

**IFRS 17 – Contract boundary study on policy cancellation clause**

**[For Discussion Purpose Only]**

**Appendix A**

Policy Class	Product Name	Cancellation Clause Wording (Page / Section)																
MOT	Motor	<p>(e) (i) The Insurers may cancel this Policy by giving seven days' notice by registered letter to the Insured at his last known address and in such event shall return to the Insured the premium paid less the pro rata portion thereof for the period the Policy has been in force or the Policy may be cancelled at any time by the Insured on seven days' notice and (provided no claim has arisen during the current Period of Insurance and the current Certificate of Insurance has been returned to the Insurers on or before the date of cancellation) the Insured shall be entitled to a return of premium less the premium calculated at the Insurers' short period rates for the period the Policy has been in force.</p> <p>(ii) Short Period Rates The following scale of rates apply to policy issued or renewed for less than one year and shall also be used in calculating return premium on policy cancelled at the request of the Insured and not replaced within a period of one year from date of cancellation, subject to the minimum premium (HKD500) charged by Insurers:</p> <p>Period</p> <table border="0"> <tr> <td>(not exceeding) 1 month.....</td> <td>20% of annual rate</td> </tr> <tr> <td>2 months.....</td> <td>30% of annual rate</td> </tr> <tr> <td>3 months.....</td> <td>40% of annual rate</td> </tr> <tr> <td>4 months.....</td> <td>50% of annual rate</td> </tr> <tr> <td>5 months.....</td> <td>60% of annual rate</td> </tr> <tr> <td>6 months.....</td> <td>70% of annual rate</td> </tr> <tr> <td>7 or 8 months.....</td> <td>80% of annual rate</td> </tr> <tr> <td>(exceeding) 8 months.....</td> <td>Full annual premium</td> </tr> </table> <p>Policy issued for a short period may not be extended upon payment of the difference between the premium for the Short Period and that for the extended period.</p> <p>The cancellation of policy must be in accordance with sub-paragraph 18(e)(i) of this Policy.</p> <p>(P. 5 / 18 - General Conditions)</p>	(not exceeding) 1 month.....	20% of annual rate	2 months.....	30% of annual rate	3 months.....	40% of annual rate	4 months.....	50% of annual rate	5 months.....	60% of annual rate	6 months.....	70% of annual rate	7 or 8 months.....	80% of annual rate	(exceeding) 8 months.....	Full annual premium
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ATR	Annual Trip Travel	<p>We may cancel this Policy at any time by written notice delivered to the Insured Person or mailed to his/her last known address as shown by Our records stating when such cancellation shall be or shall have been deemed effective. In the event of such cancellation, We will return promptly the pro-rate unearned portion of any premium actually paid by the Insured person. Such cancellation shall be without prejudice to any claim originating prior thereto. We will not allow any refund of premium once this Policy becomes effective.</p>																

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		(P. 13 / VII – General Conditions – #8)																		
HOM	Home Protection	<p>This Policy may be cancelled at any time at the request of You in writing to Us and the premium will be adjusted on the basis of Us receiving or retaining the customary short-term premium or minimum premium. <b>The policy may also be cancelled by Us giving seven days' notice in writing to You at Your last known address and the premium will be adjusted on the basis of Us receiving or retaining pro rate premium.</b></p> <p><i>SHORT-PERIOD RATE TABLE</i></p> <table data-bbox="824 603 2056 911"> <thead> <tr> <th data-bbox="824 603 1167 632"><u>Policy period not exceeding</u></th> <th data-bbox="1294 603 1576 632"><u>Premium to be charged</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="824 632 1167 660">3 months</td> <td data-bbox="1294 632 2056 692">30% of annual premium or minimum HK\$250 for the whole Policy</td> </tr> <tr> <td data-bbox="824 692 1167 721">4 months</td> <td data-bbox="1294 692 1576 721">40% of annual premium</td> </tr> <tr> <td data-bbox="824 721 1167 750">5 months</td> <td data-bbox="1294 721 1576 750">50% of annual premium</td> </tr> <tr> <td data-bbox="824 750 1167 778">6 months</td> <td data-bbox="1294 750 1576 778">60% of annual premium</td> </tr> <tr> <td data-bbox="824 778 1167 807">7 months</td> <td data-bbox="1294 778 1576 807">70% of annual premium</td> </tr> <tr> <td data-bbox="824 807 1167 836">8 months</td> <td data-bbox="1294 807 1576 836">80% of annual premium</td> </tr> <tr> <td data-bbox="824 836 1167 865">9 months</td> <td data-bbox="1294 836 1576 865">90% of annual premium</td> </tr> <tr> <td data-bbox="824 865 1167 893">Exceeding 9 months</td> <td data-bbox="1294 865 1576 893">Full annual premium</td> </tr> </tbody> </table> <p>(P. 11 / IV – General Conditions – #8)</p>	<u>Policy period not exceeding</u>	<u>Premium to be charged</u>	3 months	30% of annual premium or minimum HK\$250 for the whole Policy	4 months	40% of annual premium	5 months	50% of annual premium	6 months	60% of annual premium	7 months	70% of annual premium	8 months	80% of annual premium	9 months	90% of annual premium	Exceeding 9 months	Full annual premium
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ECI	Employees' Compensation	<p>This Policy may be terminated at any time at the request of the Insured in which case the Company will retain the customary short period rate (as per table below) for the time the Policy has been in force. <b>This Policy may also at any time be terminated at the option of the Company on 7 days' notice to the Insured in which case the Company shall be liable to repay on demand a ratable proportion of the premium for the unexpired term from the date of the cancellation.</b></p> <table data-bbox="824 1193 2056 1369"> <thead> <tr> <th data-bbox="824 1193 1155 1222"><u>Policy period not exceeding</u></th> <th data-bbox="1196 1193 1478 1222"><u>Premium to be charged</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="824 1222 1155 1251">3 months</td> <td data-bbox="1196 1222 2056 1251">30% of annual premium or minimum HK\$450 for the whole policy</td> </tr> <tr> <td data-bbox="824 1251 1155 1279">4 months</td> <td data-bbox="1196 1251 1478 1279">40% of annual premium</td> </tr> <tr> <td data-bbox="824 1279 1155 1308">5 months</td> <td data-bbox="1196 1279 1478 1308">50% of annual premium</td> </tr> <tr> <td data-bbox="824 1308 1155 1337">6 months</td> <td data-bbox="1196 1308 1478 1337">60% of annual premium</td> </tr> <tr> <td data-bbox="824 1337 1155 1366">7 months</td> <td data-bbox="1196 1337 1478 1366">70% of annual premium</td> </tr> </tbody> </table>	<u>Policy period not exceeding</u>	<u>Premium to be charged</u>	3 months	30% of annual premium or minimum HK\$450 for the whole policy	4 months	40% of annual premium	5 months	50% of annual premium	6 months	60% of annual premium	7 months	70% of annual premium						
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FFF	Fire	<p>This Policy may be cancelled at any time at the request of the Insured in which case the Company will retain the customary short period rate (as per table below) for the time the Policy has been in force. <b>This Policy may also at any time be cancelled at the option of the Company on 7 days' notice to the Insured in which case the Company shall be liable to repay on demand a ratable proportion of the premium for the unexpired term from the date of the cancellation.</b></p> <table> <thead> <tr> <th><i>Policy period not exceeding</i></th> <th><i>Premium to be charged</i></th> </tr> </thead> <tbody> <tr> <td>3 months</td> <td>30% of annual premium or minimum HK\$450 for the whole policy</td> </tr> <tr> <td>4 months</td> <td>40% of annual premium</td> </tr> <tr> <td>5 months</td> <td>50% of annual premium</td> </tr> <tr> <td>6 months</td> <td>60% of annual premium</td> </tr> <tr> <td>7 months</td> <td>70% of annual premium</td> </tr> <tr> <td>8 months</td> <td>80% of annual premium</td> </tr> <tr> <td>9 months</td> <td>90% of annual premium</td> </tr> <tr> <td>Exceeding 9 months</td> <td>Full annual premium</td> </tr> </tbody> </table> <p>(P. 3 / III – General Conditions – #5)</p>	<i>Policy period not exceeding</i>	<i>Premium to be charged</i>	3 months	30% of annual premium or minimum HK\$450 for the whole policy	4 months	40% of annual premium	5 months	50% of annual premium	6 months	60% of annual premium	7 months	70% of annual premium	8 months	80% of annual premium	9 months	90% of annual premium	Exceeding 9 months	Full annual premium
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GPA	Group Personal Accident	<p>Cancellation Rights and Refund of Premium</p> <p>a) <b>The Company has the right to cancel this policy or any section or part of it by giving thirty (30) days' advance notice in writing by registered post to the Insured's last known address.</b> Under no circumstances the Company shall be obligated to reveal the Company's reasons for cancellation. Whenever this policy is cancelled, pro-rata premium for the period starting at the time of cancellation to the last date of the Period of Insurance shall be refunded provided that no claim has been made during such period. The payment or acceptance of any premium subsequent to such termination shall not create any liability on the Company but the Company shall refund any such premium received by the Company.</p>																		

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		<p>b) The Insured has the right to cancel this Policy by giving thirty (30) days' advance notice in writing to the Company. In such an event, the Company shall refund the unearned premium actually paid by the Insured provided that no claim has been made during the Period of Insurance starting from the Policy effective date to the date of cancellation, whereas the earned premium shall be calculated in accordance with the following table but in no event shall the earned premium be less than the Company's customary minimum premiums. If this Policy is issued in a payment mode other than annual payment mode, the Company has the right to charge the Insured the remaining balance of the annualized premium for the current Period of Insurance in accordance with the following table.</p> <p>In both cases above, if there is a claim or service used during the Period of Insurance, there will be no refund of premium for the unexpired period and the Insured is liable to settle the annual premium of the Period of Insurance.</p> <table border="0" data-bbox="824 722 1989 1002"> <thead> <tr> <th><u>Policy period not exceeding</u></th> <th><u>Premium to be charged</u></th> </tr> </thead> <tbody> <tr> <td>3 months</td> <td>30% of annual premium or minimum HK\$1,500 for the whole Policy</td> </tr> <tr> <td>4 months</td> <td>40% of annual premium</td> </tr> <tr> <td>5 months</td> <td>50% of annual premium</td> </tr> <tr> <td>6 months</td> <td>60% of annual premium</td> </tr> <tr> <td>7 months</td> <td>70% of annual premium</td> </tr> <tr> <td>8 months</td> <td>80% of annual premium</td> </tr> <tr> <td>9 months</td> <td>90% of annual premium</td> </tr> <tr> <td>Exceeding 9 months</td> <td>Full annual premium</td> </tr> </tbody> </table> <p>(P. 9 / IV – General Conditions – #20)</p>	<u>Policy period not exceeding</u>	<u>Premium to be charged</u>	3 months	30% of annual premium or minimum HK\$1,500 for the whole Policy	4 months	40% of annual premium	5 months	50% of annual premium	6 months	60% of annual premium	7 months	70% of annual premium	8 months	80% of annual premium	9 months	90% of annual premium	Exceeding 9 months	Full annual premium
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LGL	Public Liability	<p>This Policy may be cancelled at any time at the request of the Insured in which case the Company will retain the customary short period rate (as per table below) for the time the Policy has been in force. <b>This Policy may also at any time be cancelled at the option of the Company on 7 days' notice to the Insured in which case the Company shall be liable to repay on demand a ratable proportion of the premium for the unexpired term from the date of the cancellation.</b></p> <table border="0" data-bbox="824 1281 1989 1366"> <thead> <tr> <th><u>Policy period not exceeding</u></th> <th><u>Premium to be charged</u></th> </tr> </thead> <tbody> <tr> <td>3 months</td> <td>30% of annual premium or minimum HK\$450 for the whole policy</td> </tr> <tr> <td>4 months</td> <td>40% of annual premium</td> </tr> </tbody> </table>	<u>Policy period not exceeding</u>	<u>Premium to be charged</u>	3 months	30% of annual premium or minimum HK\$450 for the whole policy	4 months	40% of annual premium												
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SMS / SMO	SME Business (Shop / Office)	<p>This Policy may be terminated at any time at the request of the Insured in which case the Company will retain the customary short period rate (as per table below) for the time the Policy has been in force. This Policy may also at any time be terminated at the option of the Company on 30 days' notice to the Insured in which case the Company shall be liable to repay on demand a ratable proportion of the premium for the unexpired term from the date of the cancellation.</p> <table border="0"> <thead> <tr> <th><i>Policy period not exceeding</i></th> <th><i>Premium to be charged</i></th> </tr> </thead> <tbody> <tr> <td>3 months</td> <td>30% of annual premium or minimum HK\$450 for the whole policy</td> </tr> <tr> <td>4 months</td> <td>40% of annual premium</td> </tr> <tr> <td>5 months</td> <td>50% of annual premium</td> </tr> <tr> <td>6 months</td> <td>60% of annual premium</td> </tr> <tr> <td>7 months</td> <td>70% of annual premium</td> </tr> <tr> <td>8 months</td> <td>80% of annual premium</td> </tr> <tr> <td>9 months</td> <td>90% of annual premium</td> </tr> <tr> <td>Exceeding 9 months</td> <td>Full annual premium</td> </tr> </tbody> </table> <p>(P. 20 / IV – General Conditions – #4)</p>	<i>Policy period not exceeding</i>	<i>Premium to be charged</i>	3 months	30% of annual premium or minimum HK\$450 for the whole policy	4 months	40% of annual premium	5 months	50% of annual premium	6 months	60% of annual premium	7 months	70% of annual premium	8 months	80% of annual premium	9 months	90% of annual premium	Exceeding 9 months	Full annual premium
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IMI	Hospitalization Medical	<p>Cancellation Rights and Refund of Premium</p> <p>a) We have the right to cancel this policy or any section or part of it by giving thirty (30) days' advance notice in writing by registered post to your last known address. Under no circumstances we will be obligated to reveal our reasons for cancellation. Whenever this policy is cancelled, pro-rata premium for the period starting at the time of cancellation to the last date of the Policy Year shall be refunded provided that no claim has been made during such period. The payment or acceptance of any premium subsequent to such termination shall not create any liability on us but we shall refund any such</p>																		

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		<p>premium received by Us.</p> <p>b) You have the right to cancel this Policy by giving thirty (30) days' advance notice in writing to Us. In such an event, We will refund the unearned premium actually paid by You provided that no claim has been made during the period starting from the Policy Effective Date to the date of cancellation ("Policy Period"), whereas the earned premium shall be calculated in accordance with the following table but in no event shall the earned premium be less than Our customary minimum premiums. If this Policy is issued in a payment mode other than annual payment mode, We have the right to charge You the remaining balance of the annualized premium for the current Policy Year in accordance with the following table.</p> <p>In both cases above, if there is a claim or service used during the Policy Period, there will be no refund of premium for the unexpired period and You are liable to settle the annual premium of the Policy Year.</p> <p><u>Policy Period and Earned Premium as a Percentage of Annual Premium</u></p> <p>2 months (our customary minimum premiums) 40%  3 months 50%  4 months 60%  5 months 70%  6 months 75%  Over 6 months 100%</p> <p>Notwithstanding the above, You have the right to cancel this Policy by giving notice in writing with signature and return the Policy to Us within fourteen (14) days from the delivery of this document if you are not satisfied with this Policy and You have not made any claim during this period. We will refund to You all the premiums You have paid without interest.</p> <p>(P. 11 / VI – General Conditions – #21)</p>
IMC	Cancer	<p><b>Cancellation Rights and Refund of Premium</b></p> <p>a) We have the right to cancel this Policy or any section or part of it by giving thirty (30) days' advance notice in writing by registered post to Your last known address. Under no circumstances We will be obligated to reveal Our reasons for cancellation. Whenever this Policy is cancelled, pro-rata premium for the period starting at the time of cancellation to the last date of the Policy Year shall be refunded</p>

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		<p>provided that no claim has been made during such period. The payment or acceptance of any premium subsequent to such termination shall not create any liability on Us but We shall refund any such premium received by Us.</p> <p>b) You have the right to cancel this Policy by giving thirty (30) days' advance notice in writing to Us before the Policy Anniversary Date.</p> <p>Notwithstanding the above, You have the right to cancel this Policy by giving notice in writing with signature and return the Policy to Us within fourteen (14) days from the delivery of this document if You are not satisfied with this Policy and You have not made any claim during this period. We will refund to You all the premiums You have paid without interest.</p> <p>(P. 5 / V – General Provisions – #16)</p>
SPL (D&O)	Directors and Officers	<p>(Termination clause instead of cancellation clause)</p> <p><b>This Policy shall be terminated at the earliest of the following:</b></p> <p>a) expiration of the period of 30 days after the receipt by the <b>Principal Organization</b> of a written notice of termination from the <b>Company</b>;</p> <p>b) expiration of the period of 30 days after the receipt by the <b>Company</b> of written notice of termination from the <b>Principal Organization</b>;</p> <p>c) upon expiration of the <b>Period of Insurance</b> as set forth in the <b>Schedule</b> of this <b>Policy</b>; or</p> <p>d) such other time as may be agreed upon in writing by the <b>Company</b> and the <b>Principal Organization</b>.</p> <p>The <b>Company</b> shall refund the unearned premium computed at customary short rates after deduction of the <b>Value of The Incurred Claims</b>, if any, if the <b>Policy</b> is terminated by the <b>Principal Organization</b>. Under any other circumstances the refund of the unearned premium shall be computed on a pro rata basis.</p> <p>(P. 10 / Section 32 – Termination)</p>
SPL (PI)	Professional Indemnity	<p>(Termination clause instead of cancellation clause)</p> <p><b>This Policy shall be terminated at the earliest of the following:</b></p>

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### Note :

- P.O. Box should not be accepted as correspondence address for the issuance of insurance policy
- If the policy is cancelled by the Company, the cancellation notice must be delivered to the insured by registered post