

Frequently Asked Questions about Collection of Levy		
1.	Q	When will the collection of levy come into effect?
	A	<p>With effective from 1 January 2018, the Insurance Authority (“IA”) has started collecting levy on insurance premiums pursuant to the Insurance (Levy) Regulation and Insurance (Levy) Order from policyowners through insurance companies each time when a premium is paid for each new and existing policy.</p> <ul style="list-style-type: none"> <li>• <b>New Policy:</b> For new policies with Inception Date (which is equivalent to HKLife’s Policy Date) on or after 1 January 2018, policyowners must pay the initial premium and the levy at the same time.</li> <li>• <b>Existing Policy:</b> For policies with Inception Date (which is equivalent to HKLife’s Policy Date) prior to 1 January 2018 are treated as existing policies, policyowners should start paying the levy for each of their policies on the 2018 policy anniversary.</li> </ul>
2.	Q	Why does the IA charge policyowners a levy?
	A	The International Association of Insurance Supervisors requires that insurance regulators should be financially and operationally independent of the Government and the industry. The costs for establishing and operating the IA in its initial years are being covered by Government funding. In the long run, the IA has to be financially dependent and recover its operating costs through a levy from policyowners and fees payable by insurance companies, intermediaries and users for specific services.
3.	Q	How will HKLife arrange to collect levy?
	A	<p>HKLIFE will follow premium payment methods as below:</p> <ol style="list-style-type: none"> <li>A Premium Notice with the total amount of premium and levy due will be issued to policyowner before policy anniversary, except policies with monthly premium payment mode.</li> <li>If the premium payment method is Direct Billing, the payment of levy is the same as the payment method of premium, policyowner can pay the premium together with levy to HKLife via JETCO ATMs/PPS/Bank-in/cheque, please refer to the payment stub of premium notice for further details.</li> <li>Use Autopay (Direct Debit or Credit Card) as Premium Payment Method, both premium and levy will be automatically debited from your designated bank account or credit card on the premium due date. Policyowner should have sufficient funds for auto payment beforehand.</li> <li>Other Premium Payment Methods If premium is not settled by any of the above payment methods, for example, Automatic Premium Loan (“APL”), Premium Deposit Account (“PDA”), or dividend, policyowner must contact our Customer Services Executives for an alternative payment arrangement to settle the levy.</li> <li> <ul style="list-style-type: none"> <li>• In case the payment is insufficient to settle both the premium and levy, the premium shall be settled first.</li> <li>• In case the payment is to settle the outstanding levy, the oldest outstanding levy will be settled first.</li> </ul> </li> </ol>
4.	Q	For policies denominated in foreign currencies, how will levy be collected?
	A	If premium due and levy are not paid in policy currency, HKLife will collect the amount based on the exchange rates as determined by our company .
5.	Q	How to calculate the levy payable?

	A	Details are shown as below:															
		<table> <tr> <th>Policy Date or Policy Anniversary</th><th>Levy Rate %</th><th>Maximum Levy per policy per policy year (HKD)</th></tr> <tr> <td>From 1 January 2018 till 31 March 2019 (both dates inclusive)</td><td>0.04%</td><td>40</td></tr> <tr> <td>From 1 April 2019 till 31 March 2020 (both dates inclusive)</td><td>0.06%</td><td>60</td></tr> <tr> <td>From 1 April 2020 till 31 March 2021 (both dates inclusive)</td><td>0.085%</td><td>85</td></tr> <tr> <td>From 1 April 2021 onwards (inclusive of that date)</td><td>0.1%</td><td>100</td></tr> </table>	Policy Date or Policy Anniversary	Levy Rate %	Maximum Levy per policy per policy year (HKD)	From 1 January 2018 till 31 March 2019 (both dates inclusive)	0.04%	40	From 1 April 2019 till 31 March 2020 (both dates inclusive)	0.06%	60	From 1 April 2020 till 31 March 2021 (both dates inclusive)	0.085%	85	From 1 April 2021 onwards (inclusive of that date)	0.1%	100
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6.	Q	How can policyowners know whether the levy is paid?															
	A	Policyowners can get the related details of the levy on Policy Anniversary Statement or can request the related information from HKLife.															
7.	Q	Under what circumstances will the levy be refunded to policyowners?															
	A	Refund of levy is allowed if the corresponding premium becomes refundable (unless the amount of levy payable on premium after refund still reaches the cap). HKLife has to follow the requirements stipulated by the IA in calculating the amount of levy to be refunded.															
8.	Q	If policyowners cancel their policies during the cooling-off period, will the levy be refunded?															
	A	Policyowners can enjoy full refund of levy for policies cancelled during the cooling-off period, no matter a full refund of premium is made or not.															
9.	Q	Can refund of levy be made if policyowners cancel their policies?															
	A	Refund of levy is allowed if the corresponding premium becomes refundable. However, cancellation of policies that do not constitute any premium refund do not necessitate the refund of levy.															
10.	Q	If a policyowner apply for reinstatement of his/her policy, will the levy for overdue premiums need to be paid? If so, how to calculate the levy amount?															
	A	Policyowner would not need to pay levy if the overdue premiums are paid back before the effectiveness of Levy Order. Otherwise, levy should be paid and calculated by the respective rate and cap of each reinstated year for relevant premiums.															
11.	Q	If Automatic Premium Loan ("APL") is exercised for a policy due to overdue premium or insufficient premium payment, will the corresponding levy be paid by same auto deduction?															
	A	In exercising APL, the corresponding levy will not be settled by same option. HKLife will handle the corresponding overdue levy in forms of handling the outstanding levy. The policyowner will receive the Outstanding Levy Notice, so the policyowner must repay the overdue levy.															
12.	Q	If a policy has overdue levy, will HKLife deduct the outstanding levy from policy surrender value, maturity benefits or claims?															
	A	Overdue levy will not be deducted from policy surrender value, maturity benefits or claims. HKLife will handle the related overdue levy in forms of handling the outstanding levy.															
13.	Q	If policyowners pay premiums by Dividend and interest, Guaranteed Cash Coupon/Guaranteed Bonus, or Premium Deposit Account, will they need to pay levy?															
	A	Yes. For any methods used to make premium payments, policyowners have to pay levy each time when a premium is paid unless the levy cap per policy year is reached.															
14.	Q	How can the IA ensure that the insurance companies do not collect an excessive levy?															
	A	Insurance companies must submit audited annual remittance reports to the IA, as required by law. If an insurance company has collected excessive levy from a policyowner, the IA may impose on the insurance company a pecuniary penalty of up to \$10,000 under section 3(5) of the Insurance (Levy) Regulation.															
15.	Q	How is the Inception Date of a policy determined? Is it the same as HKLife's Issue Date?															

	A	As defined by the law, Inception Date of a policy is the date on which the first premium must be paid, equivalent to HKLife’s Policy Date. Whereas HKLife’s Issue Date is the effective date of policy, therefore, Inception Date may not coincide with HKLife’s Issue Date.											
16.	Q	How is the levy rates determined?											
	A	The law empowers the IA to collect levy and introduce it in an incremental approach with a cap to minimize its impact on policyowners.											
17.	Q	Can an insurance agent use paying premium levies as a way for inducement of customers?											
	A	Insurance agent should not use this as a marketing tool.											
18.	Q	How to calculate the levy payable by policyowners within the same policy year after the transition period of HKLife paying levy on behalf of the policyowners (until 31 March 2019)?											
	A	On and after 1 April 2019, policyowners are required to pay the remaining levy payable for that policy year, levy payable and its maximum payable are calculated in the same policy year.											
19.	Q	<p>Are the levy amount the same for a policy with premium paid by instalments and a policy with one-off premium payment? For example:</p> <p>➤ Policy A is a 3-year insurance policy with a one-off premium payment of HK\$3 million on 1 January 2018;</p> <p>➤ Policy B is a 3-year insurance policy with premium payable by instalments in May 2018, May 2019 and May 2020. The premium payment is HK\$1 million for each instalment;</p> <p>Is the total amount of levy the same for both policies?</p>											
	A	<p>If policyowners pay their premium by instalments, they must pay the levy each time a premium is paid. In the example:</p> <p>➤ The levy on Policy A is the lower of:</p> <ul style="list-style-type: none"><li>• \$3 million x 0.04% = <u>\$1,200</u></li><li>• The levy cap for Policy A in 2018 <u>\$40</u></li></ul> <p>➤ The levy on Policy B is:</p> <table><tr><td>2018 : \$1 million x 0.04%</td><td>= <u>\$400</u></td><td>the levy cap is</td><td><u>\$40</u></td></tr><tr><td>2019 : \$1 million x 0.06%</td><td>= <u>\$600</u></td><td>the levy cap is</td><td><u>\$60</u></td></tr><tr><td>2020 : \$1 million x 0.085%</td><td>= <u>\$850</u></td><td>the levy cap is</td><td><u>\$85</u></td></tr></table> <p>The total levy payable is <u>\$185</u> for Policy B</p> <p>Therefore, the levy payable for a policy with premium paid by instalments and a policy with one-off premium payment may not be the same.</p>	2018 : \$1 million x 0.04%	= <u>\$400</u>	the levy cap is	<u>\$40</u>	2019 : \$1 million x 0.06%	= <u>\$600</u>	the levy cap is	<u>\$60</u>	2020 : \$1 million x 0.085%	= <u>\$850</u>	the levy cap is
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