency) Rules);

 - (iii) a projected revenue account, showing for **each class of business** :-
 - the premiums receivable both gross and net of reinsurance ceded;
 - the investment income;
 - the commissions receivable;
 - the claims payable (by nature of the claims);
 - the expenses payable, showing separately the commissions payable, other selling expenses, and other expenses;
 - dividends to policy holders;
 - the amount of funds brought forward and carried forward; and
 - the amount transferred to/from the profit and loss account;

 - (iv) a projected profit and loss account; and

 - (v) a projected balance sheet.
- (b) provide financial projections for each of the first three financial years following authorization in respect of the company's **global** operations. The financial projections should include a projected revenue account, a projected profit and loss account and a projected balance sheet. (If the company has been carrying on insurance business and has submitted copies of its audited financial statements for the three financial years immediately preceding the application together with a copy of the latest actuarial valuation report under items 38 and 41 below, no financial projections are required. In such circumstances, a description of the company's business plan in respect of its global operations, including the expected growth in the next three years, will suffice.)

An "optimistic estimate" projection should be based on the assumption that new business level is at the upper end of the company's expectations and the other assumptions used should be realistic. A "pessimistic estimate" projection should be based on the assumption that new business level is at the lower end of the company's expectations and the other assumptions used should be less favourable. The appointed actuary should indicate which assumptions used are critical in the projected results. The assumptions made in the financial projections and the rationales behind use of those assumptions should be given. The accounting policies and bases adopted in the projections should also be provided.

(Note: In considering the application, financial projections up to a point where the operations can be demonstrated to be self-supporting may be required.)

33. The financial projections under items 31 and 32 above should be accompanied by a certificate by the appointed actuary stating that:-
- (a) he considers the premium rates to be suitable;
 - (b) he considers the financing of the company to be adequate to cover both mathematical reserves and the required margin of solvency during the first three financial years following authorization; and
 - (c) he agrees with the information provided under the financial projections.

**PART IV - OTHER INFORMATION, ACCOUNTS, AGREEMENTS,
REINSURANCE TREATIES, CERTIFICATE AND REPORTS**

34. The rationale for the company to carry on insurance business in or from Hong Kong. Whether such rationale is substantiated by viable market feasibility study. Attach a copy of the market feasibility study report, which should include information on the market statistics used for the study.

35. In the case of a non-Hong Kong company:-
 - (a) a brief description of its existing worldwide operations; and

 - (b) the up-to-date rating and ranking in respect of the financial position of the company and the name of the credit rating agency concerned.

36. A description of the internal controls proposed to be implemented to secure the proper functioning of the company, including policies, procedures and controls in relation to anti-money laundering (“AML”) and counter-financing of terrorism (“CFT”).

37. What are the arrangements to ensure that the appointed actuary has direct access to the board of directors of the company, and has access to all relevant information to enable him to carry out his duties?

38. Copies of the audited financial statements (including revenue account, profit and loss account and balance sheet) of the company for each of the last three financial years or, if the company has not been in business for three financial years, for each of the financial years for which it has been in business.

39. If not already given in the notes to the accounts submitted under item 38 above, a summary of the significant accounting policies adopted or to be adopted by the company.

40. An auditors' certificate in respect of the issued and paid-up share capital of the company. (This certificate is not necessary if the present paid-up share capital is evidenced in the latest audited accounts already submitted).
41. A copy of the latest actuarial valuation report prepared in respect of the company, if applicable.
42. In the case of a non-Hong Kong company, a copy of the latest returns filed with the insurance supervisory authority in its place of incorporation, if applicable.
43. With reference to item 27 above, attach copies of reinsurance treaties or cover notes or the proposals for such treaties if applicable. In addition, if it is a non-Hong Kong company, furnish a brief summary of the material reinsurance arrangements in respect of the company's worldwide business including the company's maximum retention per risk or event after all reinsurance ceded, the limit of reinsurance, the names of the principal reinsurers and the respective percentages underwritten by them.
44. Copies or drafts of any agreements which the company will have with persons (other than employees of the company) who will manage the business of the company in Hong Kong.
45. Copies of the product documents, e.g. sales literature, proposal forms and policies, etc., which the company proposes to market in Hong Kong.
46. Copies of any report or investigation in respect of the company produced within the last three years by any supervisory authority or governmental agency.

47. Copies of the latest accounts of any corporate controller of the company (within the meaning of section 9 of the Ordinance) and of any intermediate holding company. Where the corporate controller or any intermediate holding company is an insurance company, a copy of the latest returns filed with the insurance supervisory authority in its place of incorporation.
48. A copy of the corporate chart of the group of which the company is a member, showing the respective percentages of shareholdings, if applicable.
49. (a) State, whether in any jurisdiction within the past five years:-
- (i) a petition has been presented to the Courts for the winding up of the company, any other group company or a company which left the group shortly before getting into difficulty;
 - (ii) a receiver has been appointed in respect of any of the assets of the company, any other group company or a company which left the group shortly before getting into difficulty; or
 - (iii) the company, any other group company or a company which left the group shortly before getting into difficulty, has made any composition or arrangement with its creditors or any class of its creditors; and
- (b) if the answer to any of the above is "yes", give details of the present position regarding any such petition/receivership/composition/arrangement.

50. State whether there are other arrangements under which the solvency of the company may depend on that of a third party.

51. A copy of the Certificate of Incorporation of the company and, if it is a non-Hong Kong company and registered under Part 16 of the Companies Ordinance (Cap. 622) of Hong Kong, a copy of the Certificate of Registration of Non-Hong Kong Company issued by the Registrar of Companies, Hong Kong.

- END -

June 2017

CHECKLIST

Name of Applicant (“the Company”): [Insert the name of the insurer applying for authorization]

	“√” if done	Use by the Insurance Authority Only
1. Have the classes of long term business applied for been stated in the application form?		
2. Have all the questions in the application form been answered?		
3. Have all the applicable documents listed in Appendix A been attached to the application?		
4. Has the application form been signed by 2 directors and the chief executive of the Company?		
5. Has the application form been dated and sealed (where applicable)?		

Documents submitted to the Insurance Authority

	“√” if submitted
Part I – The Company	
1. Certificate of Incorporation.	
2. Articles of Association (for company incorporated in Hong Kong).	
3. Form NN1 filed with the Companies Registry for registration under Part 16 of the Companies Ordinance (Cap. 622) (for non-Hong Kong company).	
4. Certificate of Registration of Non-Hong Kong Company issued by the Registrar of Companies, Hong Kong (for non-Hong Kong company).	
5. Forms A and B, as appropriate, as prescribed in Schedule 2 to the Insurance Ordinance (“the Ordinance”), of the directors and controllers (within the meaning of section 9 of the Ordinance).	
Part II – Existing Authorization	
6. Certificate from the supervisory authority of the applicant’s place of incorporation evidencing the classes of insurance business for which the applicant is authorized in its country of incorporation (for non-Hong Kong company).	
7. List of countries in which the Company carries on insurance business and the classes of business carried on in each country.	
Part III – Business Plan	
8. Organization chart showing the management and reporting lines of the Hong Kong operations, with professional qualifications and working experience of key personnel in Hong Kong.	
9. Two sets of three-year financial projections of the Company/Hong Kong branch - one on an optimistic estimate basis and the other on a pessimistic estimate basis (assumptions and methodologies used in the projections should be clearly stated). In considering the application, financial projections up to a point where the operations can be demonstrated to be self-supporting may be required. The appointed actuary’s certificate on the Company’s financial projection is also required.	
Part IV – Other Information, Accounts, Agreements, Reinsurance Treaties, Certificate and Reports	
10. Market feasibility study report.	
11. Up-to-date rating and ranking report, if any.	

	“√” if submitted
12. Audited financial statements for the last three financial years (if in operation overseas).	
13. Auditors’ certificate on issued and paid-up share capital (this is not necessary if the present paid-up share capital is evidenced in the latest audited accounts already submitted).	
14. Description of the Company’s proposed arrangements to comply with the accounting requirements and valuation rules prescribed under the Ordinance (for non-Hong Kong company).	
15. Technical bases that the appointed actuary proposed to employ for each class of business, including bases needed to calculate premium rates and reserves.	
16. Description of the Company’s proposed arrangement to separate the assets and liabilities attributable to long term business under section 22 of the Ordinance.	
17. Brief summary of the material reinsurance arrangement for Hong Kong long term insurance business including reinsurance treaties or cover notes, if applicable.	
18. A list of investments which the Company expects to represent its capital, surpluses and insurance funds; a copy each of the Company’s investment guidelines and dividend policy.	
19. Principles and methods of determining the discretionary benefits payable under participating policies and deposit administration policies, if any.	
20. Agreement for management of business in Hong Kong, if applicable.	
21. Investigation report in the last 3 years, if any, on the Company by supervisory authority or governmental agency.	
22. Latest accounts of all corporate controllers (within the meaning of section 9 of the Ordinance) of the Company.	
23. Latest return filed with the overseas insurance supervisory authority in its place of incorporation where the corporate controller/any intermediate holding company is an insurance company.	
24. Corporate chart of the group of which the Company is a member, with respective percentages of shareholding.	
25. Latest actuarial valuation report, if applicable.	

	“√” if submitted
26. Latest returns, if any, filed with the insurance supervisory authority in its place of incorporation (for non-Hong Kong company).	
27. Product documents which the company proposes to market in Hong Kong.	
28. Policies, guidelines or manuals on internal control, underwriting, claims handling and reserving, reinsurance, investment and AML / CFT in Hong Kong.	
29. Description of the Company’s arrangements enabling the appointed actuary to have direct access to the board of directors, and all relevant information to carry out his duties.	
30. Statement made by the appointed actuary stating the compliance position with the Professional Standard 1 issued by the Actuarial Society of Hong Kong.	