Bullet points of major principles/concepts for premium levy collection:

- Deduct levy (together with premium) by auto-pay
  - Need policy holder consent, e.g. notify policy holder of the "default option" and allow opt out in writing within a certain period (say a month)
  - Similar arrangement can be used for deduction of levy:
    - Adding levy to the amount of APL - Automatic Policy Loan
    - Deduct outstanding levy from benefit payment on Claim, Maturity or Surrender
  - Levy is what the policy holder owes the IA and not the insurer. Therefore, the insurer needs to seek consent from policy holder

- Inception Date and Inception Anniversary Date
  - Inception Date is the date when first premium becomes payable
  - Inception Date determines the policy year, relevant levy rate and levy cap
  - Inception Date usually is the effective date of the policy

- Due date of levy
  - Section 3(1) of the Regulation – the policy holder must, each time a premium is paid, also pay the levy
  - Levy is payable only when the premium is paid. If the premium has not been paid, there is no levy payable.

- The cap on levy is applied on per policy basis
  - Rider and Endorsement are considered together with the basic policy. Premium on Rider and Endorsement is grouped with premium of the basic policy
  - If a policy holder has more than one insurance policy, the cap would apply to each policy separately
  - A group policy is counted as one policy

- Premium discount
  - Only premium discounts specified in the contract can be considered for calculating the levy
  - Premium discount can be part of an endorsement

- Waiver of premium
  - Waiver of premium benefit is excluded from premium levy calculation
  - If the insurer waives all or part of a premium, premium levy would apply unless the

waiver is stated in the policy contract or endorsement

- Alternative Remittance Approach
  - Insurers may submit a written request, under section 4(7) of Insurance (Levy) Regulation, to adopt the ARA basis for the calculation of the amount of prescribed levy to be remitted to the IA for an approved period.

- Refund of Levy on Refund of Premium for the following
  - levy can be refunded for
    - refund of premium during grace period
    - refund of premium on policy rescission
    - refund of premium with a corresponding reversion of premium income of the insurer
  - "Refund of premium" benefit is the payment of insurance benefit calculated as a percentage of the premiums paid
    - Such payment of benefit does not qualify for refund of levy

- Non-forfeiture options are not subject to premium levy
  - ETI – Extended Term Insurance
  - RPU - Reduced Paid Up
  - PUA – Paid Up Addition from profit sharing (also called reversionary bonus)
  - These options do not result in premium income to the insurer

- Non cash premium subject to levy
  - A policy holder transfers investment/asset into an insurance policy is considered as premium which is subject to levy

- (Pre-paid) Premiums paid before premium due date
  - The consideration paid by policy holder to the insurer before the Inception Date only becomes premium on the Inception Date which is the effective date of the policy
  - The amount paid by policy holder to the insurer for future scheduled premiums only become premium on the future Inception Anniversary Dates (future premium due dates)
  - Such amounts paid will be subject to levy of the respective Inception Date and Inception Anniversary Dates

- Overdue Premiums paid in reinstatement of policy
  - Premiums paid when a lapsed policy is reinstated would relate back to the respective premium due dates of the overdue premiums for the previous policy years

- Travel insurance policy purchased in 2017 with travel dates in 2018
  - The premium paid is not subject to levy
  - The travel insurance policy application form is an offer by the insurer
  - Submission of an application form and the tabulated premium amount is evidence of the policy holder's acceptance of the insurer's offer.
  - The date of the application form is the implied premium due date and the Inception Date

- Co-insurance programme
  - The insurer leading a co-insurance programme may adopt the "Alternative Remittance Approach" to simplify its process
  - The insurer pays the levy (100% share) and reports as such to the IA
  - The insurer may also remit levy (100% share) under the "Actual Remittance Approach"
  - In either case, no need to report on details of the collection of levy on behalf of other underwriters
  - The insurer may pay the levy (100% share) on behalf of policy holders