

## 5 STRUCTURE OF HONG KONG INSURANCE INDUSTRY

### 5.1 TYPES OF INSURANCE BUSINESS

Insurance is classified in different cross-cutting ways for different purposes. Without trying to give an exhaustive review, we may consider the topic under three headings:

- (a) *Statutory*: for the purposes of Government authorisation and supervision.
- (b) *Practical*: for the purposes of internal company organisation.
- (c) *Academic*: for the purposes of professional study and training.

#### 5.1.1 Statutory Classification of Insurance

This is found in the First Schedule of the Insurance Companies Ordinance ('ICO'), which specifies the various classes of business, using essentially the format used in the U.K. and the European Community. The Ordinance divides insurance into *Long Term Business* and *General Business*, with a number of subdivisions, as follows:

- (a) **Long Term Business** (predominantly Life Insurance): this is divided into nine categories, with a designated letter per class, i.e.

A	<i>Life and annuity</i>	-	life insurance and annuity (see Glossary), excluding class C below
B	<i>Marriage and birth</i>	-	insurance contracts providing benefits payable on marriage or on the birth of a child
C	<i>Linked long term</i>	-	unit-linked life insurance and unit-linked annuity (see Glossary for 'Unit-linked Business')
D	<i>Permanent health</i>	-	essentially long term policies providing benefits for incapacity from accident or for ill-health (the policy is not normally cancellable by the insurer)
E	<i>Tontines</i>	-	A tontine is an unusual contract on a group of persons, the accumulated contributions payable to the last survivor(s) at the end of a defined period.