

Interpretation Notes
Clarifications on Various Guidelines in view of
the Enactment of the Companies (Amendment) (No. 2) Ordinance 2025

Introduction

1. The Companies (Amendment) (No. 2) Ordinance 2025¹ (the “Amendment Ordinance”) entailed consequential amendments to, among others, the Insurance Ordinance (Cap. 41) (“IO”) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)². The Amendment Ordinance added a category of “re-domiciled insurer” under the new section 3BA of the IO to cater for an authorized insurer incorporated outside Hong Kong upon completing a process of re-domiciliation³ so that it will be subject to the same set of regulatory requirements applicable to an insurer incorporated in Hong Kong.⁴

2. These Interpretation Notes provide guidance on consequential changes made to relevant Guidelines promulgated by the Insurance Authority arising from the Amendment Ordinance and seek to –

¹ The Amendment Ordinance is available at <https://www.gld.gov.hk/egazette/english/gazette/file.php?year=2025&vol=29&no=21&extra=0&type=1&number=14>

² Please make reference to the revised Guideline on Anti-Money Laundering and Counter-Terrorist Financing (GL3) to be promulgated by the Insurance Authority vide a separate circular.

³ Involving a change in the place of domicile but not the place of incorporation.

⁴ Under the amended section 2(1) of the IO, an “HK insurer” means an authorized insurer incorporated in Hong Kong or a “re-domiciled insurer”.

- (a) replace the distinction between “insurer incorporated in Hong Kong” and “insurer incorporated outside Hong Kong/overseas insurer” with that between “HK insurer” and “non-HK insurer”, save for exceptional cases (e.g. Lloyd’s), so that all regulatory requirements applicable to an “HK insurer” are equally applicable to a “re-domiciled insurer” (items 2, 4 to 15 and 17 to 19);
- (b) clarify that the current provisions in all guidelines applicable to “HK insurers” will be applicable to “designated insurers” (items 6, 8, 9, 11 to 15 and 17 to 19); and
- (c) update the Guideline on Group Supervision (GL32) in keeping with the Amendment Ordinance, including consequential amendments to the Insurance (Group Capital) Rules (Cap. 41O) (items 20 to 28 and 31) and make technical refinements for better clarity (item 7).

Interpretation Notes

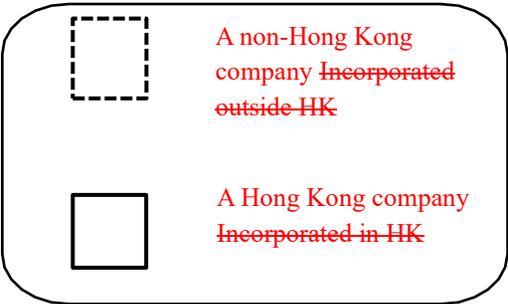
Item	Guideline (“GL”)	Paragraph	Relevant Extracts (with amendments set out in track mode)	Remarks
1.	<u>GL5: Guideline on Application for Authorization to Carry on Insurance Business in or from Hong Kong</u>	2.1	Section 8 of the Ordinance provides that upon application made by a company under section 7, the IA may, subject to any conditions as the IA may impose, authorize the company to carry on certain class(es) of insurance business in or from Hong Kong, or may refuse the application on certain grounds. Only a company incorporated in Hong Kong, a re-domiciled company or a company registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Cap. 622) is eligible to apply for authorization.	Add a new category of “re-domiciled company” which may apply for authorization.
2.	<u>GL5</u>	3.9(a)	To maintain a branch office as its place of business in Hong Kong with a locally-based chief executive and to keep and maintain at this office proper	See para 2(a) above.

			books of account and other records in respect of its Hong Kong operation. <i>(For non-HK insurers incorporated outside Hong Kong)</i>	
3.	GL5	4.9	For an applicant wishing to carry on any class(es) of long term business in or from Hong Kong, the business plan should also demonstrate how it will comply with the requirements of separation of assets and liabilities attributable to its long term business under section 22 of the Ordinance, and ensure that not less than one-sixth of the required solvency margin is held in the separate fund and in the total long term business funds. Where an applicant is incorporated or formed outside Hong Kong (other than a re-domiciled company), it may apply to the IA under section 22A of the Ordinance for any relaxation from that requirement.	Nil
4.	GL9: Guideline on Actuarial Review of Insurance Liabilities in respect of General Business (effective from 1 Jul 2024)	2.3(e)	“regulatory scope”, in relation to an in-scope insurer, means the scope of its business to which the Valuation Rules apply and, to avoid any doubt, in the case of an HK a Hong Kong incorporated insurer or a designated insurer includes the business carried on by its overseas branches.	See para 2(a) above.
5.	GL9	6.2	The chief executive of an in-scope insurer (including a designated insurer) should ensure that the actuarial report and certificate are submitted to the Board of the in-scope insurer for information and any necessary follow up on the recommendations or areas of uncertainty highlighted in the report as part of the in-scope insurer’s enterprise risk management framework. In case of a non Hong Kong incorporated an in-scope insurer which is incorporated outside Hong Kong (other than a re-domiciled insurer or a designated insurer), the local chief executive (or the authorized representative in the case of Lloyd’s) should submit the actuarial report	See para 2(a) above. In order to cover Lloyd’s, we have adopted a tailored wording here.

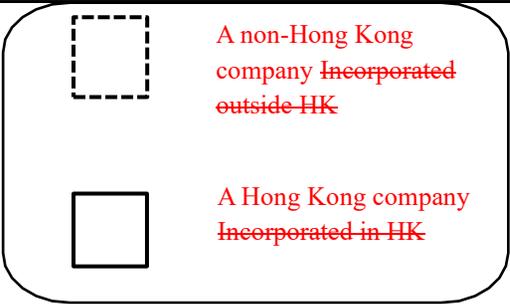
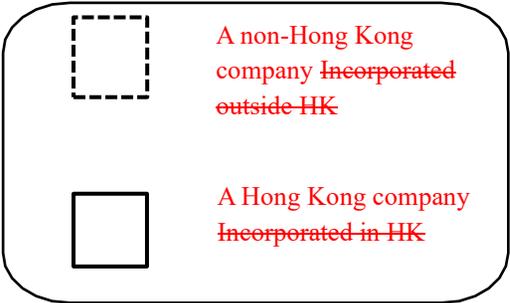
			and certificate to its regional headquarters or head office to which it reports in accordance with its corporate structure for information and necessary follow-up actions as stated. ...	
6.	<u>GL10: Guideline on the Corporate Governance of Authorized Insurers</u>	3.1	In general, HK authorized insurers incorporated in Hong Kong and designated insurers are required to comply with this Guideline except: ...	See paras 2(a) and 2(b) above.
7.	<u>GL10</u>	3.2	For an authorized insurer incorporated outside Hong Kong (“overseas insurer”), where 50% or more of the annual gross premium income pertains to its Hong Kong insurance business (“applicable overseas insurer”), it is required to observe this Guideline, unless written consent for exemption has been obtained from the IA. Irrespective of the proportion of its Hong Kong insurance business, the IA expects an overseas insurer authorized in Hong Kong The IA expects a non-HK insurer to strictly observe the applicable guidelines on corporate governance promulgated by its home regulatory authority. Where such guideline is of comparable standard to this Guideline, an applicable overseas a designated insurer may apply in writing to the IA for exemption therefrom and furnish the IA with the particulars of the relevant guideline for consideration.	See paras 2(a) and 2(c) above. The applicability on designated insurers has been stipulated in para 3.1 of GL10.
8.	<u>GL13: Guideline on Asset Management by Authorized Insurers</u>	1.3	The Guideline shall apply to an authorized insurer, including an HK insurer, a designated insurer, and the Hong Kong branch of a non-HK insurer (other than a designated insurer), incorporated in Hong Kong and the Hong Kong branch of an authorized insurer incorporated outside Hong Kong whose investment in financial assets (see paragraph 2.2 below) exceeds HK\$100 million. ...	See paras 2(a) and 2(b) above.

9.	GL14: Guideline on Outsourcing	2.1	Subject to paragraph 2.2 below, this Guideline should apply to all outsourcing arrangements of an HK insurer, a designated insurer and an authorized insurer which is incorporated or based in Hong Kong. For a non-HK insurer (other than a designated insurer or a non-HK insurer an authorized insurer which is neither incorporated nor based in Hong Kong), it should apply to outsourcing arrangements relating to that insurer's operation in Hong Kong.	See paras 2(a) and 2(b) above.
10.	GL14	3.1(a)	"based in Hong Kong", in relation to an authorized insurer, means a non-HK insurer that the insurer is incorporated outside Hong Kong with 75% or more of its annual gross premium income for general business pertaining to Hong Kong insurance business; or 75% or more of its annual gross revenue premium income for long term business pertaining to Hong Kong long term insurance business.	See para 2(a) above.
11.	GL14	5.3	For a non-HK an authorized insurer (other than a designated insurer) incorporated outside Hong Kong , the approval required in paragraph 5.1 above may be delegated to a management committee responsible for the oversight and supervision of the insurer's operation in Hong Kong.	See paras 2(a) and 2(b) above.
12.	GL17: Guideline on Reinsurance	3.1	This Guideline applies to the reinsurance arranged by: (a) an HK authorized insurer incorporated in Hong Kong ; (b) a designated insurer; or (c) (b) a non-HK-an authorized insurer incorporated outside Hong Kong (other than a designated insurer) pertaining to its Hong Kong insurance business or Hong Kong long term insurance business ¹ .	See paras 2(a) and 2(b) above.
13.	GL17	4.2	An authorized insurer should formulate a written reinsurance management strategy that is appropriate to the company's overall risk profile and financial condition. For an HK authorized insurer and a designated insurer incorporated in Hong Kong , the reinsurance management strategy should be approved by its Board or the reinsurance committee designated by the Board. For a non-HK an authorized insurer (other than a designated	See paras 2(a) and 2(b) above.

			insurer) incorporated outside Hong Kong , the reinsurance management strategy should be approved by the governing body. In case that a non-HK Hong Kong incorporated insurer (other than a designated insurer) chooses to have its strategy approved by any senior officer delegated by the Board, the strategy should still be reviewed at least annually by the Board or the designated reinsurance committee. ...	
14.	GL21: Guideline on Enterprise Risk Management	4.4	As provided in the Guideline on the Corporate Governance of Authorized Insurers (“GL10”), all HK authorized insurers and designated incorporated in Hong Kong as well as applicable overseas insurers (except for small authorized insurers) are required to establish a Risk Committee. ⁷ ...	See paras 2(a) and 2(b) above.
15.	GL21	Footnote 6	For branches of non-HK overseas incorporated insurers (other than designated insurers) without a local Board in Hong Kong, the overseas Board may delegate the responsibility to the local functions i.e. the local Risk Committee and senior management as appropriate, but should retain ultimate responsibility.	See paras 2(a) and 2(b) above.
16.	GL21	Footnote 7	Please refer to paragraphs 2.1(h) and 3.2 of GL10 for the definition of “small authorized insurers” and “applicable overseas insurers” respectively.	See item 7 above.
17.	GL21	9.1.1	Notwithstanding the mode of operation of the authorized insurer in Hong Kong, i.e. either as an HK insurer, as a designated insurer a Hong Kong incorporated company or as a Hong Kong branch of a non-HK insurer (other than a designated insurer) an overseas incorporated company , the ORSA Report submitted to the IA should cover the entire company with separate specifics to cover the Hong Kong operations. ³³	See paras 2(a) and 2(b) above.
18.	GL21	9.1.2	In relation to paragraph 9.1.1, a Hong Kong branch of a non-HK insurer (other than a designated insurer) an overseas incorporated company may submit either (i) a combined ORSA Report for the entire company with separate specifics of Hong Kong operations; or (ii) separate sets of ORSA Reports – one for the entire company and one for the Hong Kong branch. In both cases, only the part of the ORSA Report in relation to the Hong	See paras 2(a) and 2(b) above.

			Kong branch is required to meet the minimum requirements of the ORSA under this Guideline.	
19.	GL21	11.2 (c)	as a Hong Kong branch of a non-HK insurer (other than a designated insurer) company that is required to submit its ORSA report to the home supervisor, submit its ORSA Report to the IA within two weeks after such submission is made.	See paras 2(a) and 2(b) above.
20.	GL32: Guideline on Group Supervision	Module A A.S/1.2	Further, only an insurance holding company which is a Hong Kong company incorporated in Hong Kong may be designated by the IA (per the definition of “insurance holding company” in section 95A(1) of the Ordinance).	See para 2(c) above.
21.	GL32	Module A A.S/1.6	Pursuant to section 95A(1) of the Ordinance, an insurance holding company means a Hong Kong company incorporated in Hong Kong — ...	See para 2(c) above.
22.	GL32	Module A A.A-A Annex A A.A-A/1	<p>Example 1 - An insurance group with an ultimate holding company incorporated in which is a Hong Kong company</p> <p>(a) The ultimate holding company (i.e. A Limited) of the insurance group is a Hong Kong company incorporated in Hong Kong which has control over all insurance entities (including an authorized insurer, X Limited) in the insurance group. ...</p> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 10px;">  <p style="margin-left: 20px;">  A non-Hong Kong company Incorporated outside HK  A Hong Kong company Incorporated in HK </p> </div>	See para 2(c) above.

23.	GL32	Module A A.A-A Annex A A.A-A/2	<p>Example 2 - An insurance group with an ultimate holding company incorporated outside which is a non-Hong Kong company</p> <p>(a) The ultimate holding company (i.e. A Limited) is a company incorporated outside non-Hong Kong company. This non-Hong Kong incorporated company cannot be designated. Instead, the intermediate holding company (i.e. B Limited) is incorporated in a Hong Kong company, so the IA can designate this company. B Limited has control over all insurance entities (including an authorized insurer, X Limited) in the insurance group. In this situation, the IA would designate B Limited. ...</p> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin: 10px 0;"> <div style="display: flex; align-items: center; margin-bottom: 10px;"> <div style="border: 1px dashed black; width: 30px; height: 30px; margin-right: 10px;"></div> <p style="color: red; font-size: small;">A non-Hong Kong company incorporated outside HK</p> </div> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; width: 30px; height: 30px; margin-right: 10px;"></div> <p style="color: red; font-size: small;">A Hong Kong company incorporated in HK</p> </div> </div>	See para 2(c) above.
24.	GL32	Module A A.A-A Annex A A.A-A/3	<p>Example 3 – An insurance group with two intermediate holding companies, one incorporated in is a Hong Kong company and the other incorporated outside is a non-Hong Kong company</p> <p>(a) Only B Limited can be designated under section 95C of the Ordinance because both A Limited and C Limited are incorporated outside non-Hong Kong companies. ...</p>	See para 2(c) above.

			 <p>A non-Hong Kong company Incorporated outside HK</p> <p>A Hong Kong company Incorporated in HK</p>	
25.	GL32	Module A A.A-A Annex A A.A-A/4	<p>Example 4 – An insurance group within a bank-led financial conglomerate</p> <p>(a) ... Although in theory the IA can designate the ultimate holding company, being A Limited (which is also an insurance holding company incorporated in that is a Hong Kong company), doing so may unintentionally capture the banking sub-group and the non-regulated subsidiaries outside the insurance subgroup. ...</p>  <p>A non-Hong Kong company Incorporated outside HK</p> <p>A Hong Kong company Incorporated in HK</p>	See para 2(c) above.
26.	GL32	Module A A.A-B Annex B A.A-B/1 (b)	<p>(b) Particulars of each group entity (e.g. place of incorporation, place of domicile, principal business (whether it is an insurer), geographic presence, percentage of shareholding by the group, identity and contact points of regulatory authority if the entity is a regulated entity).</p>	See para 2(c) above.

27.	GL32	Module C C.S/1.19	<p>Rule 8(5) of the Group Capital Rules sets out the requirements to eliminate double-counting where a supervised group member is a regulated entity in more than one jurisdiction including the jurisdiction where it is incorporated or formed, or (where it is a re-domiciled company) including Hong Kong and the jurisdiction in which it is incorporated or formed. This may be the case, for example, where a supervised group member is authorized to carry on insurance business in the jurisdiction in which it is incorporated or formed (and thereby subject to regulatory capital requirements in that jurisdiction, being its home jurisdiction) and also has a place of business (i.e. a branch) in another jurisdiction (a host jurisdiction) through which it is authorized to carry on insurance business in that host jurisdiction (and is thereby also subject to regulatory capital requirements in the host jurisdiction). In this situation, for the purpose of Rule 4(1), Rule 5(1) and Rule 6(2) of the Group Capital Rules,</p> <p>...</p> <p>(b) only the minimum capital requirement and prescribed capital requirement applicable to the supervised group member in the jurisdiction where it is incorporated or formed must be included in the GMCR and GPCR of its supervised group following jurisdiction must be included in the GMCR and GPCR of its supervised group—</p> <p>(i) subject to subparagraph (ii), the jurisdiction in which the supervised group member is incorporated or formed (if the supervised group member is a regulated entity in that jurisdiction); or</p> <p>(ii) where the supervised group member is a re-domiciled company — Hong Kong (if the supervised group member is a regulated entity in Hong Kong); and</p> <p>(c) only the capital resources of the supervised group member which are eligible to be counted towards satisfying the minimum capital requirement or prescribed capital requirement, as the case may be,</p>	See para 2(c) above.
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			<p>applicable to the supervised group member in the jurisdiction where it is incorporated or formed must be included in the eligible group capital resources of its supervised group. following jurisdiction must be included in the eligible group capital resources of its supervised group—</p> <ul style="list-style-type: none"> (i) subject to subparagraph (ii), the jurisdiction in which the supervised group member is incorporated or formed (if the supervised group member is a regulated entity in that jurisdiction); or (ii) where the supervised group member is a re-domiciled company — Hong Kong (if the supervised group member is a regulated entity in Hong Kong). 	
28.	GL32	Module C C.S/1.20	Rule 8(6) of the Group Capital Rules sets out the requirements to eliminate double-counting where a supervised group member is a regulated entity only in jurisdictions other than the jurisdiction in which it is incorporated or formed or (where it is a re-domiciled company) is a regulated entity only in jurisdictions other than Hong Kong and the jurisdiction in which it is incorporated or formed. ...	See para 2(c) above.
29.	GL32	Module C C.S/1.37 (d)	the supervised group member which carries on insurance business and to which the proceeds from the issuance of the financial instrument have been down-streamed is formed or incorporated in a jurisdiction that has a regulatory regime which enforces structural subordination through appropriate regulatory or supervisory controls over distributions from insurers to the satisfaction of the IA. If the supervised group member is a Hong Kong company, it should refer to the Hong Kong regulatory regime to assess the regulatory or supervisory controls over distribution from insurers; and	To underscore that “re-domiciled company” is a subset of “Hong Kong company”.

30.	GL32	Appendix AX/1 AX/1.3 (item 1)	<p><i>Revise item 1 under AX/1.3 in AX/1 - Appendix of GL32</i></p> <table border="1"> <thead> <tr> <th data-bbox="716 250 810 289">No.</th> <th data-bbox="810 250 1094 289">Reporting item</th> <th data-bbox="1094 250 1289 289">References</th> <th data-bbox="1289 250 1656 289">Reporting frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 289 810 730">1</td> <td data-bbox="810 289 1094 730"> (a) The specified financial statements of a financial reporting member for its supervised group (b) The member's s.95ZF appointed auditor's report on those statements </td> <td data-bbox="1094 289 1289 730">s.95ZH(1) of the Ordinance</td> <td data-bbox="1289 289 1656 730"> Annually (for Hong Kong ("HK") company) As required under the laws of its place of incorporation (for non-Hong Kong company) </td> </tr> </tbody> </table>	No.	Reporting item	References	Reporting frequency	1	(a) The specified financial statements of a financial reporting member for its supervised group (b) The member's s.95ZF appointed auditor's report on those statements	s.95ZH(1) of the Ordinance	Annually (for Hong Kong (" HK ") company) As required under the laws of its place of incorporation (for non-Hong Kong company)	Nil
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31.	Interpretation Notes for Module C of the Guideline on Group Supervision ("GL32")	Introduction	<p>...Examples 1 to 6 describe the treatment of double-counting in the determination of Group Minimum Capital Requirement, Group Prescribed Capital Requirement, Eligible Group Capital Resources and allocation to Tier 1 Group Capital and Tier 2 Group Capital.</p> <p>The illustrative examples assume the supervised group has no re-domiciled companies. If there are any re-domiciled companies being regulated in more than one jurisdiction within the supervised group, the minimum capital requirements, prescribed capital requirements and capital resources applicable to those re-domiciled companies for calculating the group regulatory capital requirements should follow the laws of Hong Kong.</p>	See para 2(c) above.								

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