

**INSURANCE ORDINANCE (CAP. 41)**  
**("the Ordinance")**

.....  
(Name of company making this application)

Application for Authorization to carry on  
General Business in or from Hong Kong

1. We certify that we are empowered to make application on behalf of the above-named company for authorization to carry on the following classes of general insurance business in or from Hong Kong :-

.....  
.....  
(Classes as set out in Part 3 of Schedule 1. Specify if the classes applied for authorization are in respect of reinsurance business only).

2. We further certify that the information supplied in support of this application is true and correct and that all estimates given are reasonable interpretations of facts which have been carefully considered and assessed.

3. We undertake to notify the Insurance Authority forthwith of any matter which affects the validity of any information given in support of this application.

Dated this            day of            , 20    .

Directors :-

Name : ..... Signed .....

Name : ..... Signed .....

The Chief Executive :-

Name : ..... Signed .....

The Applicant Company's Seal, if applicable:-

**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.
  - (c) The Insurance Authority is a public body specified in Schedule 1 to the Prevention of Bribery Ordinance (Chapter 201, Laws of Hong Kong) (“POBO”). The offer of an advantage to any member, officer or staff of the Insurance Authority with a view to influencing the approval of any application submitted to the Insurance Authority (e.g. application for authorization to carry on insurance business in or from Hong Kong) is an offence under the POBO. Any act of offering of an advantage by a prospective applicant or an applicant to the Insurance Authority, or by any of its directors, officers, employees or agents, will result in the application being immediately terminated. Prospective applicants and applicants shall inform its directors, officers, employees and agents who are connected with the application that the offering of advantages, as defined in the POBO, is not permitted.

**PART 1 - THE COMPANY**

1. Date and place of incorporation, registered number and registered office.
  
  
  
  
  
  
  
  
  
  
2. Brief summary of the corporate objectives of the company.
  
  
  
  
  
  
  
  
  
  
3. In the case of a non-Hong Kong company, the date of registration under Part 16 of the Companies Ordinance (Cap. 622), the registered number, the address of the principal place of business in Hong Kong and the name and address of the person in Hong Kong authorized to accept service on behalf of the company.
  
  
  
  
  
  
  
  
  
  
4. The title and address of the insurance supervisory authority in the company's place of incorporation, in the case of a non-Hong Kong company.

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.
  - (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. Names and addresses of the company's principal bankers.
10. Names, addresses and qualifications of the company's professional advisers (other than auditors) including solicitors, investment consultants and loss adjusters, etc.
11. Names and addresses of the company's main insurance brokers and agents.
12. 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.
13. Names of the directors, including alternate directors, and controllers as within the meaning of section 9 of the Ordinance of the company. Attach the appropriate Forms A and B prescribed in Schedule 2 which shall be completed for each individual or body corporate listed below.
14. Particulars of any business interests (beneficial or otherwise) in Hong Kong related to any of the directors or controllers of the company which exists or which is proposed to exist.

**PART II - EXISTING AUTHORIZATIONS**

15. The classes of insurance business which the company is currently authorized to carry on in Hong Kong, if applicable.
16. 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 country of incorporation.
17. 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

18. 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**

19. 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.
  
20. The particulars of the marketing activities which the company proposes to carry out in Hong Kong.
  
21. The nature of the commitments which the company proposes to take on in Hong Kong<sup>1</sup> (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).
  
22. 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. To what extent, the company considers that it is able to meet the accounting requirements and valuation rules under the Ordinance.
  
23. Whether it is proposed to transact business in Hong Kong of the kind envisaged by section 8(3)(b)(iii), i.e. insurance business (not being reinsurance business) relating to liabilities or risks in respect of which persons are required by any Ordinance to be insured, e.g. motor vehicles third party risks insurance, employees' compensation insurance, local vessels third party risks insurance and building owners' corporation third party risks insurance.

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<sup>1</sup> A mutual insurer is expected to have a minimum of 4 full-time employees, including the locally-based chief executive and professional staff to carry out essential functions of an authorized insurer, e.g. underwriting, claims, finance and client management. A non-mutual insurer is expected to have a minimum of 7 full-time employees including the locally-based chief executive and professional staff to carry out essential functions of an authorized insurer, e.g. underwriting, claims, finance, risk management & compliance, sales & marketing, client management and administration.

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. 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.
  
  
  
  
  
  
  
  
  
  
  
  
  
  
26. 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 (i.e. solvency margin) 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.



27. 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;
  
  - (b) a description of the company's dividend policy.
28. A description of the company's claims reserving policy, including arrangements for setting up reserves, frequency of reviewing, and measures and methodologies used to ensure their adequacy. In case of a non-Hong Kong company, the claims reserving policy to be stated is in respect of its Hong Kong business.
29. A description of the arrangements made by the company for setting premium rates in respect of each class of business it proposes to carry on in Hong Kong, including the bases and methodologies used.
30. In the case of a company incorporated in Hong Kong, provide two sets of financial projections, representing separately a "best 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 projected revenue account, a projected profit and loss account and a projected balance sheet prepared in the format as shown at Annex A. A "best estimate" projection should show the company's realistic expectations while a "pessimistic estimate" projection should show the worse scenario (including higher loss ratios, lower premium volume, higher commission and expenses ratios, etc.)

31. In the case of a non-Hong Kong company,
- (a) provide two sets of financial projections, representing separately a “best 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 a projected revenue account, a projected profit and loss account and a projected balance sheet prepared in the format as shown at Annex B. A “best estimate” projection should show the company’s realistic expectations while a “pessimistic estimate” projection should show the worse scenario (including higher loss ratios, lower premium volume, higher commission and expenses ratios, etc.); and
  
  - (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 in the format as shown at Annex C. (If the company has been carrying on insurance business and has submitted copies of its audited financial statements for the 3 financial years immediately preceding the application under item 35 below, no financial projections in the format as shown at Annex C are required. In that circumstances, a description of the company’s business plan in respect of its global operations, including the expected growth in the next 3 years, will suffice).

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

32. 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.
33. 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.
34. 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”).
35. 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.
36. If not already given in the notes to the accounts submitted under paragraph 35 above, a summary of the significant accounting policies adopted or to be adopted by the company.
37. If the company is subject to any statutory valuation rules/regulations in respect of its assets in its country of incorporation, copies of the valuation rules/regulations concerned.
38. 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.)

39. With reference to paragraph 25 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.
40. 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.
41. Copies of any report or investigation in respect of the company produced within the last three years by any supervisory authority or governmental agency.
42. 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.
43. A copy of the corporate chart of the group of which the company is a member, showing the respective percentages of shareholdings, if applicable.
44. (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.

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45. State whether there are other arrangements under which the solvency of the company may depend on that of a third party.
  
46. 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 -

Annex A

Projected Financial Statements for a company incorporated in Hong Kong

PROFORMA REVENUE ACCOUNT FOR THE YEAR ENDING ON \_\_\_\_\_

	Classes of General Business								TOTAL
<b>A) PREMIUMS WRITTEN</b>									
Gross premiums receivable									
A1) Direct underwriting									
A2) Reinsurance accepted									
A3) Total (A1+A2)									
Reinsurance premiums payable									
A4) Direct underwriting									
A5) Reinsurance accepted									
A6) Total (A4+A5)									
A7) Net premiums written (A3 - A6)									
A8) Unearned premiums adjustment*									
A9) Net earned premiums (A7-A8)									
<b>B) UNDERWRITING EXPENSES</b>									
Commissions payable									
B1) Direct underwriting									
B2) Reinsurance accepted									
B3) Total (B1 +B2)									
B4) Management expenses									
B5) Unexpired risks adjustment*									
B6) Total gross expenses (B3+B4+B5)									
B7) Commissions receivable from reinsurers									
B8) Total net expenses (B6-B7)									
<b>C) CLAIMS</b>									
Claims paid									
C1) Gross amounts paid									
C2) Amounts recoverable from reinsurers									
C3) Claims settling expenses									
C4) Net amounts paid (C1-C2+C3)									
C5) Provision for outstanding claims adjustment*									
C6) Net claims incurred (C4+C5)									
<b>D) UNDERWRITING RESULT</b>									
Profit / (Loss) (A9-B8-C6)									

Notes:

- (a) Amounts must be expressed in Hong Kong dollars.
- (b) The assumptions made in the projections and the rationales behind use of those assumptions should be given.
- (c) The accounting policies and bases adopted in the projections should be given.
- (d) The projected business can be broken down into the following classes:-
  - Accident and health
  - Motor vehicle
  - Aircraft
  - Ships
  - Goods in transit
  - Property damage
  - Employees compensation
  - General liability, excluding employees compensation
  - Pecuniary loss

\* See supplementary schedule

SUPPLEMENTARY SCHEDULE TO PROFORMA REVENUE ACCOUNT FOR THE YEAR ENDING ON \_\_\_\_\_

	Classes of General Business								TOTAL
A8) Unearned premiums adjustment									
i) Unearned premiums at end of year									
ii) Unearned premiums at beginning of year									
Increase / (decrease) (i)-(ii)									
B5) Unexpired risks adjustment									
i) Amount of unexpired risks at end of year									
ii) Amount of unexpired risks at beginning of year									
Increase / (decrease) (i)-(ii)									
C5) Provision for outstanding claims adjustment									
i) Provision for outstanding claims									
ia) Gross amount									
ib) Amount recoverable from reinsurers									
ic) Net amount (ia)-(ib)									
ii) Provision for IBNR									
iii) Amount of outstanding claims including IBNR at end of year (ic)+(ii)									
iv) Amount of outstanding claims including IBNR at beginning of year									
Provision for outstanding claims adjustment (iii)-(iv)									

Notes:

- (a) Amounts must be expressed in Hong Kong dollars. °
- (b) The assumptions made in the projections and the rationales behind use of those assumptions should be given.
- (c) The accounting policies and bases adopted in the projections should be given.
- (d) The projected business can be broken down into the following classes:-
  - Accident and health
  - Motor vehicle
  - Aircraft
  - Ships
  - Goods in transit
  - Property damage
  - Employees compensation
  - General liability, excluding employees compensation
  - Pecuniary loss

## PROFORMA PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDING ON

Turnover	
Profit / (Loss) transferred from revenue account	
Investment income	
Other income	
Exchange gain/(loss)	
Preliminary setting-up expenses	
General and management expenses	
fixed charges	
variable charges	
Profit/(Loss) before taxation	
Taxation	
Profit/(Loss) for the year	
Retained Profit/(Loss) at beginning of year	
Retained Profit/(Loss) at end of year	

Notes:

- (a) Amounts must be expressed in Hong Kong dollars.
- (b) The assumptions made in the projections and the rationales behind use of those assumptions should be given.
- (c) The accounting policies and bases adopted in the projections should be given.



PROFORMA BALANCE SHEET AS AT \_\_\_\_\_

	Book value	ADJUSTED VALUE UNDER THE VALUATION RULES	
		Eligible asset value before admissible limit	Eligible asset value subject to admissible limit
<b>ASSETS</b>			
Fixed assets			
Land and buildings			
Other fixed assets			
Intangible assets			
Investments			
Listed shares			
Listed securities			
Unit trust & mutual funds			
Unlisted shares & securities			
Investment in subsidiaries			
– insurance companies			
– investment holding companies			
– others			
Investment in associated companies			
Current assets			
Cash and bank deposits			
Premium debtors			
– direct insurance business			
– reinsurance accepted business			
Other debtors and prepayments			
Amount due from related companies			
Other assets (please specify if material)			
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
Subordinated loan stock			
Outstanding claims (including IBNR)			
Gross outstanding claims			
Recoveries from reinsurers			
Net outstanding claims			
Unearned premiums			
Other insurance funds			
Amounts due to reinsurers			
Other creditors and accrued expenses			
Other liabilities (please specify if material)			
<b>TOTAL LIABILITIES</b>			
<b>SHAREHOLDERS EQUITY</b>			
Share capital			
General reserve			
Revaluation reserve			
Other reserves			
Retained profits			
<b>TOTAL SHAREHOLDERS EQUITY</b>			
Adjustments under the Valuation Rules other than section 14			
Adjustments under section 14 of the Valuation Rules			
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>			

Notes:

- (a) Amounts must be expressed in Hong Kong dollars.
- (b) The assumptions made in the projections and the rationales behind use of those assumptions should be given.
- (c) The accounting policies and bases adopted in the projections should be given.
- (d) Eligible asset value refers to the value of assets determined in accordance with the Insurance (General Business) (Valuation) Rules ("Valuation Rules").
- (e) Admissible limit refers to the extent of the eligible asset value permitted under section 14 of the Valuation Rules.
- (f) As for listed shares or securities, unit trusts or mutual funds, the names of the stock exchanges on which they are listed as well as the names of the credit rating agencies giving the ratings should be provided.

Annex B

Projected Financial Statements for a non-Hong Kong company

PROFORMA REVENUE ACCOUNT OF HONG KONG BRANCH FOR THE YEAR ENDING ON \_\_\_\_\_

	Classes of General Business								TOTAL	Notes:
<b>A) PREMIUMS WRITTEN</b>										(a) Amounts must be expressed in Hong Kong dollars. ° (b) The assumptions made in the projections and the rationales behind use of those assumptions should be given. (c) The accounting policies and bases adopted in the projections should be given. (d) The projected business can be broken down into the following classes:- – Accident and health – Motor vehicle – Aircraft – Ships – Goods in transit – Property damage – Employees compensation – General liability, excluding employees compensation – Pecuniary loss
Gross premiums receivable										
A1) Direct underwriting										
A2) Reinsurance accepted										
A3) Total (A1+A2)										
Reinsurance premiums payable										
A4) Direct underwriting										
A5) Reinsurance accepted										
A6) Total (A4+A5)										
A7) Net premiums written (A3 - A6)										
A8) Unearned premiums adjustment*										
A9) Net earned premiums (A7-A8)										
<b>B) UNDERWRITING EXPENSES</b>										
Commissions payable										
B1) Direct underwriting										
B2) Reinsurance accepted										
B3) Total (B1 +B2)										
B4) Management expenses										
B5) Unexpired risks adjustment*										
B6) Total gross expenses (B3+B4+B5)										
B7) Commissions receivable from reinsurers										
B8) Total net expenses (B6-B7)										
<b>C) CLAIMS</b>										
Claims paid										
C1) Gross amounts paid										
C2) Amounts recoverable from reinsurers										
C3) Claims settling expenses										
C4) Net amounts paid (C1-C2+C3)										
C5) Provision for outstanding claims adjustment*										
C6) Net claims incurred (C4+C5)										
<b>D) UNDERWRITING RESULT</b>										
Profit / (Loss) (A9-B8-C6)										

\* See supplementary schedule

**SUPPLEMENTARY SCHEDULE TO PROFORMA REVENUE ACCOUNT OF HONG KONG BRANCH FOR THE YEAR ENDING ON**

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	Classes of General Business								TOTAL	Notes:
A8) Unearned premiums adjustment i) Unearned premiums at end of year ii) Unearned premiums at beginning of year Increase / (decrease) (i)-(ii)									(a) Amounts must be expressed in Hong Kong dollars. °  (b) The assumptions made in the projections and the rationales behind use of those assumptions should be given.  (c) The accounting policies and bases adopted in the projections should be given.  (d) The projected business can be broken down into the following classes:-  – Accident and health – Motor vehicle – Aircraft – Ships – Goods in transit – Property damage – Employees compensation – General liability, excluding employees compensation – Pecuniary loss	
B5) Unexpired risks adjustment i) Amount of unexpired risks at end of year ii) Amount of unexpired risks at beginning of year Increase / (decrease) (i)-(ii)										
C5) Provision for outstanding claims adjustment i) Provision for outstanding claims ia) Gross amount ib) Amount recoverable from reinsurers ic) Net amount (ia)-(ib) ii) Provision for IBNR iii) Amount of outstanding claims including IBNR at end of year (ic)+(ii) iv) Amount of outstanding claims including IBNR at beginning of year Provision for outstanding claims adjustment (iii)-(iv)										

*PROFORMA PROFIT & LOSS ACCOUNT OF HONG KONG BRANCH FOR THE  
YEAR ENDING ON -----*

Profit / (Loss) transferred from revenue account Investment income Other income Exchange gain/(loss)  Preliminary setting-up expenses General and management expenses fixed charges variable charges  Profit/(Loss) before taxation Taxation Profit/(Loss) for the year Surplus/(Deficit) at beginning of year Surplus/(Deficit) at end of year	
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Notes:

- (a) Amounts must be expressed in Hong Kong dollars.
- (b) The assumptions made in the projections and the rationales behind use of those assumptions should be given.
- (c) The accounting policies and bases adopted in the projections should be given.

PROFORMA BALANCE SHEET OF HONG KONG BRANCH AS AT

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	Book value	Eligible asset value under Valuation Rules
<b>ASSETS</b>		
Fixed assets		
Land and buildings		
Other fixed assets		
Investments		
Listed shares		
Listed securities		
Unit trust & mutual funds		
Unlisted shares & securities		
Investment in subsidiaries		
– insurance companies		
– investment holding companies		
– others		
Investment in associated companies		
Current assets		
Cash and bank deposits		
Premium debtors		
– direct insurance business		
– reinsurance accepted business		
Other debtors and prepayments		
Amount due from related companies		
Other assets (please specify if material)		
<b>TOTAL ASSETS</b>		
<b>LIABILITIES</b>		
Outstanding claims (including IBNR)		
Gross outstanding claims		
Recoveries from reinsurers		
Net outstanding claims		
Unearned premiums		
Other insurance funds		
Amounts due to reinsurers		
Other creditors and accrued expenses		
Other liabilities (please specify if material)		
<b>HEAD OFFICE CURRENT ACCOUNT</b>		
Beginning Balance		
Surplus/(Deficit) for the year		
Ending Balance		
Adjustments under the Valuation Rules other than section 14		
<b>TOTAL LIABILITIES &amp; HEAD OFFICE CURRENT ACCOUNT</b>		

Notes:

- (a) Amounts must be expressed in Hong Kong dollars.
- (b) The assumptions made in the projections and the rationales behind use of those assumptions should be given.
- (c) The accounting policies and bases adopted in the projections should be given.
- (d) Eligible asset value refers to the value of assets determined in accordance with the Insurance (General Business) (Valuation) Rules ("Valuation Rules").
- (e) As for listed shares or securities, unit trusts or mutual funds, the names of the stock exchanges on which they are listed as well as the names of the credit rating agencies giving the ratings should be provided.

Annex C

Projected Financial Statements for a non-Hong Kong company

PROFORMA REVENUE ACCOUNT FOR THE YEAR ENDING ON

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(Projected on a worldwide operation basis)

	Classes of General Business		TOTAL
<b>A) PREMIUMS WRITTEN</b>			
A1) Gross premiums receivable			
A2) Reinsurance premiums payable			
A3) Net premiums written (A1-A2)			
A4) Unearned premiums adjustments			
A5) Net premiums earned (A3-A4)			
<b>B) UNDERWRITING EXPENSES</b>			
B1) Net commissions payable			
B2) Management expenses			
B3) Other expenses			
B4) Total net expenses (B1+B2+B3)			
<b>C) CLAIMS INCURRED</b>			
C1) Gross amount			
C2) Recoveries from reinsurers			
C3) Net amount (C1-C2)			
<b>D) UNDERWRITING RESULT</b>			
Profit / (Loss) (A5-B4-C3)			

Notes:

- (a) Currencies used should be specified.
- (b) The assumptions made in the projections and the rationales behind use of those assumptions should be given.
- (c) The accounting policies and bases adopted in the projections should be given.
- (d) Insurance business can be grouped under two categories "Property" and "Liability" in the projections.

PROFORMA PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING ON

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(Projected on a worldwide operation basis)

<p>Turnover</p> <p>Profit / (Loss) transferred from revenue account</p> <p>Investment income</p> <p>Other income</p> <p>Exchange gain or loss</p> <p>General and management expenses</p> <p>Profit/(Loss) before taxation</p> <p>Taxation</p> <p>Profit/(Loss) for the year</p> <p>Retained Profit/(Loss) at beginning of year</p> <p>Retained Profit/(Loss) at end of year</p>	
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Notes:

- (a) Currencies used should be specified.
- (b) The assumptions made in the projections and the rationales behind use of those assumptions should be given.
- (c) The accounting policies and bases adopted in the projections should be given.

PROFORMA BALANCE SHEET AS AT \_\_\_\_\_

(Based on the projected result of the company's worldwide operation)

<p style="text-align: center;"><b>ASSETS</b></p> <p>Land and buildings</p> <p>Intangible assets</p> <p>Investments              Listed bonds              Listed shares              Unit trust &amp; mutual funds              Unlisted shares &amp; securities              Investment in group companies</p> <p>Current assets              Cash and bank balances              Insurance debts              Other debtors and prepayments</p> <p>Other assets (please specify if material)</p> <p><b>TOTAL ASSETS</b></p>	<p><u>Notes</u></p> <p>(a) Currencies used should be specified.</p> <p>(b) The assumptions made in the projections and the rationales behind use of those assumptions should be given.</p> <p>(c) The accounting policies and bases adopted in the projections should be given.</p>
<p style="text-align: center;"><b>LIABILITIES</b></p> <p>Current liabilities              Unearned premiums reserves              Outstanding claims reserves              Other insurance funds              Amounts due to reinsurers              Other creditors and accrued expenses</p> <p>Long term loans</p> <p>Other liabilities</p> <p><b>TOTAL LIABILITIES</b></p> <p style="text-align: center;"><b>SHAREHOLDERS EQUITY</b></p> <p>Share capital              Share premium (if applicable)              General reserve              Revaluation reserve              Retained profits              Other reserves</p> <p><b>TOTAL SHAREHOLDERS EQUITY</b></p> <p><b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b></p>	



**Appendix****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 general 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)?		

## Appendix A

## Documents submitted to the Insurance Authority

	“√” if submitted
<b>Part I – The Company</b>	
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).	
<b>Part II – Existing Authorization</b>	
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.	
<b>Part III – Business Plan</b>	
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 a best estimate basis and the other on a pessimistic estimate basis (assumptions and methodologies used in the projections should be clearly stated).	
<b>Part IV – Other Information, Accounts, Agreements, Reinsurance Treaties, Certificate and Reports</b>	
10. Market feasibility study report.	
11. Up-to-date rating and ranking report, if any.	

	“√” if submitted
<b>Part IV – Other Information, Accounts, Agreements, Reinsurance Treaties, Certificate and Reports</b>	
12. Audited financial statements for the last three financial years (if in operation overseas).	
13. Statutory valuation rule(s)/regulation(s) in the country of incorporation (for non-Hong Kong company which is subject to the statutory valuation rule(s)/regulations in respect of its assets in its country of incorporation).	
14. 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).	
15. Reinsurance treaties or cover notes, if applicable.	
16. Agreement for management of business in Hong Kong, if applicable.	
17. Investigation report by supervisory authority or governmental agency, if any.	
18. Latest accounts of all corporate controllers (within the meaning of section 9 of the Ordinance) of the Company.	
19. Corporate chart of the group of which the Company is a member, with respective percentages of shareholding.	
20. Policies, guidelines or manuals on internal control, underwriting, claims handling and reserving, reinsurance, investment and AML/CFT in Hong Kong.	