



ANNUAL REPORT

Supervision • Protection • Development

2015



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This Annual Report covers the events occurred from 1 January 2015 to 31 December 2015.

Currency and Exchange Rate

All dollars expressed in this Report are Hong Kong dollars. Since 17 October 1983, the Hong Kong dollar has been linked to the US dollar, through an arrangement in the note-issue mechanism, at a fixed rate of HK\$7.8 = US\$1

The background of the page is a blurred photograph of an open book. A pen with a gold-colored clip is resting on the right page, and a pair of glasses with a dark strap is lying across the bottom of the book. The lighting is soft and focused on the book's pages.

Mission Statement

Mission Statement

Our missions

are to protect the interests of policyholders and to promote the general stability of the insurance industry.

Our visions

are to enhance the status of Hong Kong as a major international insurance centre with a world class supervisory regime, to facilitate financial market developments, and to enhance the general public's understanding of insurance.

Our values

are underpinned by the highest standard of professionalism and the strongest commitment to meet the insuring public's expectation.



Key
Indicators

Key Indicators

	Unit	2012	2013	2014
ECONOMIC DATA				
GDP (at current market prices)	\$ million	2,037,059	2,138,010	2,258,225
Population (Mid-year)		7,154,600	7,187,500	7,241,700
Per capita GDP (at current market prices)	\$	284,720	297,462	311,836
INSURANCE MARKET STRUCTURE				
Number of Authorised Insurers				
Long Term		44	44	44
General		92	92	95
Composite		19	19	19
Total		155	155	158
Number of Authorised Insurance Brokers*		604	632	657
Number of Chief Executives and Technical Representatives of Authorised Insurance Brokers		8,798	9,198	9,736
Number of Appointed Insurance Agents		40,027	43,760	48,559
Number of Responsible Officers and Technical Representatives of Appointed Insurance Agents		27,830	27,452	27,468

* Number of authorised insurance brokers by virtue of their membership with the approved bodies of insurance brokers, i.e. The Hong Kong Confederation of Insurance Brokers and the Professional Insurance Brokers Association.

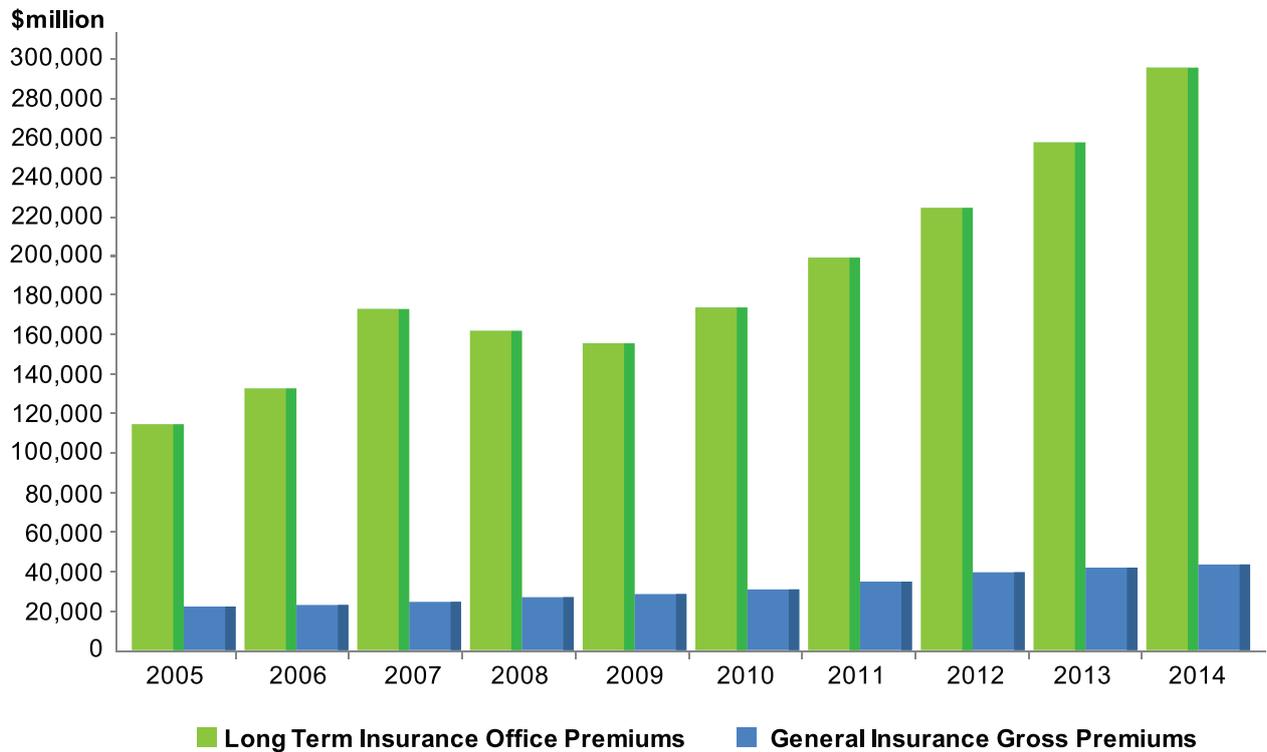
	Unit	2012	2013	2014
INSURANCE MARKET STATISTICS				
Premium Income				
Long Term Insurance Business (Office premiums)	\$ million	224,124	257,717	295,693
General Insurance Business (Gross premiums)	\$ million	39,205	41,798	43,642
Annual Growth Rate				
Long Term Insurance Business	%	12.7	15.0	14.7
General Insurance Business	%	12.5	6.6	4.4
Insurance Density				
Long Term Insurance Business	\$	31,326	35,856	40,832
General Insurance Business	\$	5,480	5,815	6,026
Insurance Penetration				
Long Term Insurance Business	%	11.0	12.1	13.1
General Insurance Business	%	1.9	2.0	1.9
Individual Life Business				
Number of New Policies		1,069,548	1,028,724	1,040,008
Average Premium Size of New Policies	\$	70,383	86,277	104,760
Number of In-force Policies		10,030,370	10,415,766	10,810,605
Premiums Per Capita of In-force Policies	\$	29,218	33,492	38,262
Number of In-force Policies as a % of Population	%	140.2	144.9	149.3
Local Assets Maintained for General Insurance Business	\$ million	115,041	102,699	109,356



**Insurance
Industry
Statistical
Highlights**

Insurance Industry Statistical Highlights

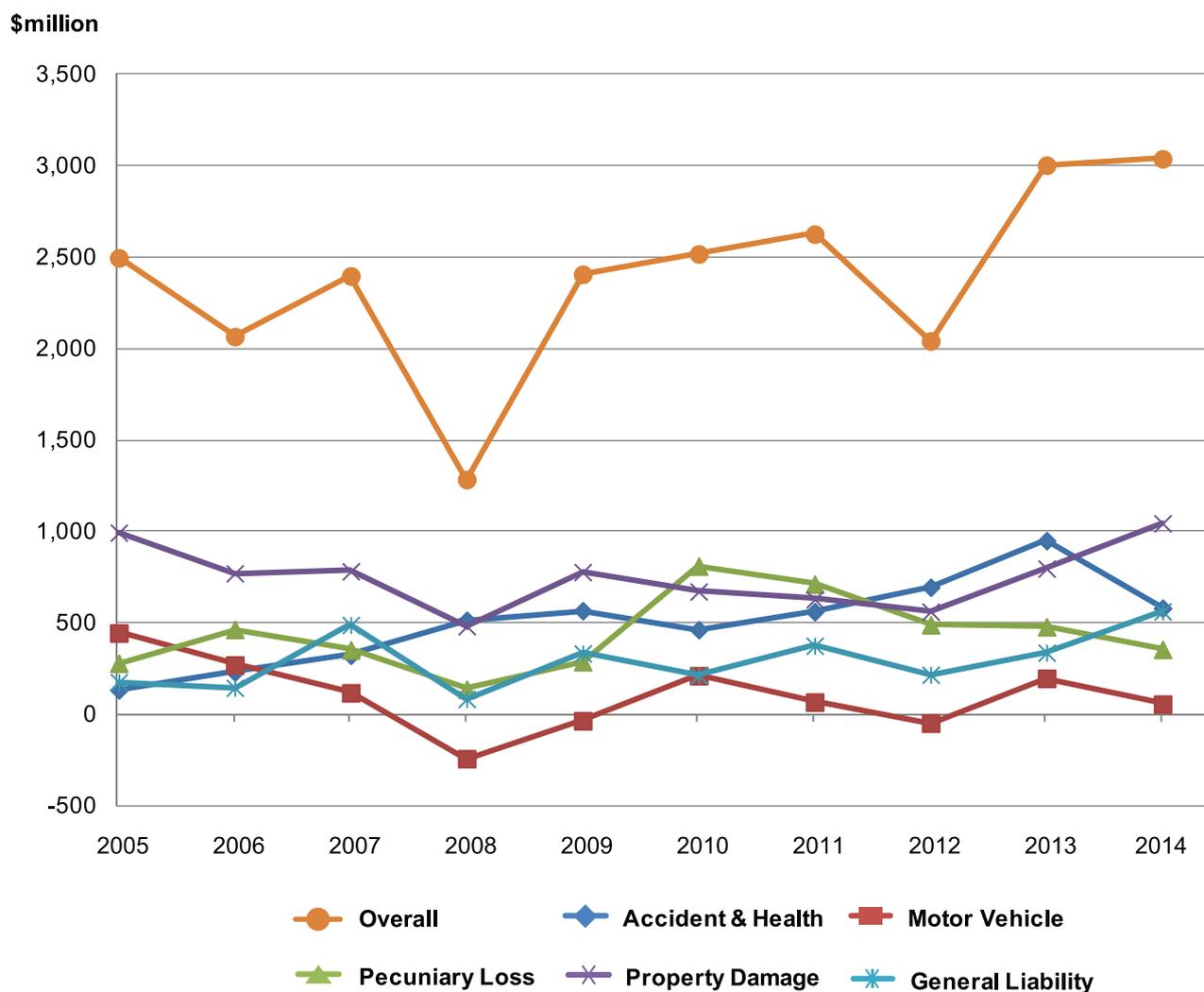
Premiums



Premiums (Accessible Version)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	\$million									
Long Term Insurance Office Premiums	114,756.2	133,087.0	173,016.1	161,945.6	156,080.7	173,906.2	198,915.1	224,124.2	257,716.9	295,693.0
General Insurance Gross Premiums	22,545.8	22,958.0	24,271.0	26,715.7	28,565.0	31,054.9	34,834.7	39,204.8	41,797.6	43,641.5

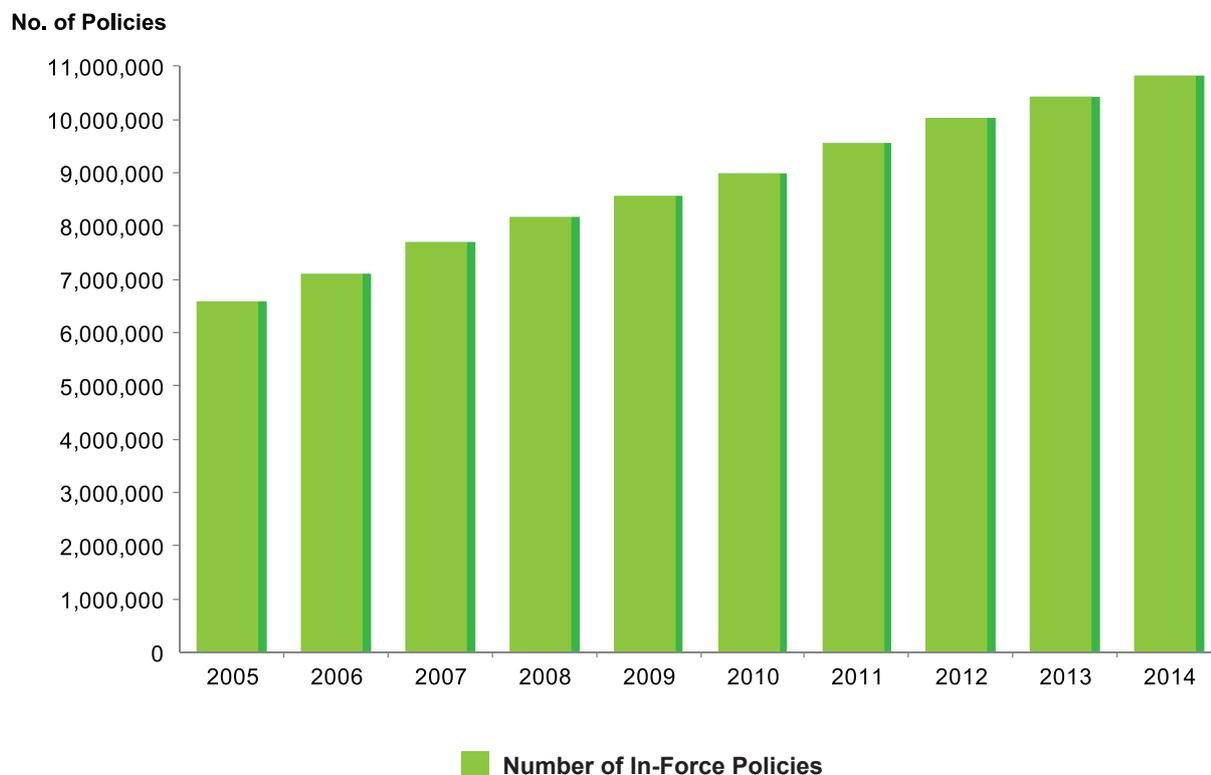
Underwriting Profit/Loss of General Insurance Business



Underwriting Profit/Loss of General Insurance Business (Accessible Version)

Class of Business	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	\$million									
Overall	2,497.2	2,067.0	2,398.2	1,284.8	2,407.5	2,518.5	2,627.2	2,042.8	3,004.2	3,039.0
Accident & Health	134.3	231.1	323.6	515.1	567.4	463.9	562.2	695.8	950.6	581.3
Motor Vehicle	445.5	270.8	118.1	(242.1)	(34.7)	211.7	67.6	(47.8)	197.5	56.4
Pecuniary Loss	280.1	465.1	353.1	137.7	288.1	811.8	712.8	490.1	479.3	355.7
Property Damage	994.5	772.0	783.0	482.8	778.8	672.6	629.6	562.6	797.7	1,045.2
General Liability	177.2	145.9	489.3	84.7	333.8	213.4	375.5	217.0	337.7	563.8

In-Force Individual Life Policies



In-Force Individual Life Policies (Accessible Version)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of In-Force Policies	6,587,525	7,101,148	7,692,558	8,175,531	8,571,534	8,987,438	9,551,550	10,030,370	10,415,766	10,810,605

Source of Information

The insurance business statistics for 2014 as contained in this annual report are based on the Hong Kong Insurance Business Statistics 2014 released by the Office of the Commissioner of Insurance in September 2015.



Message
from
the
Commissioner

Message from the Commissioner



In the midst of challenges, the insurance industry performed well in 2015. Total gross premiums achieved a strong growth of 11%. The life sector recorded some 12% growth, and the non-life sector 4.7%.

The establishment of the Provisional Insurance Authority (“PIA”) in December 2015 marked the beginning of a new era in insurance regulation of Hong Kong. The PIA is now making essential preparation for taking over the supervisory functions of the Office of the Commissioner of Insurance (“OCI”), including recruitment of staff and search for office premises. We are working closely with the PIA and other relevant stakeholders to ensure the smooth transfer of our work to the independent Insurance Authority (“IIA”).

Having issued the consultation conclusions on a Risk-based Capital Framework for the insurance industry in September 2015, we are proceeding to the next phase which involves developing the detailed rules and carrying out quantitative impact studies for different types of insurers. We will continue to engage stakeholders throughout the development process.

With some global systemically important insurers operating in the local market, cooperation with our international counterparts has become more important than ever. In 2015, we organised a supervisory college for an important insurance group headquartered in Hong Kong and actively participated in other supervisory colleges. We have also maintained close cooperation with our Mainland counterparts and hosted the 14th Joint Meeting of the Insurance Regulators of Guangdong, Hong Kong, Macao and Shenzhen. We shall continue to work closely with our Mainland counterparts to further explore opportunities for our insurance industry in the Mainland market.

To enhance consumer protection, we issued the Guidance Note on Underwriting Long Term Insurance Business (other than Class C Business) (GN16) in July 2015 and are now overseeing its implementation. Meanwhile, we are working on the enabling legislation for establishing the proposed Policyholders' Protection Fund and aim to introduce it into the Legislative Council in 2017.

Nowadays, financial institutions are proactively pursuing the application of financial technology ("Fintech") to enhance efficiency of their service delivery. We have formed a Fintech Liaison Team to facilitate communication with the insurance industry and the Fintech community. As an insurance regulator, we would update our regulatory and compliance requirements to keep up with technology development and to facilitate innovation among market players, while maintaining consumer protection and a level playing field.

As the insurance industry faces a shortage of talents taking up back office professional jobs, the Government has allocated \$100 million to launch a three-year pilot programme on enhancing talent promotion and training for the insurance and asset and wealth management sectors. We believe that this will help attract new blood to join the insurance industry.

Looking ahead, with the transfer of insurance regulatory functions to the IIA and implementation of new regulatory requirements in the coming year, there will be considerable challenges for both the insurance industry and OCI. Yet, with the concerted effort of all stakeholders, I am confident that we can rise up to the challenges and our insurance industry will continue to uphold professionalism and strengthen its competitiveness.

John Leung

Commissioner of Insurance

July 2016



**Work of
the Insurance
Authority**

Work of the Insurance Authority

The Insurance Authority (“IA”) is the insurance regulator in Hong Kong, empowered by the Insurance Companies Ordinance (Cap.41) (“ICO”) to oversee the financial conditions and operations of authorised insurers. In addition, the IA is also the market enabler, committed to facilitating both the healthy development of the industry and the protection of policyholders to enhance Hong Kong’s status as an international insurance centre.

Supervision of Insurers

Financial Examination

The IA is responsible for monitoring and scrutinising the financial position of insurers. This responsibility is conducted through the examination of financial statements and returns as well as analysing critical areas to ensure that insurers comply with solvency standards and other requirements specified in the ICO. The examination focuses on key risks that have material impact on the financial strength and sustainability of an insurer, with due emphasis placed on adequacy of paid-up capital, asset quality, reserving position and reinsurance arrangements. The IA has a wide range of statutory powers to address causes for concern identified for insurers.



The IA takes a proactive role in assessing insurers’ exposures to both business and operational risks, including that of business underwritten, investment portfolio and those related to their parent groups. The IA conducts vigorous financial screening exercises and relevant stress tests, which not only facilitate monitoring of insurers’ capital adequacy, enforcement of interventionary actions and implementation of other appropriate regulatory measures, but also ensure that insurers in Hong Kong are able to fulfill stringent solvency requirements and enjoy a clean bill of health overall. These monitoring measures are carried out by the IA on a regular basis.

On-site Inspection

The IA conducts regular on-site inspections to insurers as part of his supervisory role. Through these inspection visits, the IA acquires a better understanding of the latest developments of insurers’ business operations, thereby facilitating performance of his supervisory functions and communication with the industry. Such inspections concentrate on areas like underwriting, claims handling, asset management, reinsurance arrangements and supervision of intermediaries, the scope and depth of which vary depending on the nature or level of risks involved. The inspection teams focus on risk management and internal control systems to ensure that business is conducted orderly and in accordance with policies formulated by the Board of Directors or senior management. They also verify compliance with the standing requirements on maintenance of assets in Hong Kong, corporate governance, as well as selling of insurance policies to Mainland visitors.

Market Consolidation

The IA closely monitors all merger and acquisition activities within the insurance industry to ensure that the interests of policyholders in Hong Kong are safeguarded both during and after these corporate reorganisation activities.

Merger and Acquisition

The following merger and acquisition activities took place during the year:

- CMI Insurance Company Limited was acquired by RL360 Group on 30 November 2015 through the immediate holding company of RL360 Insurance Company Limited.
- Friends Provident International Limited became a member of Aviva group on 10 April 2015 after the acquisition of its holding company Friends Life Group Limited by Aviva plc, the ultimate holding company of Aviva Life Insurance Company Limited.

Transfer of Insurance Business

Under section 24 of the ICO, an insurer who seeks to transfer its long term insurance business to another insurer is required to apply to the court for an order sanctioning the scheme of transfer. An insurer intending to transfer its general insurance business portfolio to another insurer may do so under section 25D of the ICO by obtaining the approval of the IA. During the year, sanction and approval in respect of the applications for these two types of business are summarised at Figure 1.1.

Figure 1.1 Transfer of Insurance Business

Under section 24 of the ICO		
Date of Sanction by the Court	From	To
17 July 2015	AXA China Region Insurance Company (Bermuda) Limited in respect of its Class G (Retirement scheme management category I) and Class H (Retirement scheme management category II) of long term business	Principal Insurance Company (Hong Kong) Limited
Under section 25D of the ICO		
Date of Approval by the IA	From	To
13 February 2015	The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited	The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited
20 March 2015	Royal & Sun Alliance Insurance plc	Allied World Assurance Company, Ltd

New Authorisation

The IA authorised one new insurer in 2015. A complete list of authorised insurers as at 31 December 2015 and changes within the reporting period are summarised at Appendices 3 to 6.

Figure 1.2 New Authorisation

Name of Insurer	Place of Incorporation	Type of Business
China Taiping Life Insurance (Hong Kong) Company Limited	Hong Kong	Long Term

Legislative Developments

The IA constantly reviews the insurance legislation with a view to keeping pace with international supervisory standards and developments of the insurance industry. The insurance industry will be consulted on any proposed amendments to the insurance legislation.

The Insurance Companies (Amendment) Ordinance 2015 (“the Amendment Ordinance”) was enacted on 10 July 2015. It provides for, among other things, the establishment of the Independent Insurance Authority and a statutory licensing regime for insurance intermediaries. It marked a significant step forward in establishing an insurance regulator which is independent of the industry and the Government. The Amendment Ordinance is being implemented by phases.

Policyholders’ Protection Fund (“PPF”)

The PPF aims to maintain market stability and better protect policyholders’ interest by providing a safety net in the event of insolvency of an insurer. The Government is preparing the enabling legislation for establishing the PPF and will continue to engage stakeholders in the process.

Facility for Terrorism Risks

Employees’ Compensation (“EC”) Insurance Business

Since January 2002, the Government has provided direct insurers carrying on EC business with a facility of up to \$10 billion in aggregate (“the Facility”) to cater for claims arising out of terrorism. This was intended to cope with the withdrawal of reinsurance cover in the market following the September 11 terrorist attacks in the United States.

By the end of 2015, 53 EC insurers have joined the Facility and paid a monthly charge of 3% on the gross premiums of EC policies they underwrote in Hong Kong, thereby enabling them to cover employment-related claims for death and bodily injuries caused by terrorist acts. The Government will keep in view developments and withdraw the Facility once reinsurance capacity returns to the market.

Motor Insurance Business

The Motor Insurers' Bureau of Hong Kong has made available a facility of up to \$200 million from its First Fund since January 2002 to satisfy claims of third parties who suffer death or bodily injuries caused by terrorist acts through the use of motor vehicles in Hong Kong.



Supervision of Insurance Intermediaries

Insurance Agents

Part X of the ICO provides the statutory backing for the self-regulatory system of insurance agents in Hong Kong. The Insurance Agents Registration Board (“IARB”) set up by The Hong Kong Federation of Insurers (“HKFI”) is responsible for the registration and regulation of insurance agents in accordance with the Code of Practice for the Administration of Insurance Agents issued by the HKFI. The IA maintains close liaison with the IARB on policy issues regarding the supervision of insurance agents.



Insurance Brokers



An insurance broker in Hong Kong must either be a member of a self-regulatory body of insurance brokers approved under section 70 of the ICO or authorised under section 69 of the ICO. Currently, there are two approved bodies of insurance brokers, namely The Hong Kong Confederation of Insurance Brokers and the Professional Insurance Brokers Association and all authorised insurance brokers in Hong Kong are members of one of them. The IA liaises closely with the two bodies of insurance brokers on policy issues regarding the exercise of their self-regulatory functions.

Mandatory Provident Fund (“MPF”) Intermediaries

Part 4A of the Mandatory Provident Fund Schemes Ordinance (Cap. 485) provides for the statutory regulatory regime for MPF intermediaries in Hong Kong. Under the regime, the Mandatory Provident Fund Schemes Authority (“MPFA”) is responsible for, inter alia, registration of MPF intermediaries and imposition of disciplinary sanctions. The IA, as one of the frontline regulators, is responsible for inspection and investigation of registered MPF intermediaries whose core business is insurance. The IA maintains regular liaison with the MPFA and the other two frontline regulators (i.e. the Monetary Authority (“MA”) and the Securities and Futures Commission (“SFC”)) on matters relating to supervision of registered MPF intermediaries.

Statistics

Statistics on insurance intermediaries, their responsible officers, chief executives and technical representatives as at 31 December 2015 are shown at Appendix 7. Separately, there were 26,193 registered MPF intermediaries of whom the IA was assigned as the frontline regulator, comprising 351 principal intermediaries and 25,842 subsidiary intermediaries, as at 31 December 2015.

Promulgation of Guidance Notes

The IA promulgates guidance notes for the insurance industry from time to time in light of market developments.

Following the issuance of the Guidance Note on Underwriting Class C Business (GN15) in July 2014, the IA issued the Guidance Note on Underwriting Long Term Insurance Business (other than Class C Business) (“GN16”) in July 2015. Both Guidance Notes have engraved the Insurance Core Principle in respect of “Fair Treatment of Customers” issued by the International Association of Insurance Supervisors (“IAIS”). The GN16 sets out comprehensive requirements for insurers underwriting long term insurance business (other than Class C business), which include product design, provision of adequate and clear information, suitability assessment, advice to customers, ongoing monitoring, post-sale control etc. All authorised insurers carrying on long term insurance business (other than Class C business) are required to comply with the GN16 from 1 April 2016 for new products and 1 January 2017 for current products.

In tandem with the issuance of the GN16, the IA issued in September 2015 the Guide on Calculation Methodology and Disclosure Format - Fulfillment Ratios & Historical Crediting Interest Rates, which sets out a clear and uniform methodology to calculate and disclose fulfillment ratios of the non-guaranteed dividends for participating products, and historical crediting interest rates for universal life products.

A full list of the guidance notes promulgated by the IA is at Appendix 8.

Anti-Money Laundering (“AML”) and Counter-Terrorist Financing (“CTF”)

The Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) (“AMLO”) provides for, inter alia, the statutory requirements relating to customer due diligence and record-keeping for financial institutions, and the powers of relevant authorities including the IA to supervise compliance with the AMLO. All authorised insurers, reinsurers, appointed insurance agents and authorised insurance brokers carrying on or advising on long term insurance business have to comply with the requirements under the AMLO and the Guideline on AML and CTF published under the AMLO.

Pursuant to section 23(1) of the AMLO, the IA published the Guideline on Exercising Power to Impose Pecuniary Penalty (“Fining Guideline”) on 29 June 2012. The Fining Guideline indicates the manner in which the IA proposes to exercise the power to impose a pecuniary penalty referred to in the AMLO.

The IA has signed the Memorandum of Understanding (“MoU”) Concerning Implementation of the AMLO with the Commissioner of Customs and Excise, the MA and the SFC. The MoU, which has taken effect since 30 April 2014, sets out the framework to facilitate cooperation and communication amongst regulators in relation to their enforcement of the AMLO.

To further enhance the awareness of the industry on the AML requirements, the IA has maintained a “AML and CTF Corner” on the IA’s website with information relating to the AML/CTF regime, including the latest developments, upcoming events, AML related legislation and guidelines, circulars and other relevant materials.

To keep the insurance institutions abreast of the latest AML/CTF developments, the IA, in cooperation with the Financial Services and Treasury Bureau and the Joint Financial Intelligence Unit (“JFIU”), convened two AML seminars for the insurance industry in November 2015. The industry seminars were well received by around 500 insurance practitioners. The IA also worked with the Vocational Training Council and developed an AML/CTF course for the insurance industry which has been launched since the fourth quarter of 2012.

According to the statistics provided by the JFIU, a total of 495 suspicious transaction reports (“STRs”) were made by the insurance industry in 2015, as compared to 446 STRs in 2014. The IA will continue to issue circulars and organise seminars to facilitate the insurance industry to better detect and report suspicious transactions or dealings.

The Mainland and Hong Kong Closer Economic Partnership Arrangement (“CEPA”)

Since CEPA came into effect on 1 January 2004, there have been a number of liberalisation measures for the Hong Kong insurance sector including (1) allowing Hong Kong insurers who meet the required access conditions to conduct insurance business in the Mainland; (2) allowing Hong Kong residents who possess the requisite qualifications and are appointed by a Mainland insurance institution to engage in insurance-related business in the Mainland; (3) setting up of an examination centre in Hong Kong for the Mainland qualifying examinations for insurance intermediaries; (4) allowing eligible Hong Kong insurance intermediary companies to set up wholly-owned enterprises in the Mainland to provide insurance agency services to the Mainland insurance companies; and (5) encouraging mutual cooperation between the Mainland and Hong Kong on cross-border Renminbi reinsurance business. Apart from the above, in respect of “commercial presence”, Hong Kong service suppliers may enjoy national treatment in the Mainland

i.e. they can enjoy the same treatment as Mainland insurance enterprises, except for some specified reserved restrictive measures, with effect from 1 June 2016. All these measures have increased business opportunities for the Hong Kong insurance industry in the burgeoning Mainland insurance market. The IA will continue to pursue a wider scope of market liberalisation for mutual benefits of the Hong Kong and the Mainland insurance industries.



Risk-Based Capital (“RBC”) Framework for Insurance Industry of Hong Kong

The Consultation Conclusions on the proposed RBC framework for the insurance industry of Hong Kong (“Consultation Conclusions”) were announced on 30 September 2015. There was general support for the move towards an RBC regime, which seeks to make capital requirements on insurers more sensitive to the level of risk that they are bearing. There was general agreement on the high-level principles of the conceptual framework, with mixed views on some of the technical aspects.

Based on the Consultation Conclusions, the IA will proceed with the next phase of the development of the RBC regime which will involve the development of detailed rules and the conducting of Quantitative Impact Studies, followed by another consultation exercise. The RBC regime would be rolled out in phases with a sufficiently long run-in period so that insurers will have adequate time to understand the requirements thoroughly, and be able to achieve full compliance incrementally. The IA will continue to engage the industry throughout the process.

Establishing an Effective Resolution Regime for Financial Institutions in Hong Kong

As a member jurisdiction of the Financial Stability Board (“FSB”), and a major international financial centre, it is incumbent upon Hong Kong to meet the FSB’s standards of providing the financial regulators with powers to resolve non-viable financial institutions without severe systemic disruption whilst protecting taxpayers through the establishment of an effective resolution regime for financial institutions. Hong Kong’s existing statutory framework does not provide for all of the powers that the FSB considers necessary for an effective resolution regime. Enactment of a new Bill will be required to establish a resolution regime locally.

Following the first stage three-month consultation launched in January 2014, the Government and the financial regulators, namely the MA, the SFC and the IA (collectively “the authorities”), issued the second stage consultation paper in January 2015. The second stage consultation paper sought views from the public and the financial service industry on specific aspects of the regime including: further details on the resolution options and powers proposed in the first stage consultation paper; the governance arrangements and especially the approach to designating resolution authorities; as well as safeguards including a “no creditor worse off than in liquidation” compensation mechanism. Taking into consideration respondents’ comments and observations as well as ongoing developments in international practice, the authorities released consultation response on 9 October 2015 to provide further information on the latest policy position.

The Government finalised the legislative proposals and introduced the Financial Institutions (Resolution) Bill into the Legislative Council in December 2015.

International and Domestic Cooperation

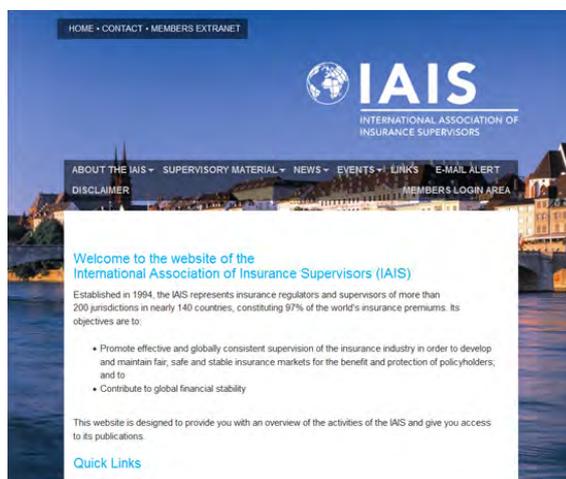
In view of the global financial crisis and increasing business activities of financial institutions internationally, regulators worldwide recognise the need for enhancing mutual communications in exchanging information and experience on matters of common concern. In this regard, the IA has been working closely with both local and overseas financial services regulators and participating actively in international conferences and forums.

To strengthen international regulatory cooperation in the insurance industry to ensure effective group-wide supervision of multinational insurance groups, the IA has actively participated in supervisory colleges organised by various jurisdictions since 2008.

In November 2015, the IA attended the 22nd IAIS Annual Conference and committee meetings held in Marrakech, Morocco. As a member of the IAIS, the IA will continue to actively participate in the development of international standards on insurance supervision.

Apart from the above, the IA also participated in international forums and seminars including the Asian Forum of Insurance Regulators Meeting held in Sri Lanka in July 2015.

With growing cross-border activities between the Mainland and Hong Kong, there is closer cooperation between the IA and the China Insurance Regulatory Commission (“CIRC”). In 2015, the IA actively participated in activities involving the CIRC including hosting the 14th Joint Meeting of the Insurance Regulators of Guangdong, Hong Kong, Macao and Shenzhen in Hong Kong in February; participating in the 15th of the aforesaid meeting hosted by the Shenzhen Bureau of CIRC in Shenzhen in December; and meeting the Chairman and Vice-Chairman of





CIRC in July, September and December. The IA will continue to work closely with the CIRC and other Mainland authorities on insurance cooperation between the Mainland and Hong Kong.

On the domestic front, the IA attended regular meetings of the Council of Financial Regulators and the Financial Stability Committee to discuss cross-sectoral regulatory issues and matters with implications on economic stability.

To keep abreast of market development for effective supervision of the insurance industry, the IA maintains close dialogue with the industry and frequently meets with the HKFI and other industry bodies to discuss topical issues concerning the industry.



**General
Insurance
Business**

General insurance sector recorded moderate growth in 2014, with total gross premiums increased by 4.4% to \$43,642 million and underwriting profit increased by 1.2% to \$3,039 million.

Overview

The gross and net premiums of general insurance business increased by 4.4% to \$43,642 million and 4.5% to \$30,165 million respectively in 2014, with the overall retention ratio increased slightly from 69.0% to 69.1%.

The rise in gross premiums was mainly contributed by Accident & Health business, which recorded a growth of 6.2% from \$10,865 million in 2013 to \$11,534 million in 2014. General Liability business (comprising Employees' Compensation ("EC") business) reported a growth of gross premiums of 0.7% from \$11,011 million in 2013 to \$11,082 million in 2014. Motor Vehicle business recorded a growth of gross premiums of 6.5% from \$4,548 million in 2013 to \$4,842 million in 2014, whilst Property Damage business posted a decrease in gross premiums of 0.2% from \$8,976 million in 2013 to \$8,960 million in 2014.

Claims experience of general insurance business slightly deteriorated in 2014 with a net claims incurred ratio ("NCIR") of 56.4% in 2014, compared with 56.3% in 2013. Despite the worsened claims experience, most major lines of business recorded an underwriting profit except for Aircraft business, which recorded an underwriting loss of \$3.5 million.

Property Damage business reported an underwriting profit of \$1,045 million in 2014 and became the largest contributor in 2014. Accident & Health business and General Liability business also registered strong profits of \$581 million and \$564 million respectively. As regards the underwriting performance for two major classes of compulsory business, the underwriting profit for direct Motor Vehicle business decreased to \$34 million, whereas the underwriting loss for direct EC business decreased to \$75 million.

Figure 2.1 Overall Performance of General Insurance Business

	2010	2011	2012	2013	2014
	\$million	\$million	\$million	\$million	\$million
Gross Premiums	31,054.9	34,834.7	39,204.8	41,797.6	43,641.5
Net Premiums	21,735.6	23,760.8	26,998.0	28,859.7	30,165.3
Technical Reserves	30,755.8	33,610.9	38,478.2	41,975.3	45,003.9
Underwriting Results:					
Earned Premiums	20,461.5	22,793.0	25,176.1	27,973.0	29,568.4
Underwriting Expenses¹	6,983.4	7,634.7	8,526.5	9,211.4	9,843.9
Net Claims Incurred	10,959.6	12,531.1	14,606.8	15,757.4	16,685.5
Underwriting Profit/(Loss)	2,518.5	2,627.2	2,042.8	3,004.2	3,039.0
	%	%	%	%	%
Growth of Gross Premiums	8.7	12.2	12.5	6.6	4.4
Retention Ratio	70.0	68.2	68.9	69.0	69.1
Commission Payable Ratio	18.0	17.2	17.5	17.6	17.8
Net Claims Incurred Ratio	53.6	55.0	58.0	56.3	56.4
Underwriting Margin²	12.3	11.5	8.1	10.7	10.3
Technical Reserve Ratio³	141.5	141.5	142.5	145.4	149.2

¹ Underwriting Expenses - Total of Net Commissions Payable, Management Expenses and Unexpired Risks Adjustment

² Underwriting Margin - Underwriting Profit/(Loss) expressed as a percentage of Earned Premiums

³ Technical Reserve Ratio - Technical Reserves expressed as a percentage of Net Premiums

Premium Incomes

Total gross premiums (comprising direct and reinsurance inward business) increased by 4.4% to \$43,642 million. The increase was mainly driven by the growth of premiums in Accident & Health business. Net premiums also recorded a growth of 4.5% to \$30,165 million. The retention ratio for 2014 was 69.1%, compared to 69.0% for 2013.

Figure 2.2 Growth of Premium Income for General Insurance Business

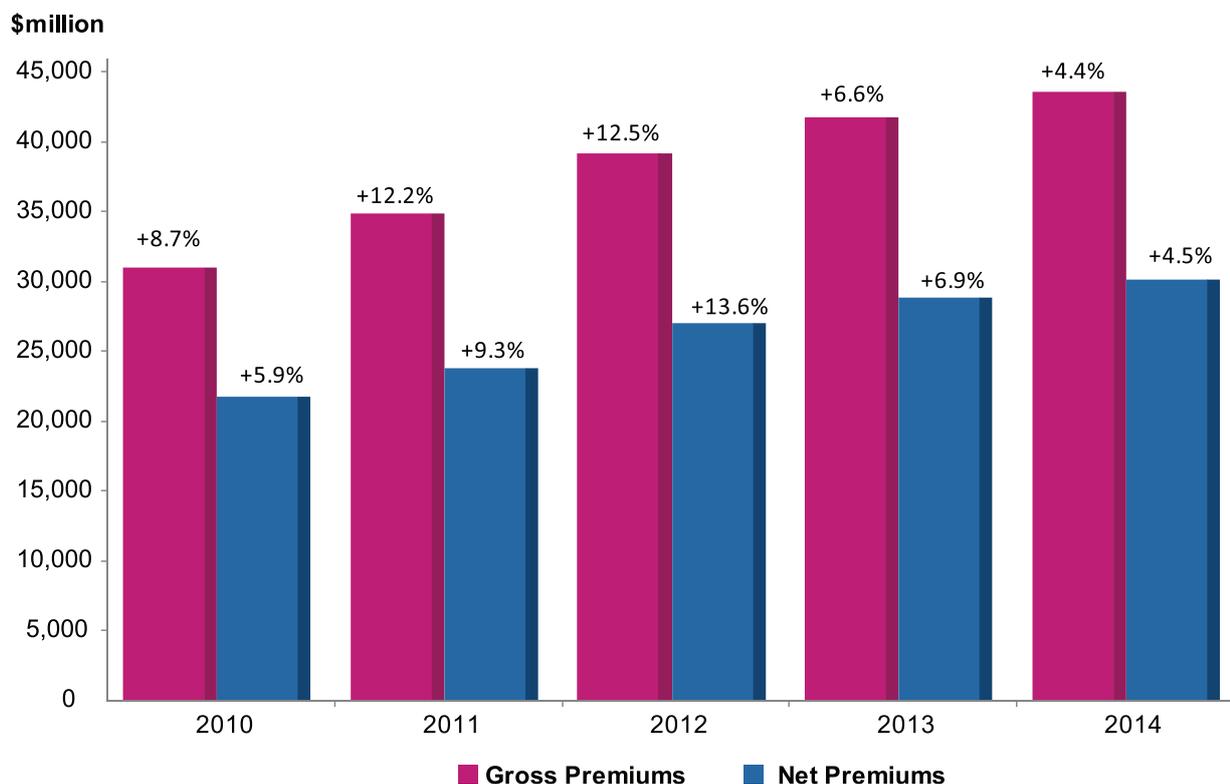
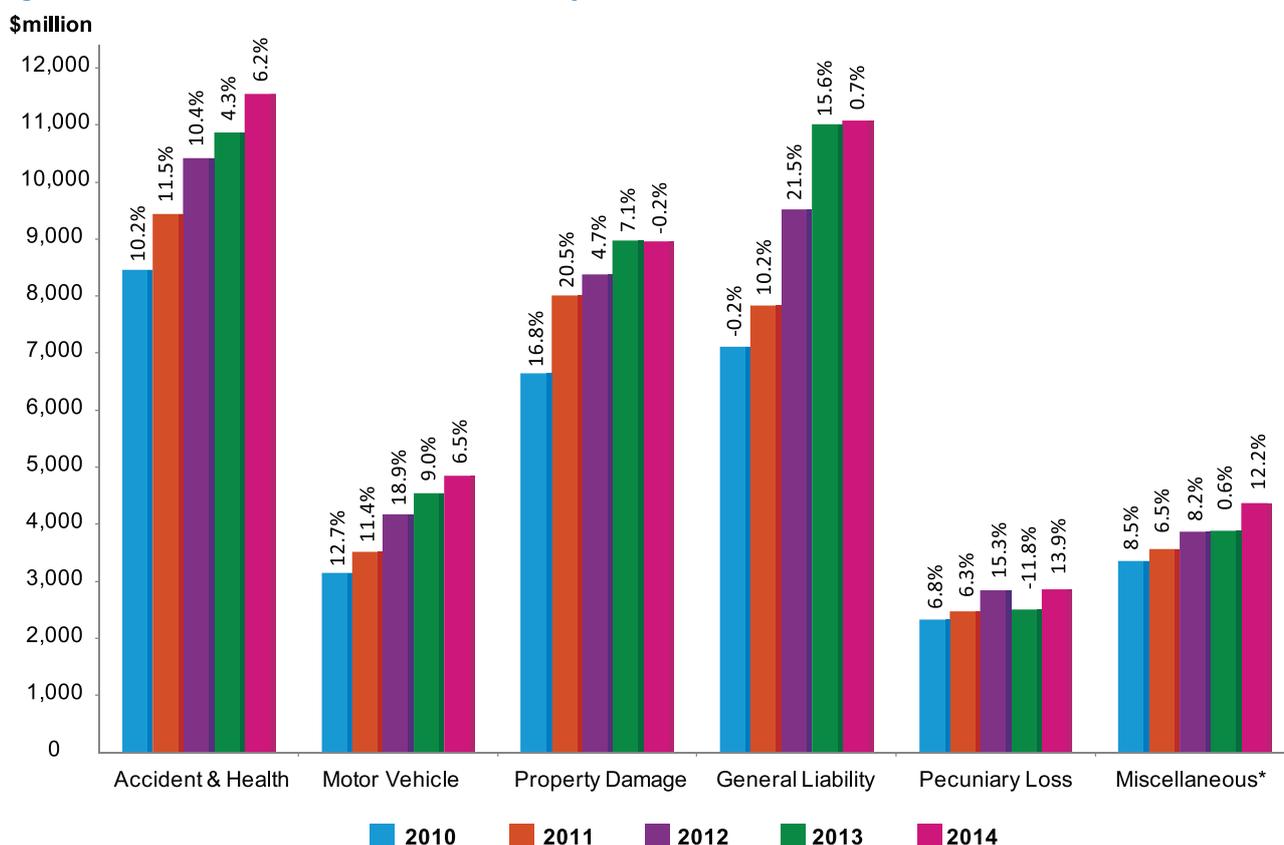


Figure 2.2 Growth of Premium Income for General Insurance Business (Accessible Version)

	2010	2011	2012	2013	2014
	\$million	\$million	\$million	\$million	\$million
Gross Premiums	31,054.9	34,834.7	39,204.8	41,797.6	43,641.5
Net Premiums	21,735.6	23,760.8	26,998.0	28,859.7	30,165.3
	%	%	%	%	%
Growth of Gross Premiums	8.7	12.2	12.5	6.6	4.4
Growth of Net Premiums	5.9	9.3	13.6	6.9	4.5

The major classes of general insurance business showed an increase in gross premiums in 2014. The gross premiums of Accident & Health business increased by 6.2% to \$11,534 million. General Liability business increased by 0.7% to \$11,082 million. Motor Vehicle business grew by 6.5% to \$4,842 million. Pecuniary Loss and Miscellaneous (comprising Aircraft, Ships, Goods in Transit and Treaty Reinsurance) businesses registered double-digit growth and reached \$2,863 million and \$4,360 million respectively whereas Property Damage business recorded a drop by 0.2% to \$8,960 million.

Figure 2.3 Growth of Gross Premiums for Major Lines of Business



*Miscellaneous Business mainly includes Ships and Goods In Transit Businesses

Figure 2.3 Growth of Gross Premiums for Major Lines of Business (Accessible Version)

Class of Business	2010		2011		2012		2013		2014	
	\$million	%	\$million	%	\$million	%	\$million	%	\$million	%
Accident & Health	8,464.9	10.2	9,438.1	11.5	10,415.2	10.4	10,864.6	4.3	11,534.0	6.2
Motor Vehicle	3,152.0	12.7	3,511.0	11.4	4,173.7	18.9	4,547.6	9.0	4,842.1	6.5
Property Damage	6,645.4	16.8	8,004.6	20.5	8,378.5	4.7	8,976.3	7.1	8,959.9	-0.2
General Liability	7,115.4	-0.2	7,839.8	10.2	9,526.4	21.5	11,010.5	15.6	11,082.4	0.7
Pecuniary Loss	2,324.4	6.8	2,470.0	6.3	2,848.4	15.3	2,512.6	-11.8	2,862.9	13.9
Miscellaneous*	3,352.8	8.5	3,571.2	6.5	3,862.6	8.2	3,886.0	0.6	4,360.2	12.2

*Miscellaneous Business mainly includes Ships and Goods In Transit Businesses

Composition of Gross Premiums

Direct business and reinsurance inward business accounted for 73.8% and 26.2% respectively of total gross premiums in 2014, showing a similar composition as in 2013. Accident & Health, General Liability and Property Damage businesses topped the general insurance sector, constituted 26.4%, 25.4% and 20.5% respectively of the total gross premiums. Motor Vehicle business ranked fourth with its 11.1% share.

Figure 2.4 Composition of Gross Premiums

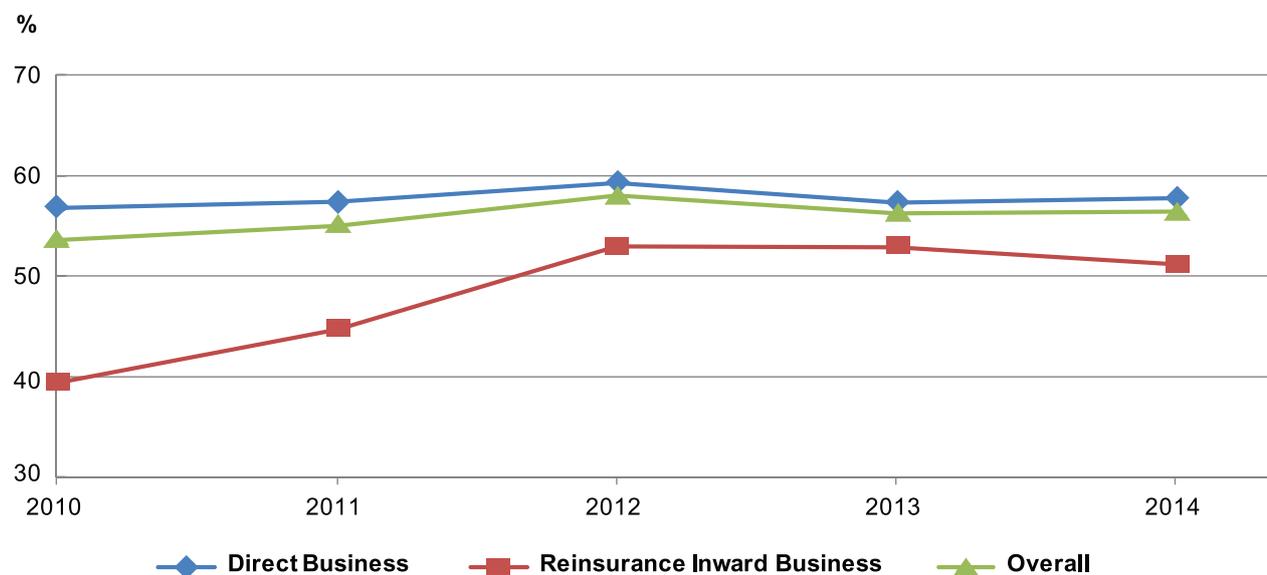
Class of Business	Direct & Reinsurance Inward Business		Direct Business		Reinsurance Inward Business	
	2013 %	2014 %	2013 %	2014 %	2013 %	2014 %
Accident & Health	26.0	26.4	33.5	34.2	4.6	4.6
Motor Vehicle	10.9	11.1	12.0	12.2	7.6	7.9
Property Damage	21.5	20.5	12.7	12.2	46.6	43.8
General Liability	26.3	25.4	30.5	29.5	14.6	13.8
Pecuniary Loss	6.0	6.6	4.8	5.0	9.5	11.1
Miscellaneous	9.3	10.0	6.5	6.9	17.1	18.8

Claims

The overall claims experience for general insurance business slightly deteriorated in 2014. Overall NCIR increased by 0.1% to 56.4%.

On direct business, overall NCIR increased from 57.3% to 57.8% in 2014. The star performer was Pecuniary Loss business which recorded the lowest NCIR, i.e. below 10%.

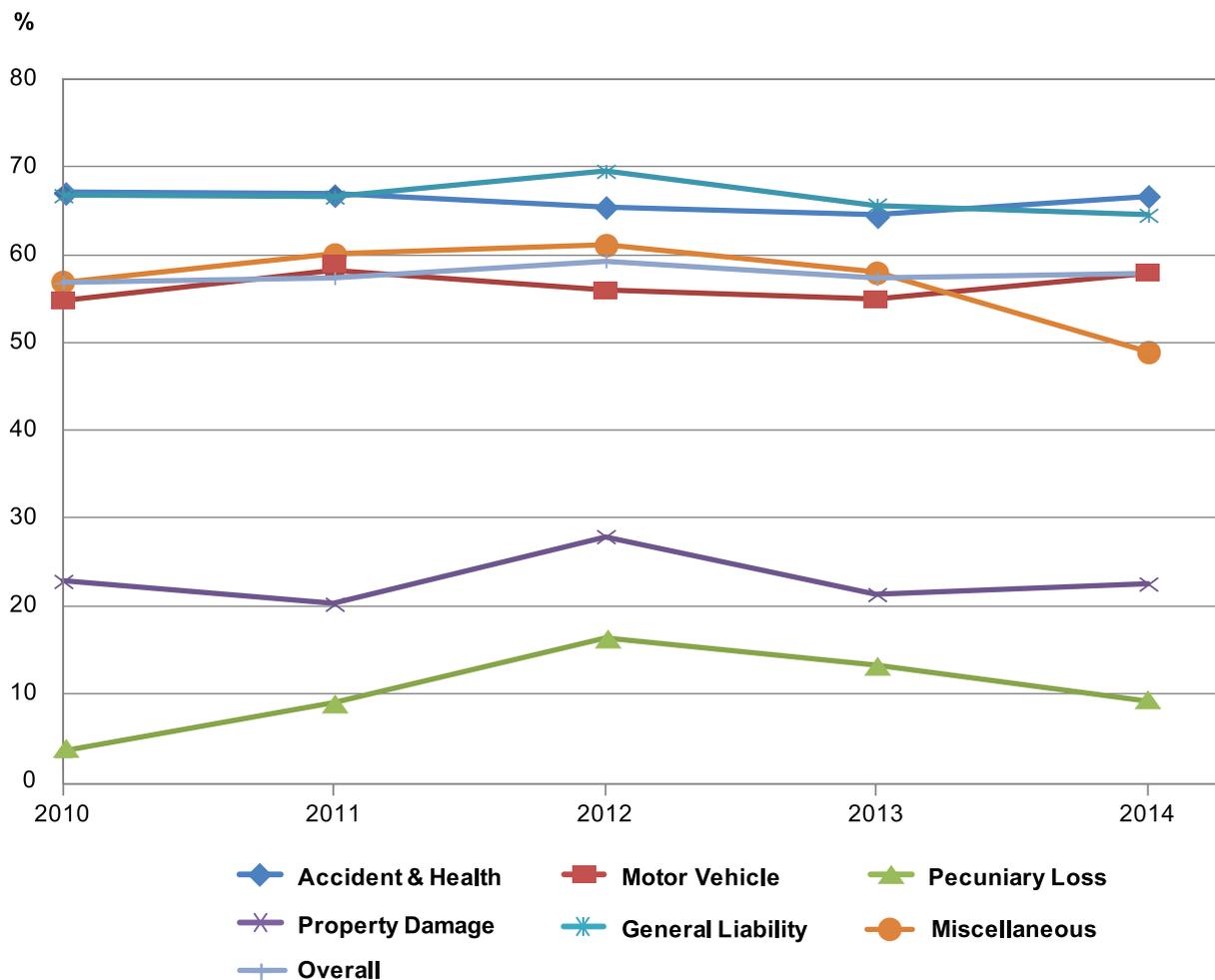
**Figure 2.5 Net Claims Incurred Ratio
Direct & Reinsurance Inward Business**



**Figure 2.5 Net Claims Incurred Ratio (Accessible Version)
Direct & Reinsurance Inward Business**

	2010	2011	2012	2013	2014
	%	%	%	%	%
Direct Business	56.8	57.4	59.3	57.3	57.8
Reinsurance Inward Business	39.4	44.7	53.0	52.9	51.2
Overall	53.6	55.0	58.0	56.3	56.4

**Figure 2.5 Net Claims Incurred Ratio
Direct Business**



**Figure 2.5 Net Claims Incurred Ratio (Accessible Version)
Direct Business**

Class of Business	2010	2011	2012	2013	2014
	%	%	%	%	%
Accident & Health	67.1	67.0	65.4	64.5	66.6
Motor Vehicle	54.7	58.3	55.9	54.9	57.9
Pecuniary Loss	3.5	8.9	16.3	13.2	9.2
Property Damage	22.8	20.2	27.9	21.3	22.5
General Liability	66.8	66.6	69.5	65.7	64.5
Miscellaneous	56.8	60.1	61.1	58.0	49.0
Overall	56.8	57.4	59.3	57.3	57.8

Technical Reserves

Technical reserves, comprising outstanding claims provision (including provision for incurred but not reported claims), unearned premiums and unexpired risks provision, rose by 7.2% to \$45,004 million.

Overall technical reserve ratio (i.e. technical reserves expressed as a percentage of net premiums) increased from 145.4% in 2013 to 149.2% in 2014. The technical reserve ratio of General Liability business remained the highest in 2014, rising from 228.7% to 239.4%. Such ratio for Property Damage business and Pecuniary Loss business grew from 141.4% to 142.1% and 209.9% to 237.8% respectively. As regards Motor Vehicle business, the technical reserve ratio slightly decreased from 157.6% to 156.4%, whilst Accident & Health business, the technical reserve ratio slightly increased from 49.0% to 49.4% in 2014.

Figure 2.6 Technical Reserve Ratio

Class of Business	UPR & UER Ratio ¹		Outstanding Claims Provision Ratio ²		Technical Reserve Ratio ³	
	2013 %	2014 %	2013 %	2014 %	2013 %	2014 %
Accident & Health	29.6	31.3	19.4	18.1	49.0	49.4
Motor Vehicle	45.8	45.2	111.8	111.2	157.6	156.4
Property Damage	60.7	61.5	80.7	80.6	141.4	142.1
General Liability	61.2	59.1	167.5	180.3	228.7	239.4
Pecuniary Loss	142.1	157.2	67.8	80.6	209.9	237.8
Miscellaneous	25.0	24.3	133.2	137.6	158.2	161.9
Overall	50.1	50.4	95.3	98.8	145.4	149.2

¹ UPR & UER Ratio – Aggregate of Unearned Premiums and Unexpired Risks Provision expressed as a percentage of Net Premiums

² Outstanding Claims Provision Ratio – Outstanding Claims Provision expressed as a percentage of Net Premiums

³ Technical Reserve Ratio – Technical Reserves expressed as a percentage of Net Premiums

Underwriting Results

The overall underwriting profit increased from \$3,004 million in 2013 to \$3,039 million in 2014, representing a growth of 1.2%.

With the exception of Aircraft business that incurred underwriting loss of \$3.5 million, all other business classes recorded underwriting profits in 2014. Property Damage business became the largest contributor to the overall underwriting profit of the general insurance business in 2014, achieving a profit of \$1,045 million. Accident & Health and General Liability businesses came next, registering \$581 million and \$564 million in underwriting profit respectively. Pecuniary Loss business recorded an underwriting profit of \$356 million in 2014. However, a major component of General Liability business, i.e. EC business, sustained an underwriting loss.

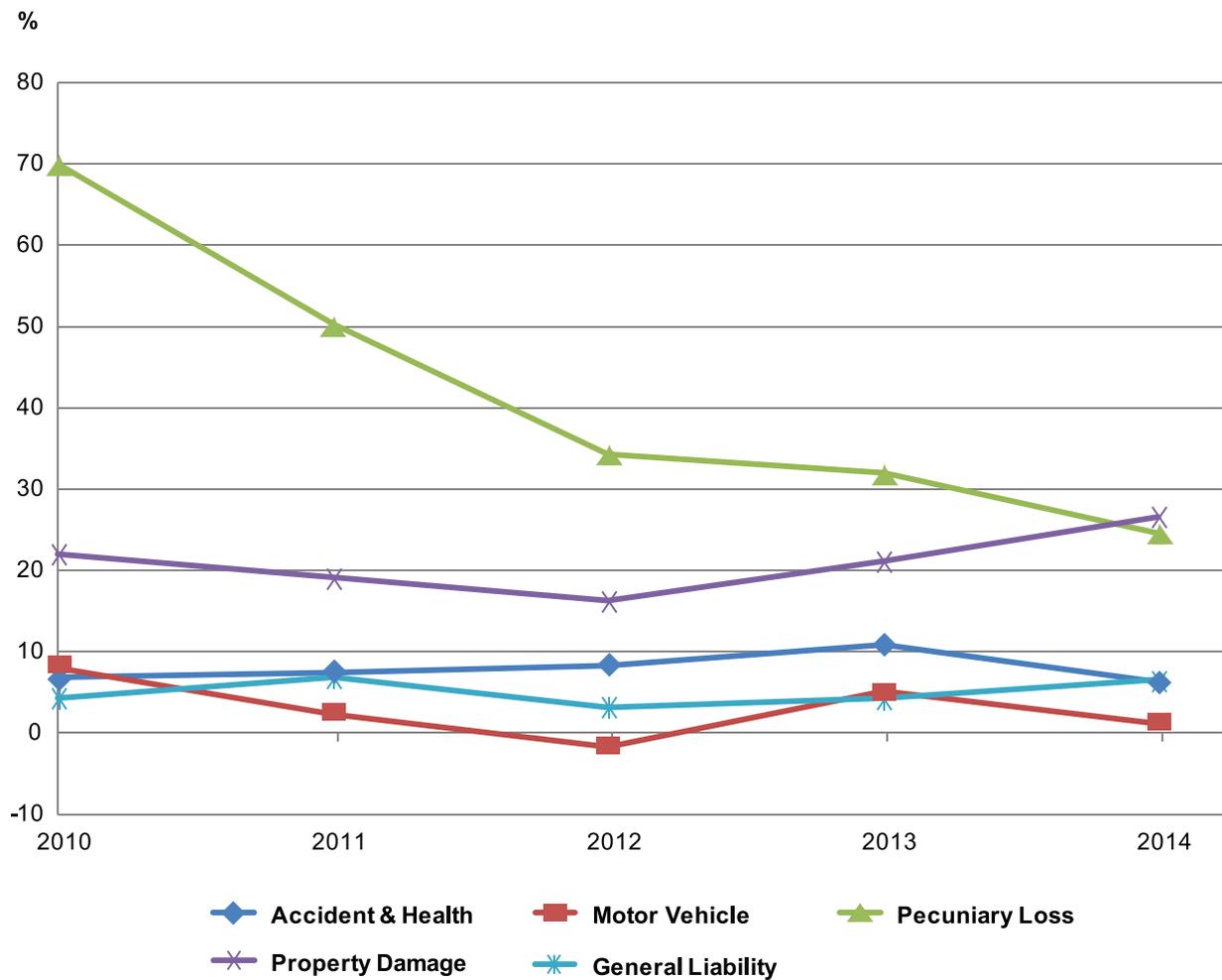
On direct business, the underwriting profit increased from \$2,252 million to \$2,260 million. Accident & Health business reported the highest underwriting profit of \$655 million, followed by Property Damage business of \$469 million, General Liability (non-EC) business of \$463 million and Pecuniary Loss business of \$442 million. As for Goods in Transit business and Ships business, underwriting profits of \$223 million and \$49 million were recorded respectively. Motor Vehicle business reported an underwriting profit of \$34 million. On the other hand, EC business was the worst performer reporting an underwriting loss of \$75 million in 2014.

On reinsurance inward business, the underwriting profit increased from \$752 million to \$779 million. Except for Pecuniary Loss, Accident & Health, Aircraft and Good in Transit businesses incurring underwriting losses of \$86 million, \$74 million, \$4 million and \$2 million respectively, all other classes of reinsurance business recorded underwriting profits. Property Damage business was the best performer, reporting an underwriting profit of \$576 million, followed by General Liability business of \$176 million.

Figure 2.7 Underwriting Results

Underwriting Profit/(Loss)	2012			2013			2014		
	Direct Business	Reinsurance Inward Business	Overall	Direct Business	Reinsurance Inward Business	Overall	Direct Business	Reinsurance Inward Business	Overall
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Accident & Health	656.5	39.3	695.8	916.8	33.8	950.6	654.8	(73.5)	581.3
Motor Vehicle	104.0	(151.8)	(47.8)	113.1	84.4	197.5	33.8	22.6	56.4
Property Damage	420.3	142.3	562.6	558.9	238.8	797.7	468.9	576.3	1,045.2
General Liability	(109.6)	326.6	217.0	115.4	222.3	337.7	388.0	175.8	563.8
Pecuniary Loss	410.5	79.6	490.1	409.7	69.6	479.3	442.0	(86.3)	355.7
Miscellaneous	89.6	35.5	125.1	138.5	102.9	241.4	272.8	163.8	436.6
Total	1,571.3	471.5	2,042.8	2,252.4	751.8	3,004.2	2,260.3	778.7	3,039.0

Figure 2.8 Underwriting Margin of Major Lines of Business



Underwriting Margin - Underwriting Profit or Loss expressed as a percentage of Earned Premiums.

Figure 2.8 Underwriting Margin of Major Lines of Business (Accessible Version)

Class of Business	2010	2011	2012	2013	2014
	%	%	%	%	%
Accident & Health	6.9	7.5	8.5	11.0	6.4
Motor Vehicle	8.2	2.4	-1.6	5.2	1.4
Pecuniary Loss	70.2	50.3	34.5	32.1	24.8
Property Damage	22.2	19.2	16.4	21.3	26.8
General Liability	4.5	7.0	3.4	4.4	6.6

Underwriting Margin - Underwriting Profit or Loss expressed as a percentage of Earned Premiums.

Statutory Business

Statutory business comprises three classes of direct business - Motor Vehicle, EC (classified as General Liability - Statutory business) and Local Vessel Liability (classified as Ships - Statutory business) businesses. In 2014, they altogether contributed \$10,717 million in gross premiums to the general insurance business market, representing 33.3% of total direct business gross premiums. EC business took second place in terms of gross premiums for direct business in 2014, while its market share in the direct business market decreased from 21.3% in 2013 to 20.8% in 2014.

Motor Vehicle Business

Gross premiums for direct Motor Vehicle business increased by 5.7% to \$3,934 million in 2014, with the number of vehicles covered grew by 4.6% to 791,883. Due to deteriorated claims experience with NCIR increasing from 54.9% to 57.9%, the underwriting profit decreased from \$113 million in 2013 to \$34 million in 2014.

Figure 2.9 Motor Vehicle Business

	Unit	2010	2011	2012	2013	2014
Gross Premiums	\$million	2,896.1	3,225.4	3,474.1	3,720.3	3,933.8
Underwriting Profit/(Loss)	\$million	105.4	30.4	104.0	113.1	33.8
Growth of Gross Premiums	%	10.8	11.4	7.7	7.1	5.7
Net Claims Incurred Ratio	%	54.7	58.3	55.9	54.9	57.9
Underwriting Margin	%	4.5	1.2	3.8	3.9	1.1
Number of Vehicles Covered		645,882	699,923	727,910	756,904	791,883

Employees' Compensation Business

Gross premiums of EC business increased by 1.3% to \$6,690 million in 2014, with the number of EC policies in force grew by 0.6% to 383,458. With improved claims experience, the underwriting loss for EC business reduced from \$377 million in 2013 to \$75 million in 2014.

Figure 2.10 Employees' Compensation Business

	Unit	2010	2011	2012	2013	2014
Gross Premiums	\$million	3,730.9	4,063.1	5,540.3	6,600.6	6,689.5
Underwriting Profit/(Loss)	\$million	(323.8)	(260.0)	(649.0)	(376.6)	(74.7)
Growth of Gross Premiums	%	-7.6	8.9	36.4	19.1	1.3
Net Claims Incurred Ratio	%	79.7	77.5	85.3	77.2	74.1
Underwriting Margin	%	-11.1	-8.0	-16.3	-7.5	-1.3
Number of Policies in Force		364,719	367,228	380,632	381,265	383,458

Local Vessel Liability Business

Gross premiums of Local Vessel Liability business increased by 13.1% to \$93 million in 2014, with the number of local vessels covered increased by 7.2% to 16,285. The underwriting loss of such business increased from \$5 million in 2013 to \$9 million in 2014.

Figure 2.11 Local Vessel Liability Business

	Unit	2010	2011	2012	2013	2014
Gross Premiums	\$million	41.2	53.5	47.5	82.5	93.3
Underwriting Profit/(Loss)	\$million	13.1	16.3	10.8	(5.0)	(9.0)
Growth of Gross Premiums	%	1.2	29.9	-11.2	73.7	13.1
Net Claims Incurred Ratio	%	16.7	19.1	33.5	67.9	64.7
Underwriting Margin	%	49.8	48.7	38.0	-12.3	-16.7
Number of Local Vessels Covered		10,738	13,236	13,880	15,197	16,285

Pure Reinsurers' Business

Pure reinsurers (i.e. insurers that are only authorised to carry on reinsurance business in or from Hong Kong) recorded a decrease in gross premiums by 8.2% to \$2,426 million in 2014. Their total underwriting profit increased from \$359 million in 2013 to \$436 million in 2014. The top 5 pure reinsurers captured an aggregate market share of 78.2% in terms of gross premiums, indicating that the continuing high concentration of business in the pure reinsurers' market persisted in 2014.

Figure 2.12 Pure Reinsurers' Business

	Unit	2010	2011	2012	2013	2014
Gross Premiums	\$million	1,970.5	2,154.6	2,474.5	2,641.8	2,425.9
Underwriting Profit/(Loss)	\$million	550.1	802.8	537.9	359.1	435.6
Growth of Gross Premiums	%	27.6	9.3	14.8	6.8	-8.2
Net Claims Incurred Ratio	%	22.9	17.9	38.2	50.0	45.7
Underwriting Margin	%	39.7	49.1	28.6	18.9	21.9

Figure 2.13 Top 5 Pure Reinsurers by Gross Premiums in 2014

Ranking of Reinsurers		Gross Premiums	Market Share
		\$million	%
1.	Taiping Reinsurance Company Limited	503	20.7
2.	Swiss Reinsurance Company Ltd	448	18.5
3.	Asia Capital Reinsurance Group Pte. Ltd.	434	17.9
4.	Munich Reinsurance Company	294	12.1
5.	BC Reinsurance Limited	219	9.0
Total Gross Premiums Written by Top 5 Reinsurers in 2014		1,898	78.2
Corresponding Figure for 2013		2,165	82.0

Assets Maintained in Hong Kong

Pursuant to the local asset requirement under section 25A of the Insurance Companies Ordinance (Cap.41), insurers other than pure reinsurers and captive insurers carrying on general insurance business in or from Hong Kong are required to maintain assets in Hong Kong to match their local insurance liabilities. As at their financial year ended in 2014, assets maintained by these insurers in Hong Kong totalled \$109,356 million, an 6.5% increase over 2013. Deposits & Cash was the largest asset type, registering \$52,228 million or 47.8% of total local assets, followed by Fixed & Variable Interest Securities (15.1%) and Mortgage portfolio (9.5%).

Figure 2.14 Breakdown of Assets Maintained in Hong Kong

Category of Assets		2012		2013		2014	
		\$million	%	\$million	%	\$million	%
Deposits & Cash		41,922.7	36.4	44,140.7	43.0	52,227.8	47.8
Fixed & Variable Interest Securities		22,033.8	19.2	12,828.1	12.5	16,537.3	15.1
Insurance Debts		5,551.6	4.8	6,111.5	6.0	6,404.9	5.9
Letters of Credit		3,280.0	2.9	3,099.0	3.0	3,779.5	3.4
Investments in Associated/ Subsidiary Companies		6,984.5	6.1	8,617.9	8.4	8,406.5	7.7
Land & Buildings		6,800.7	5.9	7,084.3	6.9	7,276.6	6.6
Other Assets	- Mortgage Portfolio*	20,935.5	18.2	16,146.0	15.7	10,354.2	9.5
	- Others	7,531.9	6.5	4,671.7	4.5	4,369.1	4.0
Total		115,040.7	100.0	102,699.2	100.0	109,355.9	100.0

*Mortgage Portfolio was owned by The Hong Kong Mortgage Corporation Limited

Market Analysis

A total of 110 insurers reported to the Insurance Authority on their Hong Kong general insurance business for 2014.

In 2014, gross premiums written by the top 10 and top 20 insurers amounted to \$19,729 million and \$28,087 million respectively. These premiums represented 45.3% and 64.4% of the market share, similar to the corresponding figures of 45.2% and 64.3% recorded in 2013. At the lower end of the scale, 15 insurers wrote gross premiums below \$1 million level in 2014.

Comparing with the market share of the top 10 general business insurers by overall gross premiums (45.3%), the market share of the top 10 insurers by gross premiums of individual major classes of general insurance business was higher, namely Accident & Health business (78.1%), EC business (67.7%), Motor Vehicle business (65.2%) and Property Damage business (54.1%).

Figure 2.15 Distribution of Insurers' Market Share

Ranking of Insurers	Range of Gross Premiums		Market Share	
	2013	2014	2013	2014
	\$million	\$million	%	%
1 - 10	1,082 - 3,501	1,161 - 3,651	45.2	45.3
11 - 20	583 - 1,073	620 - 1,133	19.1	19.1
21 - 50	176 - 572	211 - 604	28.1	27.3
Remaining	<176	<170	7.6	8.3

Figure 2.16 Top 10 Insurers by Overall Gross Premiums in 2014

Ranking of Insurers		Gross Premiums	Market Share
		\$million	%
1.	AXA General Insurance Hong Kong Limited	3,651	8.4
2.	Zurich Insurance Company Ltd	2,657	6.1
3.	Bupa (Asia) Limited	2,352	5.4
4.	China Taiping Insurance (HK) Company Limited	2,044	4.7
5.	Bank of China Group Insurance Company Limited	1,843	4.2
6.	QBE Hongkong & Shanghai Insurance Limited	1,763	4.0
7.	AIG Insurance Hong Kong Limited	1,551	3.6
8.	CNOOC Insurance Limited	1,452	3.3
9.	Asia Insurance Company, Limited	1,255	2.9
10.	AXA China Region Insurance Company Limited	1,161	2.7
Total Gross Premiums Written by Top 10 Insurers in 2014		19,729	45.3
Corresponding Figure for 2013		18,819	45.2

Figure 2.17 Top 10 Insurers by Gross Premiums of Major Classes in 2014

Accident & Health Business		
Ranking of Insurers		Market Share
1.	Bupa (Asia) Limited	20.4%
2.	AXA General Insurance Hong Kong Limited	17.2%
3.	AXA China Region Insurance Company Limited	10.1%
4.	Blue Cross (Asia-Pacific) Insurance Limited	8.7%
5.	AIA International Limited	5.1%
6.	Prudential General Insurance Hong Kong Limited	3.8%
7.	Liberty International Insurance Limited	3.7%
8.	Bank of China Group Insurance Company Limited	3.3%
9.	AIG Insurance Hong Kong Limited	3.1%
10.	Zurich Insurance Company Ltd	2.7%
Top 10 Insurers' Market Share		78.1%
Number of Insurers : 69		

Motor Vehicle Business		
Ranking of Insurers		Market Share
1.	China Taiping Insurance (HK) Company Limited	15.9%
2.	AXA General Insurance Hong Kong Limited	9.1%
3.	Target Insurance Company, Limited	7.0%
4.	Bank of China Group Insurance Company Limited	6.9%
5.	Zurich Insurance Company Ltd	6.7%
6.	Allianz Global Corporate & Specialty SE	4.7%
7.	Royal & Sun Alliance Insurance plc	4.3%
8.	China Ping An Insurance (Hong Kong) Company Limited	3.6%
9.	Asia Insurance Company, Limited	3.5%
10.	QBE Hongkong & Shanghai Insurance Limited	3.5%
Top 10 Insurers' Market Share		65.2%
Number of Insurers : 58		

Property Damage Business

Ranking of Insurers		Market Share
1.	CNOOC Insurance Limited	13.8%
2.	Zurich Insurance Company Ltd	8.1%
3.	AXA General Insurance Hong Kong Limited	6.4%
4.	Asia Insurance Company, Limited	4.2%
5.	ACE Insurance Limited	4.0%
6.	Bank of China Group Insurance Company Limited	4.0%
7.	MSIG Insurance (Hong Kong) Limited	3.6%
8.	HDI-Gerling Industrie Versicherung AG	3.5%
9.	Asia Capital Reinsurance Group Pte. Ltd.	3.3%
10.	China Taiping Insurance (HK) Company Limited	3.2%
Top 10 Insurers' Market Share		54.1%
Number of Insurers : 75		

Employees' Compensation Business

Ranking of Insurers		Market Share
1.	QBE Hongkong & Shanghai Insurance Limited	14.8%
2.	Zurich Insurance Company Ltd	8.6%
3.	Bank of China Group Insurance Company Limited	7.2%
4.	Wing Lung Insurance Company Limited	5.9%
5.	AXA General Insurance Hong Kong Limited	5.8%
6.	Sun Hung Kai Properties Insurance Limited	5.8%
7.	China Taiping Insurance (HK) Company Limited	5.6%
8.	AIG Insurance Hong Kong Limited	5.4%
9.	Asia Insurance Company, Limited	4.8%
10.	MSIG Insurance (Hong Kong) Limited	3.8%
Top 10 Insurers' Market Share		67.7%
Number of Insurers : 48		

Market Performance for 2015

Based on provisional statistics, in 2015, gross and net premiums of general insurance business recorded a growth of 4.7% to \$45,961 million and 5.9% to \$32,085 million respectively compared with 2014. Overall underwriting profit however declined from \$3,010 million to \$1,697 million.

On direct business, gross and net premiums increased by 7.4% to \$34,838 million and 5.7% to \$25,612 million respectively in 2015 compared with 2014, mainly driven by Accident & Health business (comprising Medical business) and General Liability business (comprising EC business). The former recorded gross and net premiums of \$12,866 million and \$10,197 million respectively, while the latter recorded \$9,619 million and \$7,396 million respectively.

The underwriting profit of direct business decreased to \$1,253 million in 2015 from \$2,268 million in 2014. The underwriting profit of Accident & Health business decreased from \$660 million to \$318 million. The underwriting performance of Motor Vehicle business also turned from a profit of \$67 million to a loss of \$198 million. In addition, the underwriting loss of Ships business widened from \$8 million to \$198 million.

On reinsurance inward business, gross premiums decreased from \$11,468 million to \$11,122 million whilst net premiums increased from \$6,064 million to \$6,473 million in 2015 as compared with 2014. The underwriting profit dropped from \$742 million in 2014 to \$444 million in 2015.



**Long Term
Insurance
Business**

Long Term Insurance Business

In 2014, the total office premiums of long term insurance sector amounted to \$295,693 million, representing an increase of 14.7% over the previous year. Provisional statistics also reported a continuous growth in 2015.

Overview

In-Force Business

Total in-force office premiums of long term insurance business amounted to \$295,693 million in 2014, an increase of 14.7% when compared with \$257,717 million in 2013. The driving force was Non-Linked Individual Life business.

Individual Life business remained the dominant line of long term insurance business, representing 93.7% of the market total in 2014. Related in-force office premiums increased by 15.1% from \$240,722 million in 2013 to \$277,085 million in 2014. Non-Linked and Linked businesses accounted for 75.4% and 24.6% of in-force Individual Life business respectively. As at 31 December 2014, there were more than 10.81 million of in-force Individual Life policies, with net liabilities of \$1,230,616 million.

For Group Life business, in-force office premiums also recorded a growth by 9.4% to \$2,946 million in 2014. The number of in-force policies increased by 7.8% to 20,214 and net liabilities by 6.9% to \$1,051 million as at 31 December 2014.

Yearly contributions of Retirement Scheme contracts administered by insurers reduced by 4.3% to \$7,898 million in 2014. There were 67,249 Retirement Scheme contracts with net liabilities of \$103,705 million at the end of 2014.

Regarding Annuity and other businesses (comprising mainly Permanent Health business), in-force office premiums increased by 28.3% to \$7,764 million in 2014 and the number of in-force policies by 8.0% to 277,251 at the end of 2014.

New Business

Office premiums of new Individual Life business reached \$108,952 million in 2014, up 22.8% from 88,755 million in 2013. Non-Linked Individual Life business grew by 33.3% while Linked Individual Life business dropped 15.7%, accounted for 85.2% and 14.8% of the new Individual Life business respectively in 2014.

Figure 3.1 Long Term Insurance Business

Type of Insurance	Number of Policies				Office Premiums				Net Liabilities			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
					\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Individual Life												
Non-Linked	7,814,141	8,310,460	8,741,810	9,181,550	126,450.6	145,782.0	170,825.7	208,964.5	602,600.7	734,287.6	791,409.7	948,233.1
	7.0%	6.4%	5.2%	5.0%	19.7%	15.3%	17.2%	22.3%	21.1%	21.9%	7.8%	19.8%
Linked	1,737,409	1,719,910	1,673,956	1,629,055	60,245.9	63,259.1	69,895.8	68,120.3	223,773.6	253,757.4	267,674.4	282,383.0
	2.9%	-1.0%	-2.7%	-2.7%	10.4%	5.0%	10.5%	-2.5%	-8.7%	13.4%	5.5%	5.5%
Sub-total	9,551,550	10,030,370	10,415,766	10,810,605	186,696.5	209,041.1	240,721.5	277,084.8	826,374.3	988,045.0	1,059,084.1	1,230,616.1
	6.3%	5.0%	3.8%	3.8%	16.5%	12.0%	15.2%	15.1%	11.3%	19.6%	7.2%	16.2%
Group Life	17,090	18,255	18,754	20,214	1,847.9	1,978.4	2,693.6	2,946.4	731.7	795.3	983.6	1,051.0
	5.1%	6.8%	2.7%	7.8%	17.8%	7.1%	36.2%	9.4%	10.7%	8.7%	23.7%	6.9%
Retirement Scheme	50,769	54,795	58,965	67,249	8,119.1	9,330.3	8,253.1	7,898.0	96,229.6	95,345.4	100,565.6	103,704.6
	-14.0%	7.9%	7.6%	14.0%	-18.9%	14.9%	-11.5%	-4.3%	-8.8%	-0.9%	5.5%	3.1%
Annuity and Others	229,676	241,743	256,766	277,251	2,251.6	3,774.4	6,048.7	7,763.5	8,919.4	11,792.6	15,617.7	21,159.3
	-8.5%	5.3%	6.2%	8.0%	7.7%	67.6%	60.3%	28.3%	8.6%	32.2%	32.4%	35.5%
Total	9,849,085	10,345,163	10,750,251	11,175,319	198,915.1	224,124.2	257,716.9	295,692.7	932,255.0	1,095,978.3	1,176,251.0	1,356,531.0
	5.7%	5.0%	3.9%	4.0%	14.4%	12.7%	15.0%	14.7%	8.8%	17.6%	7.3%	15.3%

Figures in percentage denote percentage changes over the prior year

In-Force Individual Life Business

Non-Linked Business

Office premiums of Non-Linked business grew by 22.3% to \$208,965 million in 2014, representing 75.4% of the office premiums of in-force Individual Life business. The number of in-force Non-Linked policies reached 9.18 million at the end of 2014, up 5.0% from 2013. Total sums assured increased by 11.0% to \$3,818,298 million and net liabilities by 19.8% to \$948,233 million as at 31 December 2014.

In terms of in-force office premiums, Whole Life and Endowment insurances accounted for 70.6% of Non-Linked business and Term and Other insurances for the remaining 29.4%.

Non-Linked business may be classified into with-profits business and without-profits business. Under this classification, with-profits business took up 66.8% of the in-force office premiums while without-profits business the remaining 33.2%.

Linked Business

Office premiums of Linked business decreased by 2.5% to \$68,120 million in 2014, accounting for 24.6% of the office premiums of in-force Individual Life business. The number of in-force policies dropped by 2.7% to 1,629,055 whereas net liabilities rose by 5.5% to \$282,383 million as at 31 December 2014.

Figure 3.2 In-Force Individual Life Business Office Premiums

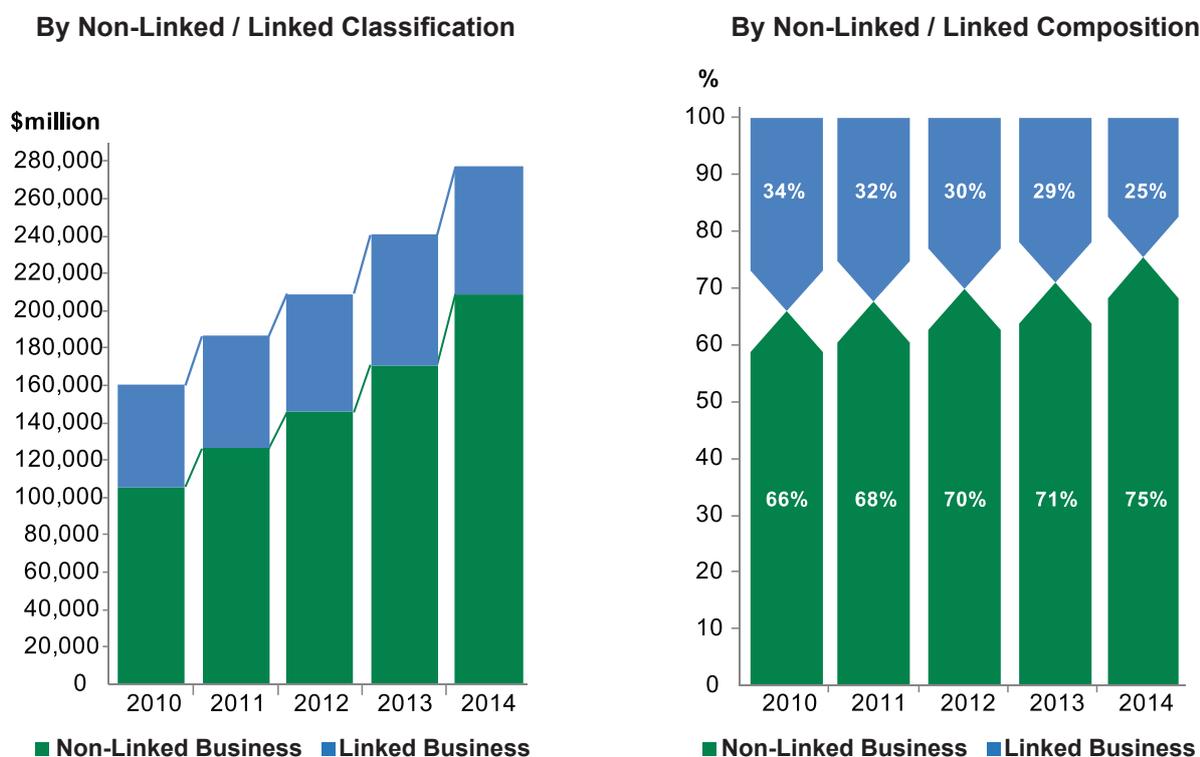


Figure 3.2 In-Force Individual Life Business (Accessible Version)
Office Premiums

By Non-Linked / Linked Classification	2010	2011	2012	2013	2014
	\$million	\$million	\$million	\$million	\$million
Non-Linked Business	105,651.9	126,450.5	145,782.1	170,825.7	208,964.5
Linked Business	54,587.3	60,245.9	63,259.1	69,895.8	68,120.3
By Non-Linked / Linked Composition	2010	2011	2012	2013	2014
	%	%	%	%	%
Non-Linked Business	66	68	70	71	75
Linked Business	34	32	30	29	25

Figure 3.2 In-Force Individual Life Business
Office Premiums of Non-Linked Business

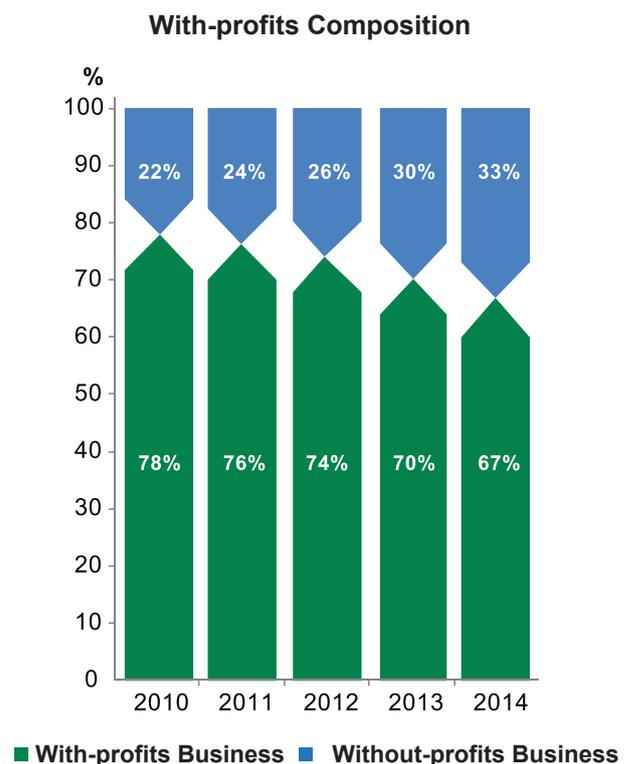
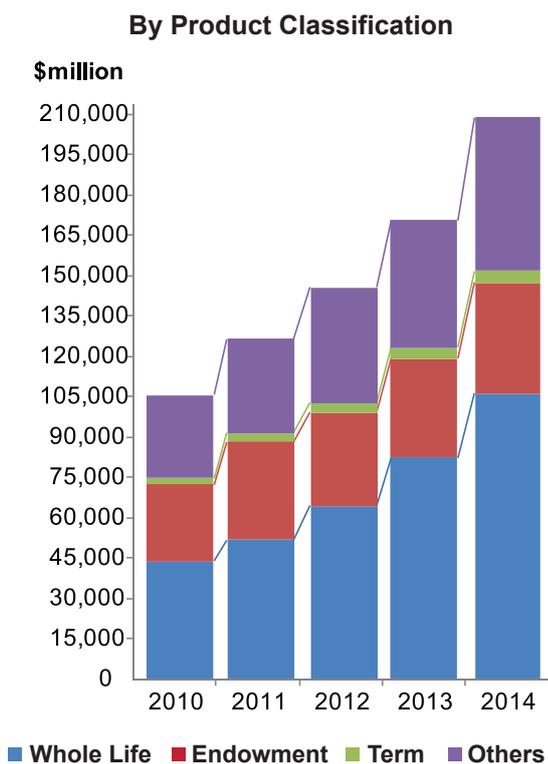


Figure 3.2 In-Force Individual Life Business (Accessible Version)
Office Premiums of Non-Linked Business

By Product Classification	2010	2011	2012	2013	2014
	\$million	\$million	\$million	\$million	\$million
Whole Life	43,867.8	51,894.7	64,538.5	82,473.5	106,436.1
Endowment	28,518.3	36,495.2	34,601.0	36,714.3	41,072.9
Term	2,515.3	3,307.5	3,764.0	4,103.3	4,405.8
Others	30,750.4	34,753.1	42,878.6	47,534.6	57,049.6
With-profits Composition	2010	2011	2012	2013	2014
	%	%	%	%	%
With-profits Business	78	76	74	70	67
Without-profits Business	22	24	26	30	33

New Individual Life Business

Office premiums of new Individual Life business increased by 22.8% to \$108,952 million whereas the number of new policies increased by 1.1% to 1,040,008 in 2014. Non-Linked business accounted for 85.2% of the new total office premiums and Linked business for the remaining 14.8%.

Non-Linked Business

For new Non-Linked business, office premiums recorded an increase of 33.3% to \$92,842 million in 2014, with single premium business increased by 51.4% and regular premium business by 18.4%. The number of policies increased by 3.4% to 968,659 in 2014.

Non-Linked business may be classified into with-profits and without-profits business, representing 56.8% and 43.2% of the related new office premiums respectively.

Linked Business

For new Linked business, the office premiums dropped by 15.7% and the number of new policies recorded a drop by 22.1% in 2014. The number of new policies in single payment mode and the related office premiums decreased by 24.8% and 12.0% respectively. The number of new policies in regular payment mode and the related office premiums decreased by 21.9% and 22.4% respectively.

New Business Index

New Business Index, defined as total office premiums for all regular premium products plus one-tenth of single premiums, increased by 14.1% in 2014. The rise in New Business Index was attributable to increases in new premiums of both regular and single premium businesses at a rate of 12.3% and 33.6% respectively. During the year, the New Business Index for Non-Linked business increased by 20.9% whereas that for Linked business decreased by 20.8%.

Figure 3.3 New Individual Life Business Office Premiums

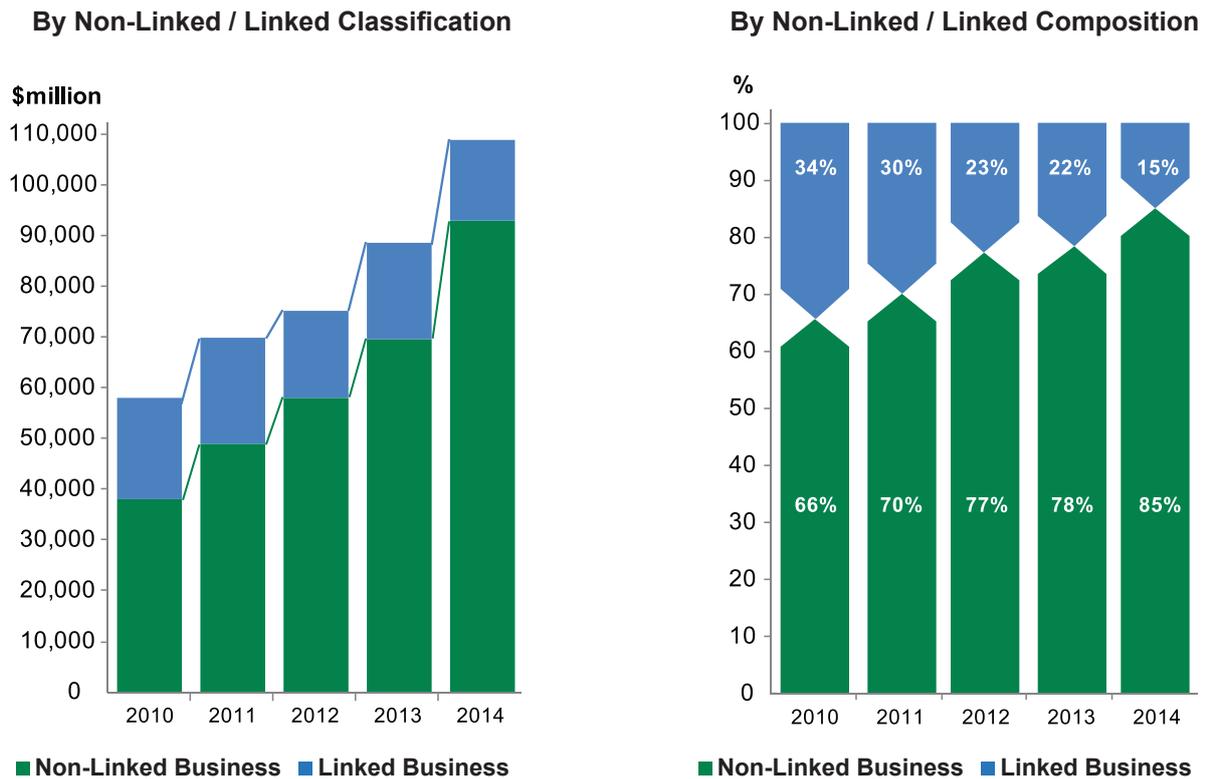
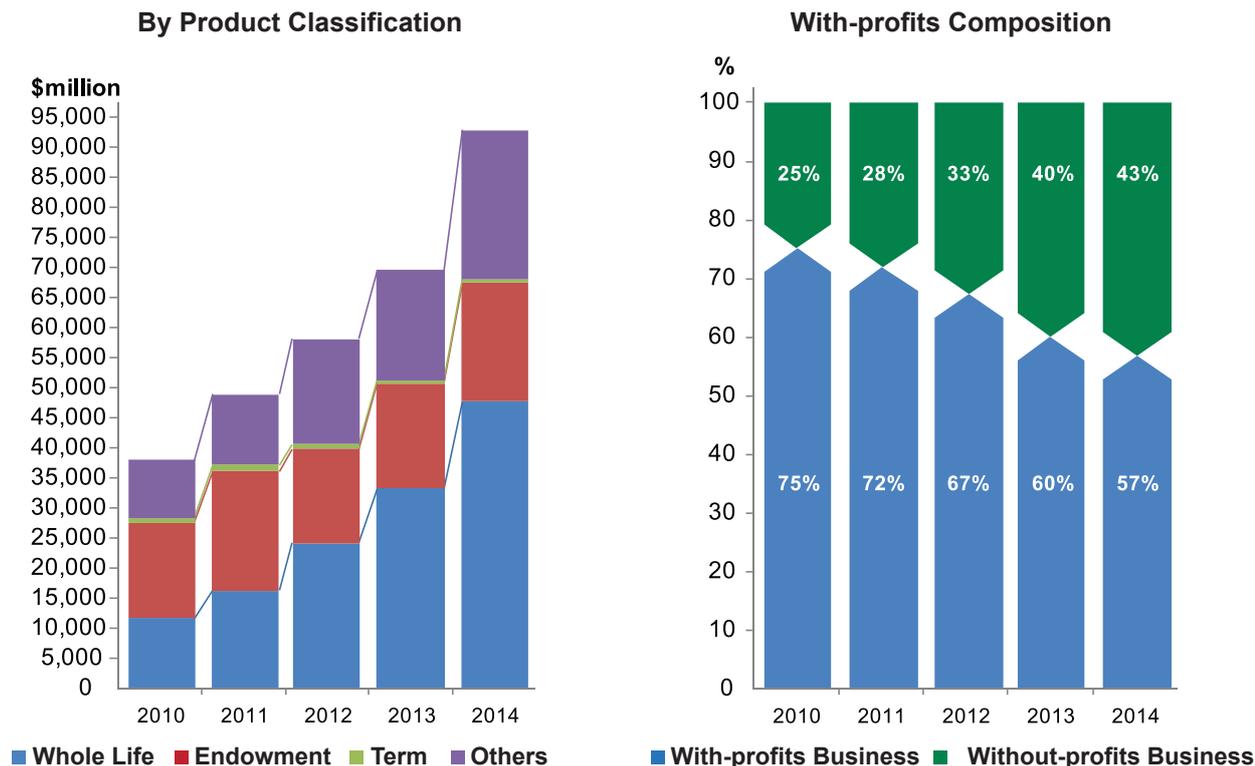


Figure 3.3 New Individual Life Business (Accessible Version) Office Premiums

By Non-Linked / Linked Classification	2010	2011	2012	2013	2014
	\$million	\$million	\$million	\$million	\$million
Non-Linked Business	38,023.3	48,937.9	58,177.3	69,639.6	92,841.6
Linked Business	19,923.9	20,926.4	17,100.6	19,115.6	16,110.0
By Non-Linked / Linked Composition	2010	2011	2012	2013	2014
	%	%	%	%	%
Non-Linked Business	66	70	77	78	85
Linked Business	34	30	23	22	15

**Figure 3.3 New Individual Life Business
Office Premiums of Non-Linked Business**



**Figure 3.3 New Individual Life Business (Accessible Version)
Office Premiums of Non-Linked Business**

By Product Classification	2010	2011	2012	2013	2014
	\$million	\$million	\$million	\$million	\$million
Whole Life	11,730.5	16,251.8	24,141.0	33,320.7	47,797.7
Endowment	15,852.2	19,870.2	15,658.8	17,423.5	19,759.7
Term	828.7	1,047.9	792.3	622.6	574.1
Others	9,611.9	11,768.0	17,585.2	18,272.8	24,710.1
With-profits Composition	2010	2011	2012	2013	2014
	%	%	%	%	%
With-profits Business	75	72	67	60	57
Without-profits Business	25	28	33	40	43

Figure 3.4 New Individual Life Business (Number of Policies and New Business Index)

Type of Insurance	Number of Policies											
	Single Payment				Regular Payment				Total			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Non-Linked:												
Whole Life	4,540	5,702	8,701	16,020	363,261	439,246	482,849	534,258	367,801	444,948	491,550	550,278
Endowment	24,959	21,703	14,098	19,133	135,631	114,892	107,293	85,974	160,590	136,595	121,391	105,107
Term	1,066	858	865	168	183,703	173,165	135,869	123,539	184,769	174,023	136,734	123,707
Others	6,866	7,901	6,762	9,180	199,912	190,982	180,642	180,387	206,778	198,883	187,404	189,567
	37,431	36,164	30,426	44,501	882,507	918,285	906,653	924,158	919,938	954,449	937,079	968,659
Linked:	11,010	5,769	7,782	5,850	148,742	109,330	83,863	65,499	159,752	115,099	91,645	71,349
Total	48,441	41,933	38,208	50,351	1,031,249	1,027,615	990,516	989,657	1,079,690	1,069,548	1,028,724	1,040,008

Type of Insurance	Office Premiums											
	Single Payment				Regular Payment				New Business Index*			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
	\$million	\$million	\$million	\$million								
Non-Linked:												
Whole Life	8,373.7	12,896.4	19,171.0	29,227.2	7,878.2	11,244.6	14,149.8	18,570.5	8,715.6	12,534.2	16,066.9	21,493.2
Endowment	7,867.2	6,555.6	5,015.0	7,482.6	12,003.0	9,103.2	12,408.5	12,277.1	12,789.7	9,758.8	12,910.0	13,025.4
Term	55.1	54.5	51.7	3.8	992.8	737.8	570.8	570.3	998.3	743.3	576.0	570.7
Others	4,955.4	6,984.3	7,197.6	10,883.7	6,812.7	10,601.0	11,075.3	13,826.3	7,308.2	11,299.4	11,795.1	14,914.7
	21,251.4	26,490.8	31,435.3	47,597.3	27,686.7	31,686.6	38,204.4	45,244.2	29,811.8	34,335.7	41,348.0	50,004.0
Linked:	9,626.9	7,380.6	12,315.1	10,835.6	11,299.5	9,720.1	6,800.6	5,274.4	12,262.2	10,458.2	8,032.1	6,358.0
Total	30,878.3	33,871.4	43,750.4	58,432.9	38,986.2	41,406.7	45,005.0	50,518.6	42,074.0	44,793.9	49,380.1	56,362.0

* New Business Index = 10% Single Premiums + Regular Premiums

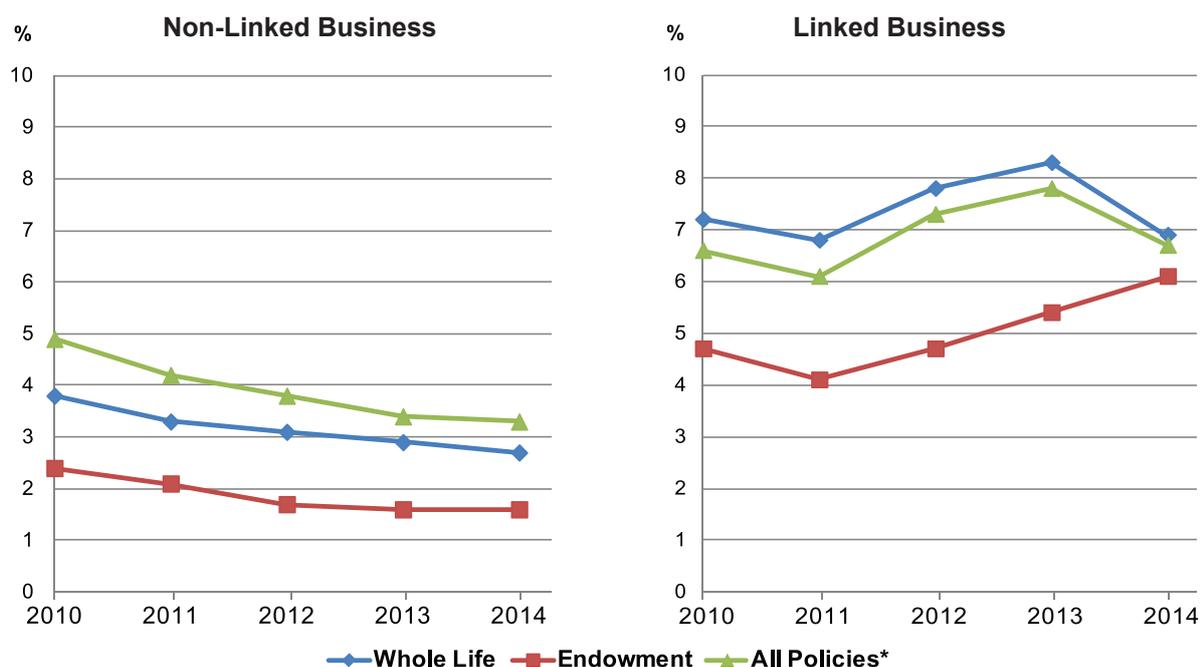
Individual Life Voluntary Termination Rate (Lapses and Surrenders)

Voluntary termination rate is the ratio of the number of policies lapsed or surrendered during the year to the average number of policies in-force and is a measure of the persistency of business.

For Non-Linked Individual Life business, the overall voluntary termination rate improved from 3.4% in 2013 to 3.3% in 2014.

For Linked Individual Life business, the overall voluntary termination rate improved from 7.8% in 2013 to 6.7% in 2014.

Figure 3.5 Individual Life Voluntary Termination Rate



* All Policies include term policies and others

Figure 3.5 Individual Life Voluntary Termination Rate (Accessible Version)

Non-Linked Business		2010	2011	2012	2013	2014
	%	%	%	%	%	%
Whole Life		3.8	3.3	3.1	2.9	2.7
Endowment		2.4	2.1	1.7	1.6	1.6
All Policies*		4.9	4.2	3.8	3.4	3.3
Linked Business		2010	2011	2012	2013	2014
	%	%	%	%	%	%
Whole Life		7.2	6.8	7.8	8.3	6.9
Endowment		4.7	4.1	4.7	5.4	6.1
All Policies*		6.6	6.1	7.3	7.8	6.7

* All Policies include term policies and others

Group Life Business

Group Life business comprises Class A business (non-employer group business) and Class I business (employer group business).

For Class A business, office premiums in 2014 were \$91 million, representing 3.1% of Group Life business. At the end of 2014, there were 209 Class A in-force policies covering 83,672 lives. Total sums assured and net liabilities were \$15,720 million and \$141 million respectively.

For Class I business, office premiums stood at \$2,855 million, representing 96.9% of Group Life business. At the end of 2014, there were 20,005 Class I in-force policies covering 1,185,301 lives. Total sums assured and net liabilities were \$746,393 million and \$910 million respectively.

Figure 3.6 In-Force Group Life Business

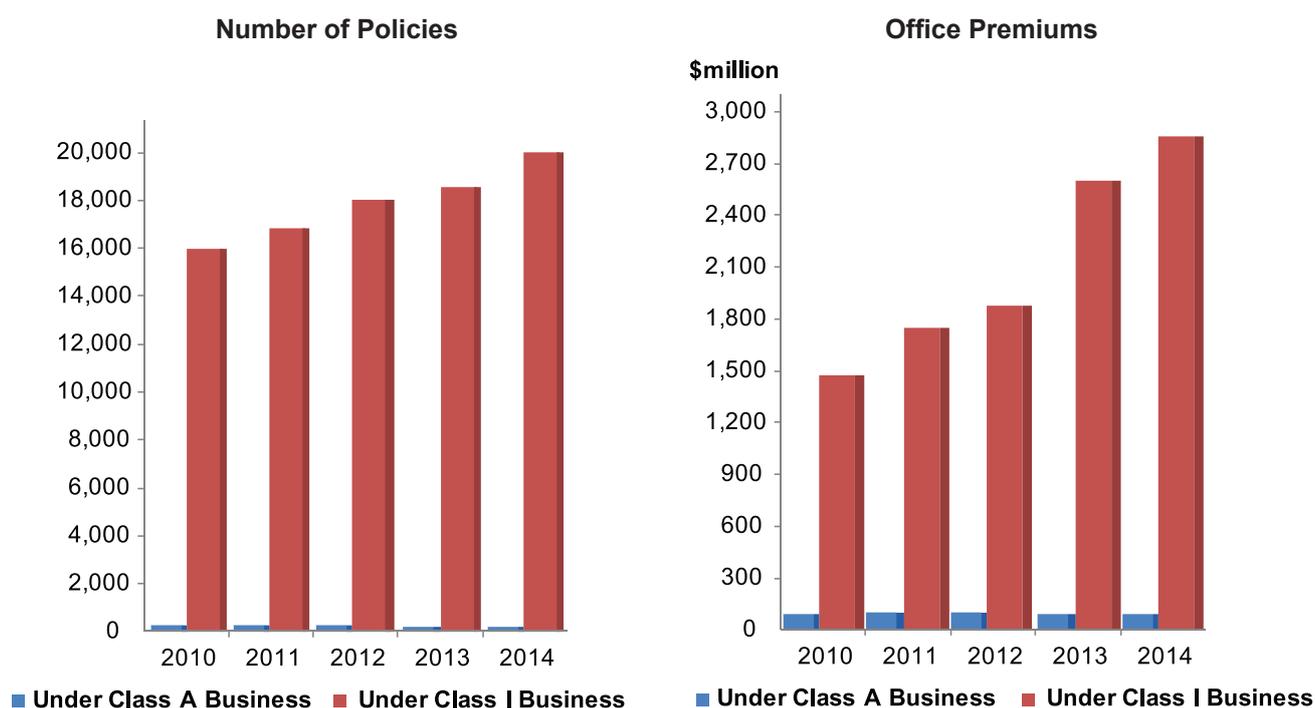


Figure 3.6 In-Force Group Life Business (Accessible Version)

Number of Policies	2010	2011	2012	2013	2014
Under Class A Business	284	225	236	217	209
Under Class I Business	15,978	16,864	18,018	18,536	20,005
Office Premiums	2010	2011	2012	2013	2014
	\$million	\$million	\$million	\$million	\$million
Under Class A Business	94.3	99.2	102.1	89.4	91.0
Under Class I Business	1,474.5	1,748.7	1,876.3	2,604.2	2,855.4

Retirement Scheme Business

Retirement Scheme business consists of Class G business which provides for a guaranteed capital or return and Class H business which does not provide for such a guarantee.

Class G contributions amounted to \$7,162 million in 2014, representing 90.7% of overall contributions of Retirement Scheme business. As at 31 December 2014, the related net liabilities amounted to \$89,861 million. Net liabilities may be classified into unit (unitised) and non-unit liabilities. The related unit and non-unit liabilities were \$72,152 million and \$17,709 million respectively.

Following the conversion of some non-guaranteed Retirement Schemes contracts into unit trust structures in 2010, Class H contributions continued decreasing from \$755 million in 2013 to \$736 million in 2014, representing 9.3% of overall contributions in 2014. As at 31 December 2014, the related net liabilities stood at \$13,844 million, of which unit and non-unit liabilities were \$9,195 million and \$4,649 million respectively.

Figure 3.7 In-Force Retirement Scheme Business

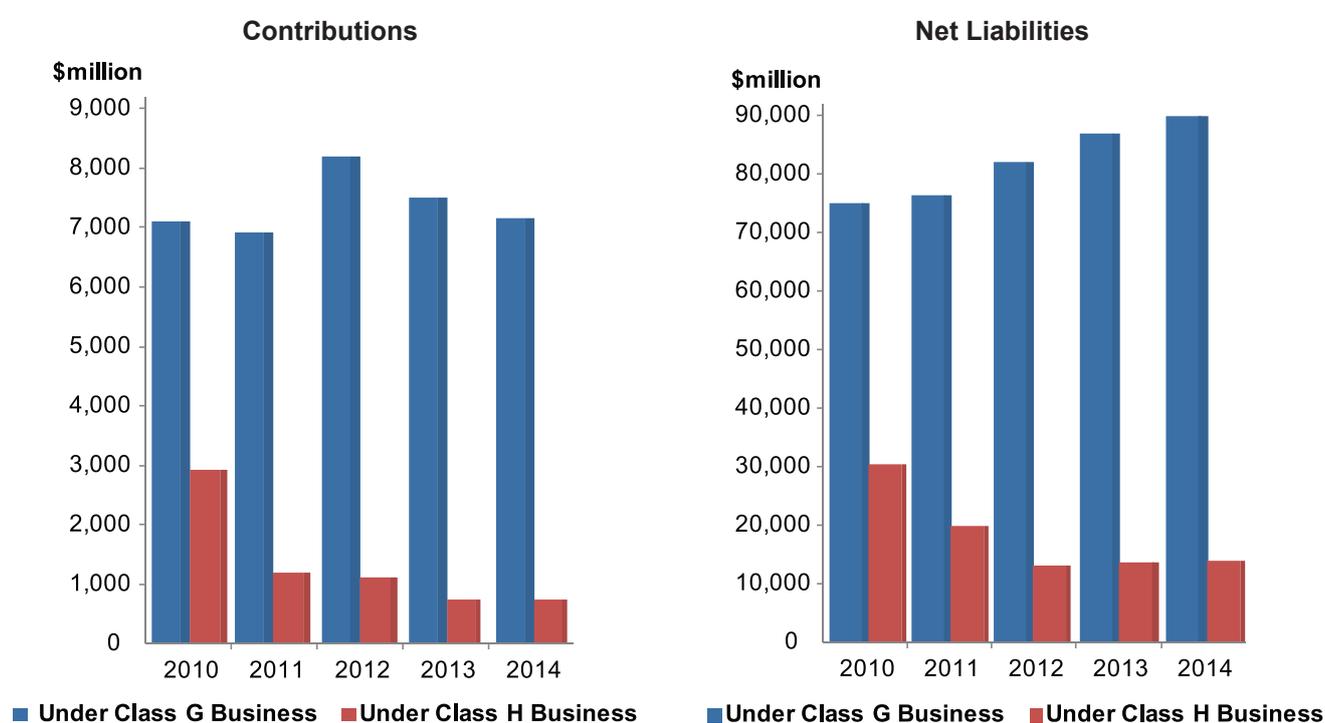


Figure 3.7 In-Force Retirement Scheme Business (Accessible Version)

Contributions	2010	2011	2012	2013	2014
	\$million	\$million	\$million	\$million	\$million
Under Class G Business	7,091.2	6,930.6	8,208.2	7,498.0	7,162.1
Under Class H Business	2,915.7	1,188.5	1,122.1	755.1	735.9
Net Liabilities	2010	2011	2012	2013	2014
	\$million	\$million	\$million	\$million	\$million
Under Class G Business	75,069.9	76,248.5	82,156.6	86,872.2	89,860.7
Under Class H Business	30,414.3	19,981.1	13,188.8	13,693.4	13,843.9

Annuity and Other Business

For Annuity business, there were 98,371 in-force policies at the end of 2014. Its office premiums surged by 31.4% to \$6,751 million and net liabilities increased by 46.4% to \$17,150 million in 2014. During the year, a total of 20,563 new Annuity policies were effected with office premiums of \$2,958 million.

Other business comprises Permanent Health, Tontines and Capital Redemption businesses. For Permanent Health business, the number of in-force policies and office premiums reached 178,875 and \$1,013 million respectively and net liabilities increased 2.8% to \$4,008 million in 2014. For Tontines and Capital Redemption businesses, their total office premiums were about \$0.1 million in 2014.

In terms of premiums, Annuity and Other business only accounted for 2.6% of the market total of the long term insurance business in 2014.

Market Analysis

At as 31 December 2014, there were 63 authorised long term business insurers. Excluding Lloyd's and 8 pure reinsurers, 9 insurers reported in-force office premiums of more than \$10 billion and took up a total of 79.5% of the long term insurance market. The other 45 insurers with office premiums of less than \$10 billion represented the remaining 20.5% of the market total.

**Figure 3.8 Grouping of Long Term Business Insurers
According to the Level of Office Premiums of In-Force Business in 2014**

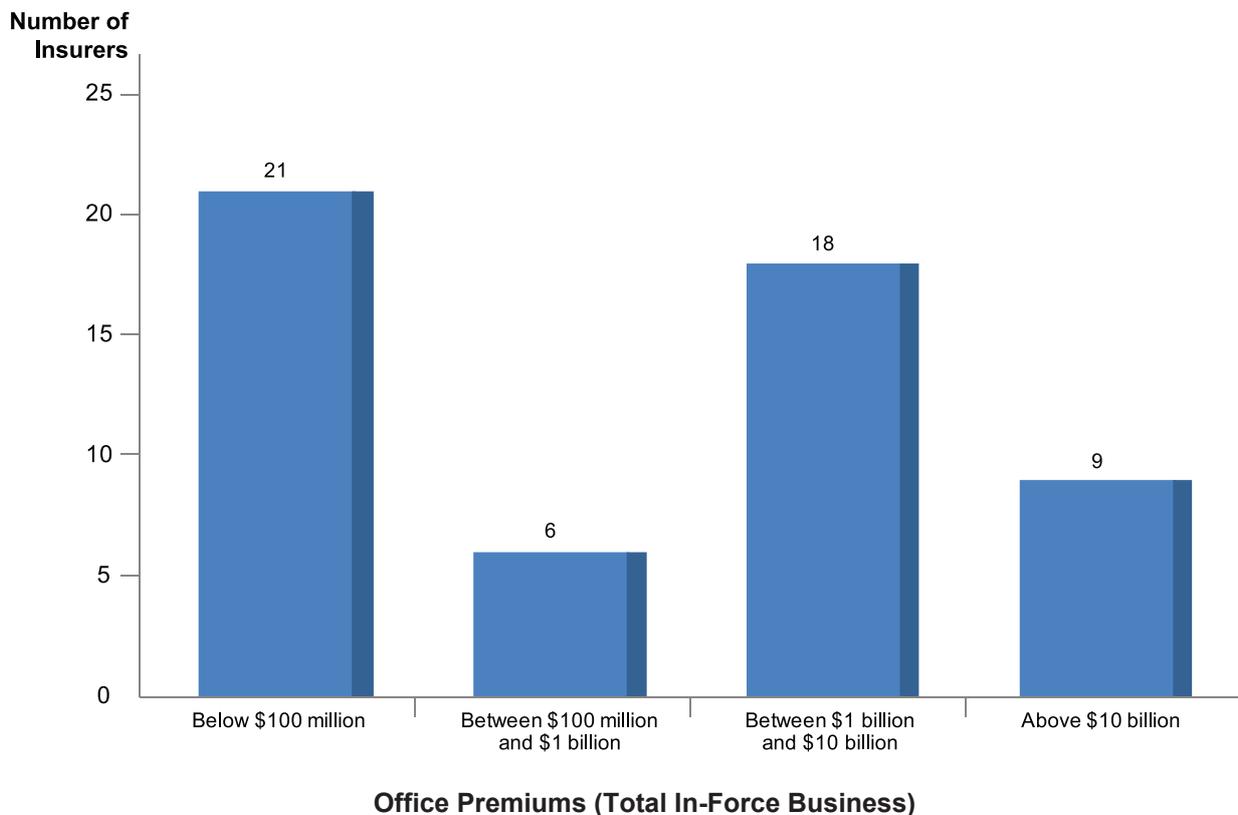


Figure 3.8 Grouping of Long Term Business Insurers
According to the Level of Office Premiums of In-Force Business in 2014 (Accessible Version)

Office Premiums (Total In-Force Business)	Number of Insurers
Below \$100 million	21
Between \$100 million and \$1 billion	6
Between \$1 billion and \$10 billion	18
Above \$10 billion	9

In terms of new Individual Life business, 33 insurers wrote new business in 2014. Among these insurers, 13 reported new office premiums of more than \$1 billion and took up 93.9% of the total business. The other 20 insurers, with new office premiums of less than \$1 billion, shared the remaining 6.1% of the market total.

Figure 3.9 Grouping of Long Term Business Insurers
According to the Level of Office Premiums of New Individual Life Business in 2014

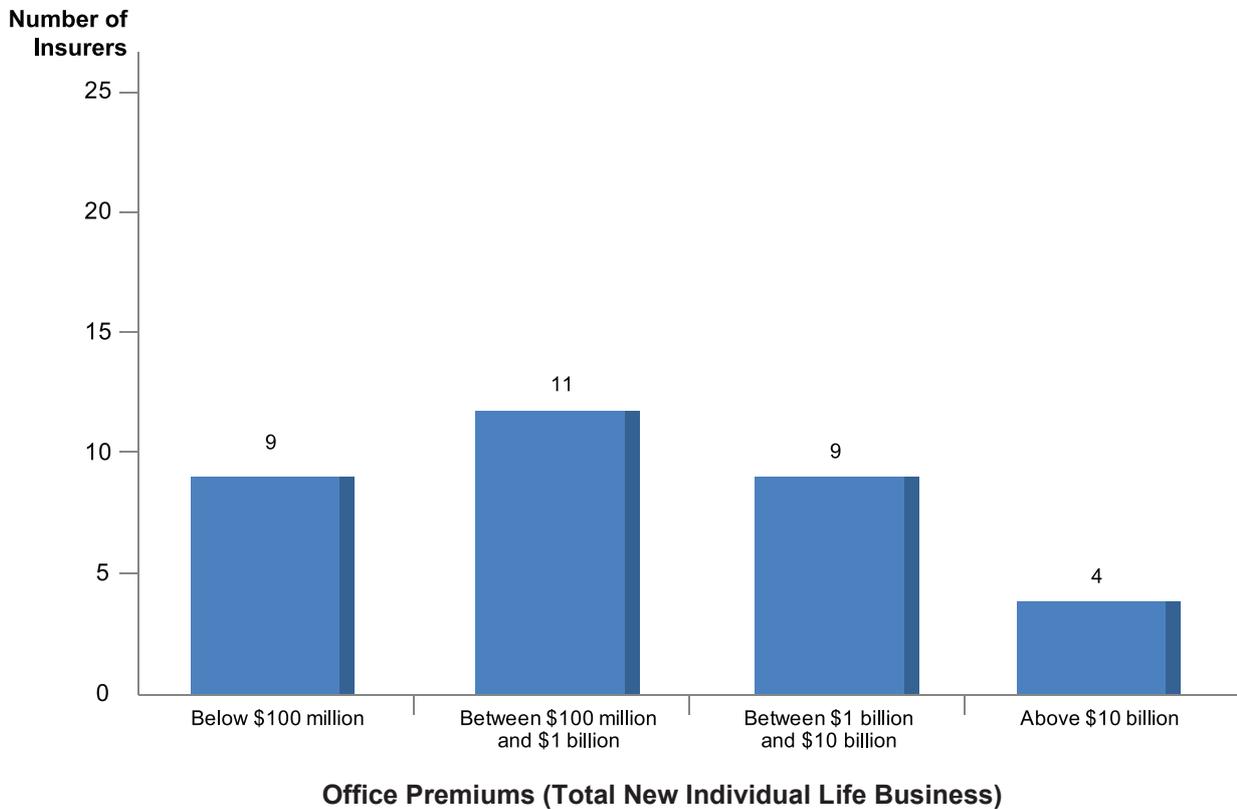


Figure 3.9 Grouping of Long Term Business Insurers
According to the Level of Office Premiums of New Individual Life Business in 2014 (Accessible Version)

Office Premiums (Total New Individual Life Business)	Number of Insurers
Below \$100 million	9
Between \$100 million and \$1 billion	11
Between \$1 billion and \$10 billion	9
Above \$10 billion	4

Market Performance for 2015

Based on provisional statistics, total revenue premiums of in-force long term insurance business amounted to \$319,813 million in 2015, representing a rise of 11.9%.

For Individual Life and Annuity business, revenue premiums increased by 11.7% to \$293,499 million, in which Non-Linked and Linked businesses accounted for \$253,268 million and \$40,231 million respectively. Contributions of Retirement Scheme business also increased by 15.2% to \$21,994 million.

In respect of new business, the office premiums of long term insurance business (excluding Retirement Scheme business) increased by 15.1% to \$131,273 million in 2015. For Individual Life and Annuity business, Non-Linked business grew by 23.7% to \$120,435 million whereas Linked business decreased by 36.2% to \$10,243 million.

During 2015, 245,950 new policies were issued to Mainland visitors. Office premiums generated from these new policies amounted to \$31,644 million, representing 24.2% of the total new Individual Life business in 2015.



**Supervisory
Developments
for Insurance
Intermediaries**

Supervisory Developments for Insurance Intermediaries

The Office of the Commissioner of Insurance (“OCI”) is committed as ever to enhancing the professionalism of insurance intermediaries to meet public expectation. We have been working closely with other financial services regulators to maximise cross-sectoral cooperation.

Insurance Intermediaries Quality Assurance Scheme (“IIQAS”)

Introduced in 2000, the IIQAS aims to enhance professionalism of insurance intermediaries in Hong Kong. All insurance agents and brokers, their responsible officers/chief executives and technical representatives (collectively referred to as “insurance intermediaries”) are subject to the Insurance Intermediaries Qualifying Examination (“IIQE”) and the Continuing Professional Development (“CPD”) Programme requirements under the IIQAS.

The Insurance Intermediaries Qualifying Examination

In addition to other prerequisites, a prospective insurance intermediary is required to meet the IIQE requirements in order to be eligible for registration/authorisation. The IIQE consists of five examination papers: the basic paper on Principles and Practice of Insurance, three qualifying papers (viz. General Insurance, Long Term Insurance, and Investment-linked Long Term Insurance), and the Travel Insurance Agents Examination.

Examinations are offered throughout the year in both pen-and-paper mode and computer screen mode. The cumulative statistics on the IIQE as at 31 December 2015 are shown in Figure 4.1 below.

**Figure 4.1 The Insurance Intermediaries Qualifying Examination
(Cumulative Statistics as at 31 December 2015)**

Examination Paper	Number of Sitzings	Passing Rate
Basic Examination Paper Principles and Practice of Insurance	555,590	52%
Qualifying Examination Papers		
General Insurance	249,860	46%
Long Term Insurance	496,331	57%
Investment-linked Long Term Insurance	267,616*	56%*
Travel Insurance Agents Examination Paper	16,808	41%

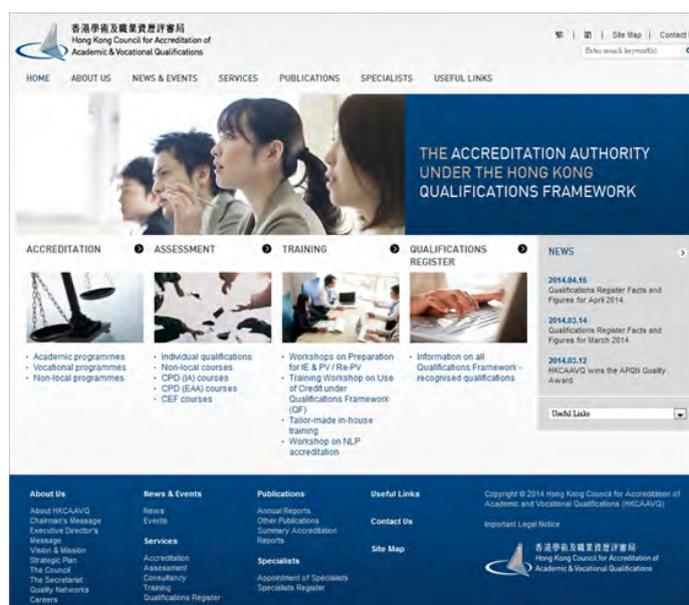
* As at 31 December 2015, there were a total of about 267,616 candidates sitting for the Investment-linked Long Term Insurance Paper (“IL Paper”), comprising 166,578 candidates sitting for the previous IL Paper and 101,038 for the enhanced version. The passing rates were about 58% and 54% respectively.

The Vocational Training Council is the examination body of the IIQE. It regularly reviews and updates the study notes and examination questions for each of the IIQE examination papers, taking account of the latest regulatory and market developments.

The Continuing Professional Development Programme

The CPD Programme aims at ensuring that insurance intermediaries constantly keep abreast of the industry knowledge and maintain their professional competence. By requiring them to earn a minimum of 10 CPD hours every year, the Programme encourages insurance intermediaries to pursue lifelong learning, enhance professionalism and deliver excellent services to the insuring public. As for travel insurance agents, they are also subject to the CPD requirement of 3 CPD hours per year.

For quality assurance, the Hong Kong Council for Accreditation of Academic and Vocational Qualifications is appointed as the assessment authority for the CPD Programme to provide assessment services for CPD activities as well as vetting services for the recognition of Qualifications Framework (“QF”) accredited programmes as qualified CPD activities. The lists of approved CPD activities and QF accredited programmes recognised as qualified CPD activities, with their respective CPD hours, are regularly updated and posted on its website (<http://www.hkcaavq.edu.hk>).



Monitoring of Insurance Intermediaries

The OCI continues to monitor the insurance intermediaries under its regime to ensure their compliance with the requirements of the Insurance Companies Ordinance (Cap. 41). The OCI also conducts on-site inspections to these intermediaries and ensures that irregularities identified are followed up properly.

Regulation of Mandatory Provident Fund (“MPF”) Intermediaries

Prior to 1 November 2012, the regulation of MPF intermediaries was under an administrative regulatory regime. With the introduction of Employee Choice Arrangement, the Mandatory Provident Fund Schemes Ordinance (Cap. 485) (“MPFSO”) was amended to, inter alia, put in place a statutory framework for the regulation of registered MPF intermediaries with effect from 1 November 2012. Under the statutory regime for regulation of MPF intermediaries, the Insurance Authority (“IA”) is given the statutory role as the frontline regulator under the MPFSO for monitoring compliance of registered MPF intermediaries from the insurance sector with the conduct requirements stipulated in the MPFSO and the relevant Guidelines on Conduct Requirements for Registered Intermediaries issued under the MPFSO.

Under the MPFSO, the IA may exercise the inspection powers for ascertaining the registered MPF intermediaries’ compliance with the statutory conduct requirements. Where the IA has reasonable cause to believe that any registered MPF intermediaries may have failed to comply with the statutory conduct requirements, the IA may exercise the investigation powers under the MPFSO for investigating the suspected non-compliance.

Cross-Sectoral Cooperation

The OCI continues to work closely with the Hong Kong Monetary Authority, the Mandatory Provident Fund Schemes Authority, the Securities and Futures Commission, and other law enforcement agencies on cross-sectoral issues. The OCI and these regulators also hold regular meetings to discuss issues of common supervisory concerns.



Consumer Protection

Insurance involves the delivery of a promise in the future. Its nature warrants the need for consumer protection which helps instil their confidence in the insurance industry and facilitates its further growth. The Office of the Commissioner of Insurance (“OCI”) is committed to working hand-in-hand with all stakeholders to promote market transparency and good industry practices for the better protection of the insuring public.

Market Transparency

Policyholders and insurance industry need timely access to statistical information to assist them in appraising market performance and making financial decisions. To enhance market transparency, the OCI regularly publishes insurance statistics on its homepage, newsletters and annual reports.

Every year, the OCI compiles statistics on the underwriting performance of Hong Kong general insurance business based on the audited Hong Kong General Business Returns of insurers. Extensive data covering premiums, underwriting expenses, claims experiences as well as underwriting result for each class of business, distinguished between direct business and reinsurance inward business, are published. Key business figures of individual insurers are also released.

To better assist general business insurers in their assessment of the claims cost of two compulsory lines of insurance business, namely, Employees’ Compensation (“EC”) business and Motor Vehicle business, the OCI also publishes additional statistics for this purpose. These include annual statistics on the gross premiums, gross claims paid and gross outstanding claims development data, broken down by trade occupation for EC business, and by type of vehicle, type of coverage, and nature of claims for Motor Vehicle business on an aggregate basis.

Every quarter, the OCI publishes provisional general insurance business statistics on the underwriting performance for each class of direct and reinsurance inward business, under which direct Accident & Health business is further broken down into “Medical” and “Non-Medical” business. The provisional statistics on the underwriting performance of Motor Vehicle business broken down by type of vehicle are also published quarterly.

To further enhance the transparency and quality of insurance statistics, the OCI also publishes quarterly statistics on the underwriting performance of new sub-classes of direct Motor Vehicle, Ships, Property Damage, General Liability and Pecuniary Loss businesses as well as that of EC insurance business by trade occupation.

In respect of long term insurance business, annual statistics are compiled based on the Hong Kong Long Term Business Returns certified by appointed actuaries of long term business insurers. The published statistics cover extensive information for both new and in-force businesses, such as number of policies, premiums, net liabilities and voluntary termination rates under various classes of business or types of insurance products.

Quarterly provisional long term insurance business statistics are also compiled based on the information reported by insurers in the Hong Kong Long Term Business Quarterly Returns. The statistics cover areas such as new business, in-force business, terminated policies, reinsurance business, policy replacements and individual policies issued to Mainland visitors. From 2014, the OCI has enhanced these quarterly returns and released additional information on breakdown of currency, on-shore/off-shore, premium term and distribution channel in respect of new individual business premiums and number of policies. The quarterly and annual long term insurance business statistical data are released on both aggregate and individual insurer bases.

Newsletter “ILens”

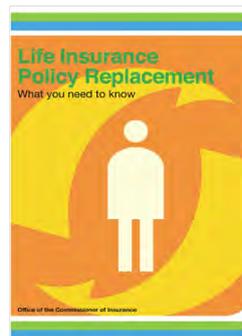
The OCI’s newsletter “ILens” aims at promoting regulatory transparency and consumer education. It is a channel for the OCI to communicate to the public and the industry about insurance topical issues, market performance and development. Professionals and market experts are invited to write feature articles for “ILens” on current industry developments and future trends, as well as drawing consumers’ attention to the important points to note when procuring insurance products. Latest performance of the local insurance market, industry initiatives and regulatory news are also reported to enhance the public’s understanding about the local insurance market and the regulatory regime.



Published copies of “ILens” are available free of charge from the OCI, the District Offices of the Home Affairs Department and the Consumer Council. The electronic version of “ILens” is accessible on the OCI’s website.

Public Educational Campaign

To promote consumer education, including drawing the attention of consumers to the important points that they should take note of when considering to procure insurance products, the OCI publishes booklets on insurance intermediaries and educational pamphlets on a variety of topics, including “Buying Insurance - What you need to know”, “Life Insurance Policy Replacement - What you need to know” and “Travel Insurance - What you need to know”. Electronic versions of these educational pamphlets are available on the OCI’s website and are hyperlinked with the Consumer Council’s website.



To promote the general public’s awareness of the importance of taking out suitable travel insurance when they travel abroad, the OCI and the Tourism Commission launched a new publicity campaign to promote travel insurance in December 2015. With the key message “Choose travel insurance with adequate coverage. Make your trip wonderful!”, the publicity campaign aims to encourage members of the public to take out adequate travel insurance before their trips and choose insurance plans that meet their specific needs. The publicity campaign includes a poster and a TV/Radio Announcement in the Public Interest (“API”) commenced broadcasting on 15 December 2015. The API is also available for viewing at the websites of the OCI and the Tourism Commission (www.tourism.gov.hk).



To promote professional ethics and corruption prevention, the OCI has rendered its support to the Independent Commission Against Corruption (“ICAC”) which worked with industry bodies in formulating the booklet “Professional Ethics Programme for the Insurance Sector”. A training filmlet, “The Noble Means”, together with case studies, guidebooks, enhancement of anti-corruption contents in courses for Continuing Professional Development assessment and ICAC seminars on managing staff integrity and corruption prevention were produced and conducted for insurance practitioners. These materials contain guidelines and examples of good market practices which aim to enhance professionalism and ethics.

Other Measures for Consumer Protection

The OCI and the insurance industry have continued to take joint efforts to promote consumer protection measures. These measures include:

Consumer Protection Declaration Form (“CPDF”)

The CPDF is introduced under the Code of Practice for Life Insurance Replacement (“Code”) issued by the insurance industry as a self-regulatory measure to prevent twisting of life policies. It should be completed and signed to evidence that an insurance intermediary has clearly explained to a life policyholder the consequences and potential disadvantages of replacing an existing policy. A life policy applicant is also required to declare in the CPDF that he/she has received a copy of the OCI’s educational pamphlet “Life Insurance Policy Replacement - What you need to know”. In 2008, the Code was revised to keep pace with market developments and to clarify the responsibility of claim payment under the circumstance of twisting being proven.

Cooling-Off Period for Long Term Insurance Policies

Policyholders are given a cooling-off period to review the terms and conditions of their long term insurance policies. The arrangement was first introduced in 1996 and would be revised from time to time to take into consideration of market developments. The cooling-off period aims to give policyholders of new life insurance policies a chance to re-consider within a reasonable period of time their decision to purchase a life insurance product. Policyholders have the right to cancel new policies within the cooling-off period and request for a refund of the premium(s) paid. With effect from 1 February 2010, the cooling-off period is 21 days after the delivery of the policy or issue of a notice (informing the policyholder of the availability of the policy and the expiry date of the cooling-off period) to the policyholder or the policyholder’s representative, whichever is the earlier.

Illustration Standards for Long Term Insurance Policies

The insurance industry works with the relevant regulatory authorities in developing illustration standards to enhance the transparency of life insurance policies. The standards provide prospective policyholders with a summary of insurance benefits, investment returns and surrender values. This illustration will not only reduce potential market malpractice, but also enable prospective policyholders to make informed decisions.

Enhancement of the illustration standards for investment-linked insurance products was made by implementing new illustration rates with effect from 1 January 2014. An additional no-growth illustration rate was also introduced from 1 January 2015.

In addition, illustration standards for participating and universal life (non-linked) products were introduced and enhanced respectively in 2015. They would become effective from 1 April 2016 for new products and 1 January 2017 for current products.

Code of Conduct and Code of Practice

As part of the self-regulatory initiatives taken by the industry, The Hong Kong Federation of Insurers (“HKFI”) has published the Code of Conduct for Insurers and the Code of Practice for the Administration of Insurance Agents. These Codes aim to promote good practice among insurers in the conduct of their insurance business and the administration of their insurance agents.

Strengthening of Investment-Linked Assurance Scheme's ("ILAS") Regulation

To strengthen the regulation of ILAS, the OCI has worked with the HKFI to draw up a package of measures.

To ensure that consumers purchase products that are suitable for them and consistent with their needs and risk appetite, a suitability assessment comprising the enhanced Financial Needs Analysis, Risk Profile Questionnaire, Applicant's Declarations and post-sale telephone confirmation for vulnerable groups has been implemented since 2009.

To ensure that insurance intermediaries possess adequate knowledge of ILAS products available in the market before introducing them to prospective clients, the OCI has regularly reviewed the examination and training requirements for insurance intermediaries selling ILAS products.

Since February 2011, the insurance industry has distributed a pamphlet entitled "Questions you need to ask before taking out an ILAS product" to potential policyholders of ILAS products at the point of sale. This pamphlet is prepared by the HKFI with the support of the OCI for the purpose of facilitating easy and clear understanding by consumers before taking out an ILAS product. The pamphlet contains seven key questions that consumers may need to consider before taking out an ILAS product. These key questions help consumers understand the nature and characteristics of the ILAS products they intend to buy. The pamphlet was revised in June 2013 to reflect the updated requirements to enhance customer protection for ILAS products. It is available for downloading on the website of the HKFI (<http://www.hkfi.org.hk>).

In December 2012, the HKFI, in consultation with the OCI, issued the Guidance Note on ILAS Illustration to change the illustration from two illustration rates (5% and 9%) to three (3%, 6% and 9%) from January 2014. The revised illustration rates are to ensure that customers receive proper information and disclosure and that the rates of illustration are more appropriate to the current investment environment. Following the implementation of the Guidance Note on Underwriting Class C Business ("GN15"), an additional illustration rate of zero investment return (0%) was also required from January 2015 on top of the illustration rates of 3%, 6% and 9%.

The HKFI, after consulting the OCI, issued the Updated Requirements Relating to the Sale of Investment Linked Assurance Scheme to Enhance Customer Protection which came into effect on 30 June 2013. The enhanced measures include (1) the need for a policyholder to fill in an Important Facts Statement ("IFS") cum Applicant's Declaration Form which contains key features of the ILAS product for customers' information at the point of sale, including cooling-off period, upfront and early surrender charges and intermediaries' remuneration disclosure; and (2) the extension of audio-recorded post-sale telephone calls to all customers purchasing ILAS products.

Guidance Note on Underwriting Class C Business

In July 2014, for the purpose of further strengthening protection for ILAS policyholders, the OCI issued the GN15 by adopting the International Association of Insurance Supervisors' Insurance Core Principles in respect of "Fair Treatment of Customers". The GN15 sets out comprehensive requirements for authorised insurers underwriting Class C (i.e. ILAS) business in all aspects from product development to post-sale controls.

The GN15 sets out the proper standards of conduct and business practices for authorised insurers underwriting Class C business, including product design, provision of adequate and clear information, suitability assessment, advice to client, appropriate remuneration structure, avoidance of conflict of interests, proper selling process and post-sale controls. All authorised insurers carrying on Class C business are required to comply with the GN15 by 1 January 2015. In respect of the requirements on the sale of ILAS, the requirements of Financial Needs Analysis Form, Risk Profile Questionnaire, Applicant's Declarations and post-sale control have been strengthened accordingly.

To ensure all ILAS insurers comply with the requirements of GN15, the HKFI has further enhanced its Standard Illustration of Unit-Linked Products and Updated Requirements Relating to the Sale of Investment Linked Assurance Scheme to Enhance Customer Protection with effect from 1 January 2015. To enhance transparency of the reasonable expectations of investment return by customers and to comply with the GN15, an illustration rate of zero investment return (0%) is also required in addition to the illustration rates of 3%, 6%, and 9%.

Guidance Note on Underwriting Long Term Insurance Business (other than Class C Business) (“GN16”)

To strengthen the protection of non-linked life insurance policyholders based on the “Fair Treatment of Customers” principle, the OCI issued the GN16 in July 2015.

Similar to the GN15, the GN16 sets out proper standards of conduct relating to all non-linked insurance products and also adopts a “cradle-to-grave” approach by requiring insurers to meet regulatory requirements on product design, disclosure of key product features, suitability assessment as well as sales and post-sale control measures, with a view to ensuring that the products being recommended can better match the target customers’ insurance and protection needs. All authorised insurers carrying on long term insurance business (other than Class C business) are required to comply with the GN16 from 1 April 2016 for new products and 1 January 2017 for current products.

For further protection of vulnerable customers, the GN16 requires insurers to make audio-recorded post-sale confirmation calls to all vulnerable customers procuring life insurance products (except term insurance). The post-sale calls will be conducted by a separate team of quality assurance staff to ensure customers’ understanding of the products and their associated risks.

To assist insurers in complying with the GN16 in respect of enhanced disclosure to customers upon selling of participating policies and universal life policies, the OCI also issued the Guide on Calculation Methodology and Disclosure Format - Fulfillment Ratios & Historical Crediting Interest Rates (“Methodology Guide”) in September 2015. The Methodology Guide sets out a clear and uniform methodology to calculate and disclose fulfillment ratios of the non-guaranteed dividends/bonuses for participating products, and historical crediting interest rates for universal life products.

In October 2015, the HKFI, in consultation with the OCI, issued the Standard Benefit Illustrations for Participating Policies and Universal Life (Non-Linked) Policies for revision of previous standard illustration templates. For participating policies, additional projections under pessimistic and optimistic scenarios will be introduced to demonstrate variability of non-guaranteed benefits. For universal life (non-linked) policies, the crediting interest rates used in the illustration will be revised to reflect the changing interest rate environment. In addition to point of sale illustration, the revised standards will also apply to a refreshed up-to-date in-force benefit illustration, reflecting the latest conditions and outlook of non-guaranteed benefits, at least annually in accordance with the GN16. The new requirements will be implemented together with the GN16.

To ensure that insurers comply with the suitability and affordability requirements under the GN16, the HKFI also enhanced the Financial Needs Analysis Form in July 2015 with the implementation date of 1 January 2016. Insurance products should not be marketed to customers before their needs are properly analysed.

The OCI has also worked with the HKFI on the issuance of the frequently asked questions (“FAQs”) relating to the GN16, Financial Needs Analysis and benefit illustration requirements. Two batches of FAQs on the Financial Needs Analysis were issued in November 2015 and in January 2016 respectively. The FAQs on the GN16 and benefit illustration requirements were issued in February 2016.

The Actuarial Society of Hong Kong issued a new Actuarial Guidance Note on Best Estimate Assumptions in February 2016 to facilitate the implementation of the GN16.

Remuneration Disclosure for ILAS

From 1 January 2015, insurers are required to follow the formulation stipulated by the OCI in calculating and disclosing the intermediaries' remuneration for each ILAS product via different distribution channels.

It is a compulsory upfront written disclosure in the IFS using "all-year-average" which is calculated based on a clear and uniform methodology.

The objective of the remuneration disclosure is to enhance the transparency of ILAS products and allow policyholders to consider whether any potential conflicts of interests exist and whether the remuneration would affect the intermediaries' incentive in recommending the ILAS product concerned.

Disclosure of Commission by Insurance Brokers

The Hong Kong Confederation of Insurance Brokers ("CIB"), Professional Insurance Brokers Association ("PIBA") and the HKFI reached a consensus on the commission disclosure requirements, under which insurance brokers are required to disclose to their clients that they are remunerated by insurers for their services. When asked by clients about the extent of remuneration, it is incumbent upon insurance brokers to provide that information either in a maximum percentage of the premium or in a maximum dollar amount. Such requirements have been codified in the rules and regulations of the CIB and the PIBA. The HKFI has also released a position paper to its member companies setting out the requisite practice for them to make disclosure about the payment of commission by insurers in their own documents provided to clients. The new disclosure requirements have been implemented since 15 April 2013.

Prohibition of Gift Incentives

In order to encourage customers to focus on the nature and risks associated with their chosen insurance products, the HKFI, in collaboration with the OCI, issued the Guidance Note on Gifts in May 2011 to govern the offering of gifts in relation to the promotion of investment-linked insurance products.

To extend the guidance to other insurance products with saving component, the HKFI issued in January 2012 the Guidance Note on Gifts, Promotions and Incentives for Class A and Class C Products. This Guidance Note was revised in 2013 and came into effect on 1 January 2014.

The above Guidance Notes restrict insurers from offering any gift (other than a discount of fees or charges) when promoting insurance investment or saving products to policyholders or prospective policyholders.

Enquiries and Complaints

Members of the public may contact the following organisations for enquiries and complaints:

Subject Matter	Name of Organisation
<ul style="list-style-type: none"> ◆ Insurers ◆ Insurance brokers authorised by the Insurance Authority ◆ Other matters relating to the supervision of the insurance industry 	<ul style="list-style-type: none"> ◆ Office of the Commissioner of Insurance (Insurance Authority) Address : 21/F., Queensway Government Offices, 66 Queensway, Hong Kong Telephone : 2867 2565 Fax : 2869 0252 E-mail : iamail@oci.gov.hk Website : http://www.oci.gov.hk
<ul style="list-style-type: none"> ◆ Insurance agents 	<ul style="list-style-type: none"> ◆ Insurance Agents Registration Board Address : 29/F., Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong Telephone : 2520 1868 Fax : 2520 1967 E-mail : hkfi@hkfi.org.hk Website : http://www.hkfi.org.hk ◆ The insurers concerned

Subject Matter

- ◆ Insurance brokers who are members of approved bodies of insurance brokers

Name of Organisation

◆ **The Hong Kong Confederation of Insurance Brokers**

Address : Room 3407, AIA Tower,
183 Electric Road, Fortress Hill,
Hong Kong

Telephone : 2882 9943

Fax : 2890 2137

E-mail : info@hkcib.org

Website : http://www.hkcib.org



◆ **Professional Insurance Brokers Association**

Address : Room 2507-2508, 25/F.,
China Insurance Group Building,
141 Des Voeux Road Central,
Central, Hong Kong

Telephone : 2869 8515

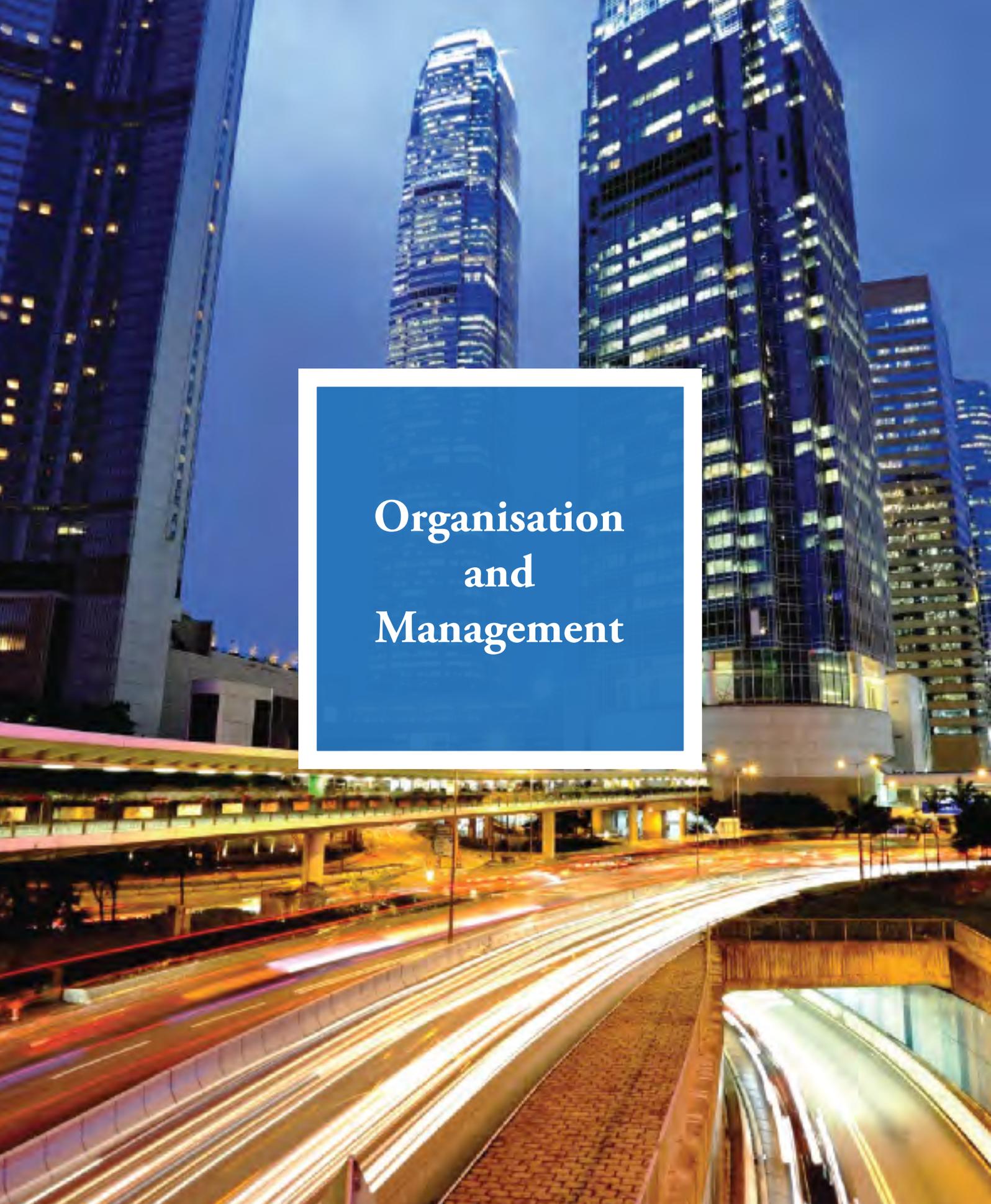
Fax : 2770 2372

E-mail : info@piba.org.hk

Website : http://www.piba.org.hk



Subject Matter	Name of Organisation
<ul style="list-style-type: none"> Registered MPF intermediaries 	<ul style="list-style-type: none"> For complaints relating to conduct of registered MPF intermediaries, of whom the Insurance Authority has been assigned as the frontline regulator, the OCI will handle such complaints in accordance with the relevant provisions of the Mandatory Provident Fund Schemes Ordinance (see the OCI's contacts above). If you have any enquiries relating to MPF matters, you may contact the Mandatory Provident Fund Schemes Authority: <p>Mandatory Provident Fund Schemes Authority</p> <p>Address : Level 8, Tower 1, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, Hong Kong</p> <p>Telephone : 2918 0102</p> <p>Fax : 2259 8806</p> <p>E-mail : mpfa@mpfa.org.hk</p> <p>Website : http://www.mpfa.org.hk</p>
<ul style="list-style-type: none"> Claims dispute arising from personal insurance policies (with dispute amount not exceeding \$1,000,000, with effect from 1 January 2016) 	<ul style="list-style-type: none"> The Insurance Claims Complaints Bureau <p>Address : 29/F., Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong</p> <p>Telephone : 2520 2728</p> <p>Fax : 2520 1967</p> <p>E-mail : iccb@iccb.org.hk</p> <p>Website : http://www.iccb.org.hk</p> 



**Organisation
and
Management**

Organisation and Management

With a high performing professional team dedicated to meeting new regulatory challenges, the Office of the Commissioner of Insurance (“OCI”) endeavours to manage and lead the increasingly sophisticated insurance market amid the tide of new global supervisory standards.

Establishment of the OCI

Established on 8 June 1990, the OCI is headed by the Commissioner of Insurance, who is appointed as the Insurance Authority (“IA”) responsible for regulation and supervision of the insurance industry in Hong Kong. The OCI is an establishment under the Financial Services and the Treasury Bureau of the Hong Kong Special Administrative Region Government.

Organisation Structure and Staffing

The OCI comprises four divisions, namely General Business Division, Long Term Business Division, Enforcement Division, and Policy and Development Division, each headed by an officer at the rank of Assistant Commissioner. Regulatory duties are assigned to 16 professional teams operating under these four divisions, each led by a Senior Insurance Officer/Senior Manager. Furthermore, there were 40 general grade staff members as at end of December 2015 providing administrative and clerical support to 112 professional officers. An organisational chart of the OCI is shown below:

Senior Management



**Commissioner of Insurance and
Assistant Commissioners of Insurance**



General Business Division



Long Term Business Division



Enforcement Division



Policy and Development Division



Establishment of the Independent Insurance Authority

The Insurance Companies (Amendment) Ordinance 2015 (“the Amendment Ordinance”), which provides for a legal framework for the establishment of an independent Insurance Authority (“IIA”) and a statutory licensing regime for insurance intermediaries, was enacted by the Legislative Council on 10 July 2015. The purposes of the Amendment Ordinance are to modernise the regulatory infrastructure to facilitate the stable development of the industry, provide better protection for policyholders, and align with the international practice that financial regulators should be financially and operationally independent of the Government.

To ensure a smooth transition, we are implementing the Amendment Ordinance by phases. In the first phase, the provisions of the Amendment Ordinance necessary for the establishment of the IIA have come into effect on 7 December 2015. According to the Amendment Ordinance, the IIA has been automatically renamed as the Provisional Insurance Authority for the period from its inception to the disbandment of the Office of the Commissioner of Insurance.

Members of the IIA took office in December 2015 (the membership list and profile of the IIA members are appended below). The IIA is taking forward preparatory work to take over the regulatory functions of the OCI in the next phase.

Chairperson

Dr Moses Cheng Mo-chi

- Dr Cheng is a former senior partner of a law firm, with areas of practice covering capital markets, corporate governance and regulatory compliance. He has been actively contributing to the community and has served in important positions including Chairman of the Education Commission, government-appointed Director on the Board of the Hong Kong Exchanges and Clearing Limited, and founding Vice-Chairman of the Estate Agents Authority.

Non-Executive Directors

Mr Samuel Chan Ka-yan

- Mr Chan is a barrister and an incumbent member of the Consumer Council. He chairs the Management Committee of the Consumer Legal Action Fund.

Professor Chan Wai-sum

- Professor Chan is an actuary and a Professor of Finance of the Chinese University of Hong Kong, with expertise covering life insurance products, retirement income arrangements and health care financing in Hong Kong.

Ms Chitty Cheung Fung-ting

- Ms Cheung served in a number of key management positions at an international airline. She is a former member of the Hong Kong Tourism Board and the Planning and Development Committee of the Travel Industry Council.

Mr Kenneth Kwok Tsun-wa

- Mr Kwok is a veteran insurance practitioner and has served in senior positions in international insurance brokerage firms and general business insurers. He was a member of the General Committee of The Insurance Claims Complaints Bureau.

Mr Ma Ho-fai

- Mr Ma is a senior partner of a law firm, with extensive experience in conveyancing-related work in Hong Kong. He is an Independent Director of the Travel Industry Council and a former Chairman of the Estate Agents Authority's Disciplinary Committee.

Mr James Wong Chien-kuo

- Mr Wong is former Chief Executive Officer of major long term business insurers and a former Chairman of The Hong Kong Federation of Insurers ("HKFI").

Mr Stephen Yiu Kin-wah

- Mr Yiu was the Chairman of the Mainland and Hong Kong operations of an international accounting firm. He has extensive experience in auditing listed and large corporations, particularly in banking and finance sectors.

The Government will continue to engage stakeholders and has established a working group with the HKFI, existing SROs and insurance intermediaries to prepare for a smooth transition from the existing self-regulatory regime to the statutory licensing regime for insurance intermediaries.

Staff Training and Development

The OCI recognises the importance of continuing professional development for its staff to ensure the effective supervision of the insurance industry. To keep staff abreast of the latest developments in their professions and update their supervisory skills, the OCI arranges seminars and courses on insurance, accounting, actuarial science, finance, risk management, law, information technology, anti-money laundering, etc. for them. Staff also participate in overseas training activities to enhance exchange of views with overseas regulators and counterparts. A total of 10 officers participated in conferences and seminars held in France, Japan, Macao, the United Kingdom as well as the Mainland during the year.

The OCI has also been registered as an Authorised Employer of the Hong Kong Institute of Certified Public Accountants since 2005 in support of its staff attaining professional membership. The OCI is also the first government office to be awarded the Professional Development status of the Association of Chartered Certified Accountants on accord of its comprehensive training and development programmes.

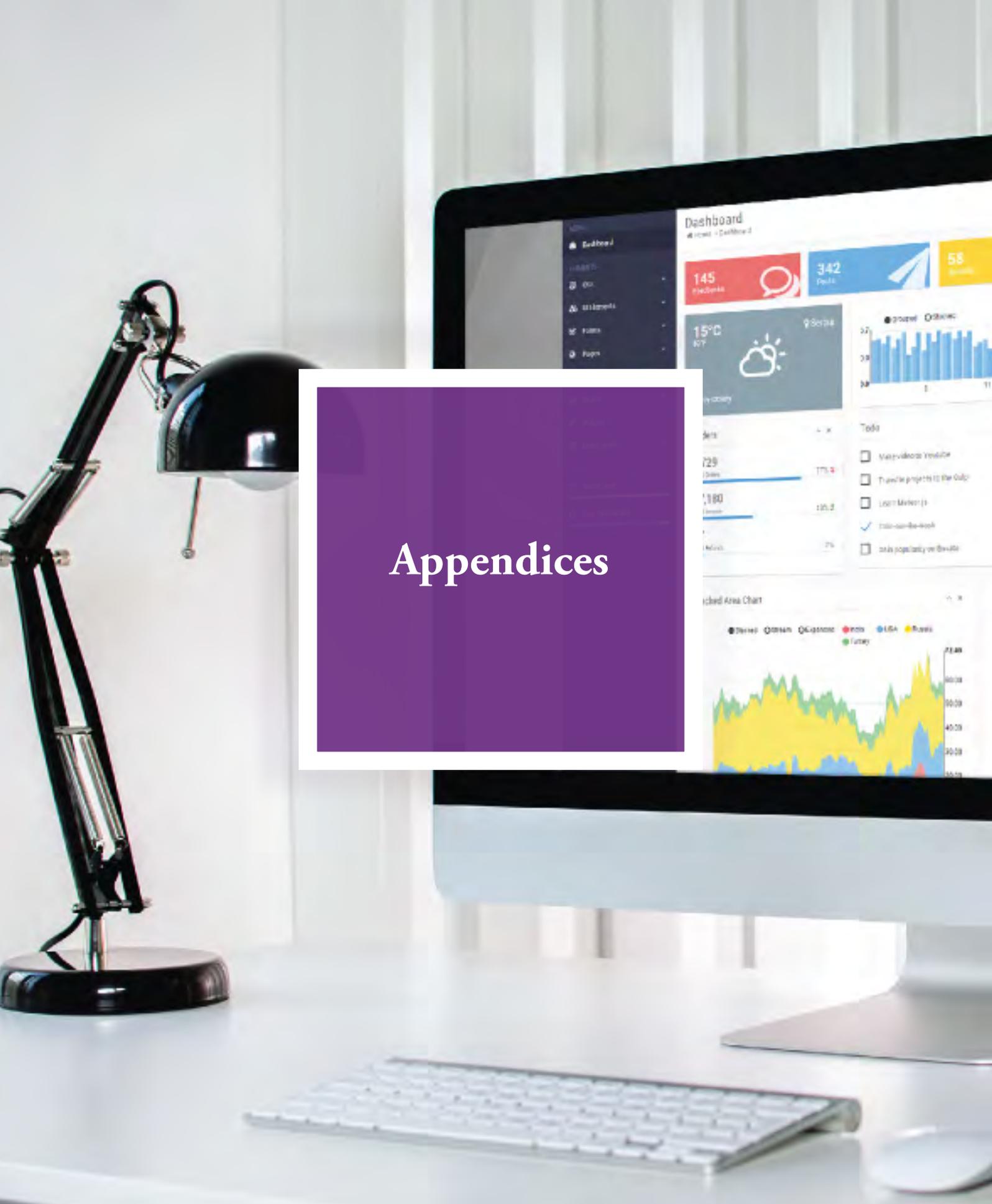
The OCI Website

The OCI website continues to function as an effective channel to disseminate regulatory information and statistical data. It also contains OCI publications, circulars, speeches, and hyperlinks to official websites of insurers authorised in Hong Kong. Adopting the Common Look and Feel of government websites and conforming to the World Wide Web Consortium (“W3C”) Web Content Accessibility Guidelines (“WCAG”) 2.0 Level AA requirements to the maximum extent possible, the OCI website provides a familiar interface with user-friendly navigation.



24-Hour Enquiry Hotline

The OCI hotline boasts a trilingual (Cantonese, Mandarin and English) interactive telephone system providing service round the clock. It is capable of supplying general information on topics including authorisation status of insurers, regulation of insurance intermediaries, Insurance Intermediaries Quality Assurance Scheme as well as complaints against insurers and insurance intermediaries. A total of 3,192 enquiries were handled through this hotline in 2015.



Appendices

Appendices

- Appendix 1 Regulatory Framework of the Insurance Industry
- Appendix 2 Insurance Advisory Committee Membership as at 31 December 2015
- Appendix 3 List of Authorised Insurers as at 31 December 2015
- Appendix 4 Changes of Authorised Insurers from 1 January 2015 to 31 December 2015
- Appendix 5 Number of Authorised Insurers by Place of Incorporation as at 31 December 2015
- Appendix 6 Number of Authorised Insurers by Class of Insurance Business as at 31 December 2015
- Appendix 7 Number of Insurance Intermediaries as at 31 December 2015
- Appendix 8 List of Guidance Notes Promulgated as at 31 December 2015
- Appendix 9 List of Circulars Issued from 1 January 2015 to 31 December 2015

Appendix 1

Regulatory Framework of the Insurance Industry

The **Insurance Companies Ordinance** (Cap. 41) (“ICO”) provides a legal framework for the prudential supervision of the insurance industry in Hong Kong. The objectives of the ICO are to protect the interests of the insuring public and to promote the general stability of the insurance industry. The Commissioner of Insurance is appointed the Insurance Authority (“IA”) to administer the ICO.

Regulatory Framework of Insurers

Authorisation Requirements – Any company wishing to carry on insurance business in or from Hong Kong must obtain authorisation from the IA. The minimum requirements for authorisation include those on capital and solvency, fitness and properness of directors and controllers and adequacy of reinsurance arrangements. Applicants for authorisation must also meet the conditions set out in the Authorisation Guidelines promulgated by the IA.

Minimum Capital and Solvency Margin Requirements – An insurer is required to have a minimum amount of paid-up capital and to maintain a surplus of assets over its liabilities of an amount not less than a specified margin of solvency.

Minimum Amounts of Paid-up Capital and Solvency Margin			
Type of Insurance Business		Minimum Paid-up Capital (\$)	Minimum Solvency Margin (\$)
General	<u>Without</u> Statutory Business	10 million	10 million
	<u>With</u> Statutory Business	20 million	20 million
Long Term		10 million	2 million
Composite	<u>Without</u> Statutory Business	20 million	General: 10 million
	<u>With</u> Statutory Business	20 million	General: 20 million
Captive		2 million	Long Term: 2 million

Local Asset Requirement – With the exception of pure reinsurers and captive insurers, an insurer carrying on general insurance business is required to maintain assets in Hong Kong of an amount which is not less than the aggregate of 80% of its net liabilities and the solvency margin applicable to its Hong Kong general insurance business.

Financial Reporting Requirements – An insurer is required to submit annually to the IA the following financial documents:

	Insurers carrying on General Business	Insurers carrying on Long Term Business
Audited financial statements	✓ (In accordance with the requirements of the Third Schedule to the ICO)	✓
In respect of general insurance business carried on in or from Hong Kong		
◆ Audited General Business Returns	✓	—
◆ Audited Statement of Assets & Liabilities	✓ (Except captive insurer & pure reinsurer)	—
Actuarial Investigation Report	—	✓
In respect of long term insurance business carried on in or from Hong Kong		
◆ Audited revenue account(s), together with the supplementary information	—	✓
◆ Valuation Summary	—	✓
◆ Valuation Balance Sheet, together with the supplementary information	—	✓

Regulatory Framework of Insurance Intermediaries

Insurance intermediaries operate under a self-regulatory system which is specified under Part X of the ICO.

	Insurance Agent	Insurance Broker
Registration	<p>A person is required to be appointed by an insurer and registered with the Insurance Agents Registration Board (“IARB”) established under The Hong Kong Federation of Insurers (“HKFI”) in order to act as an insurance agent. The responsible officer and technical representative of an insurance agent are also required to be registered with the IARB.</p> <p>An appointed insurance agent shall not represent more than four insurers, of whom no more than two shall be long term business insurers. In addition, he shall not be an authorised insurance broker at the same time.</p>	<p>A person is required to be authorised by the IA or become a member of a body of insurance brokers approved by the IA in order to act as an insurance broker. The chief executive and technical representative of an insurance broker are also required to be registered with the IA or the relevant approved body, as the case may be.</p> <p>An authorised insurance broker shall not be an appointed insurance agent at the same time.</p>
Administration	<p>An insurance agent, his responsible officer and technical representative have to satisfy the IARB that they are fit and proper and fulfil all the requirements specified under the Code of Practice for the Administration of Insurance Agents (“Code of Practice”) issued by the HKFI.</p> <p>An insurer has to comply with the Code of Practice in its administration of insurance agents. An insurer is held responsible for the actions of its appointed insurance agents in their dealings of insurance contracts.</p>	<p>An insurance broker, its chief executive and technical representative must be fit and proper. Besides, the insurance broker must satisfy the minimum requirements specified by the IA with regard to:</p> <ul style="list-style-type: none"> ◆ qualifications and experience; ◆ capital and net assets; ◆ professional indemnity insurance; ◆ keeping of separate client accounts; and ◆ keeping of proper books and accounts. <p>An insurance broker is required to submit annually to the IA or the relevant approved body of insurance brokers, as appropriate, its audited financial statements together with an auditor’s report certifying the broker’s continued compliance with the minimum requirements.</p> <p>An approved body of insurance brokers is also required to submit annually to the IA an auditor’s report on the continued compliance with the minimum requirements by all its members.</p>

Insurance Companies Ordinance and Subsidiary Legislation

Insurance Companies Ordinance and Subsidiary Legislation
Insurance Companies Ordinance (Cap. 41)
Insurance Companies (Actuaries' Qualifications) Regulations (Cap. 41 sub. leg. A)
Insurance Companies (Register of Insurers) (Prescribed Fee) Regulations (Cap. 41 sub. leg. B)
Insurance Companies (Authorisation and Annual Fees) Regulation (Cap. 41 sub. leg. C)
Insurance Companies (Miscellaneous Fees) Regulation (Cap. 41 sub. leg. D)
Insurance Companies (Determination of Long Term Liabilities) Regulation (Cap. 41 sub. leg. E)
Insurance Companies (Margin of Solvency) Regulation (Cap. 41 sub. leg. F)
Insurance Companies (General Business) (Valuation) Regulation (Cap. 41 sub. leg. G)
Insurance Companies (Actuaries' Standards) Regulation (Cap. 41 sub. leg. H)

Appendix 2

Insurance Advisory Committee Membership as at 31 December 2015

Chairman	Professor K C CHAN, GBS, JP, Secretary for Financial Services and the Treasury
Members	Mr John LEUNG, JP, Commissioner of Insurance
	The Honourable CHAN Kin-por, BBS, JP
	Ms Agnes CHOI Heung-kwan, MH
	Mr Garth Brian JONES
	Mr Davey LEE Kwun-kwan
	The Honourable Starry LEE Wai-king, JP
	Mr LIU Ting-an
	Professor Angela NG Lai-ping
	Mr Jeremy Robert PORTER
	Dr Michael TSUI Fuk-sun
	Ms Winnie WONG Chi-shun
	Professor WONG Tak-jun
	Mr Jason YEUNG Chi-wai
	Mr Lennard YONG Peng-kuang
Secretary	Miss Lily CHAN

The Insurance Advisory Committee is established under section 54 of the Insurance Companies Ordinance (Cap. 41) ("ICO"). Its function is to advise the Chief Executive on matters relating to the administration of the ICO and the carrying on of insurance business in Hong Kong.

Appendix 3

List of Authorised Insurers as at 31 December 2015

N.B.: This list includes insurers which were authorised as at 31 December 2015 but had ceased writing insurance business in or from Hong Kong thereafter. Reference should be made to the Register of Authorised Insurers kept by the Insurance Authority regarding the authorisation status of individual insurers.

Name of Insurer	Place of Incorporation ¹	Type of Business Authorised ²
ABCI Insurance Company Limited	HK	General
ACE Insurance Limited	HK	General
ACE Life Insurance Company Ltd.	Bermuda	Long Term
Ageas Insurance Company (Asia) Limited	Bermuda	Long Term
AIA Company Limited	HK	Composite
AIA International Limited	Bermuda	Composite
AIG Insurance Hong Kong Limited	HK	General
AIG United Guaranty Insurance (Asia) Limited	HK	General
Allianz Global Corporate & Specialty SE	Germany	General
Allied World Assurance Company, Ltd	Bermuda	General
American Family Life Assurance Company of Columbus	USA	Long Term
Asia Capital Reinsurance Group Pte. Ltd.	Singapore	General (R)
Asia Insurance Company, Limited	HK	Composite
Assicurazioni Generali Società per Azioni	Italy	Composite
Assuranceforeningen Gard-gjensidig-	Norway	General
Assuranceforeningen SKULD (Gjensidig)	Norway	General

Name of Insurer	Place of Incorporation ¹	Type of Business Authorised ²
Atradius Credit Insurance N.V.	Netherlands	General
Aviva Life Insurance Company Limited	HK	Long Term
AXA China Region Insurance Company (Bermuda) Limited	Bermuda	Composite
AXA China Region Insurance Company Limited	HK	Composite
AXA Corporate Solutions Assurance	France	General
AXA General Insurance Hong Kong Limited	HK	General
AXA (Hong Kong) Life Insurance Company Limited	HK	Long Term
AXA Life Insurance Company Limited	HK	Composite
AXA Wealth Management (HK) Limited	HK	Long Term
Bank of China Group Insurance Company Limited	HK	General
BC Reinsurance Limited	HK	General (R)
BE Reinsurance Limited	HK	General (R)
BEA Life Limited	HK	Long Term
Berkley Insurance Company	USA	General (R)
Berkshire Hathaway Specialty Insurance Company	USA	General
Blue Cross (Asia-Pacific) Insurance Limited	HK	Composite
BOC Group Life Assurance Company Limited	HK	Long Term

Name of Insurer	Place of Incorporation ¹	Type of Business Authorised ²
Bupa (Asia) Limited	HK	General
California Insurance Company, Limited	HK	General
Canada Life Assurance Company - The	Canada	Long Term
Canada Life Limited	UK	Long Term
Canadian Insurance Company Limited	HK	General
CGN Captive Insurance Limited	HK	General (C)
Chevalier Insurance Company Limited	HK	General
China BOCOM Insurance Company Limited	HK	General
China Life Insurance (Overseas) Company Limited	China	Long Term
China Merchants Insurance Company Limited	HK	General
China Overseas Insurance Limited	HK	General
China Pacific Insurance Co., (H.K.) Limited	HK	General
China Ping An Insurance (Hong Kong) Company Limited	HK	General
China Taiping Insurance (HK) Company Limited	HK	General
China Taiping Life Insurance (Hong Kong) Company Limited	HK	Long Term
Chong Hing Insurance Company Limited	HK	General

Name of Insurer	Place of Incorporation ¹	Type of Business Authorised ²
CIGNA Worldwide General Insurance Company Limited	HK	General
CIGNA Worldwide Life Insurance Company Limited	HK	Long Term
Clerical Medical Investment Group Limited	UK	Long Term
CMI Insurance Company Limited	Isle of Man	Long Term
CNOOC Insurance Limited	HK	General (C)
Compagnie Française d'Assurance pour le Commerce Extérieur	France	General
Concord Insurance Company Limited	HK	General
Dah Sing Insurance Company (1976) Limited	HK	General
Dah Sing Life Assurance Company Limited	Bermuda	Long Term
Desjardins Sécurité Financière, Compagnie d'Assurance Vie (Desjardins Financial Security Life Assurance Company)	Canada	Long Term
Direct Asia Insurance (Hong Kong) Limited	HK	General
East Point Reinsurance Company of Hong Kong Limited	HK	General (R)
EULER HERMES	Belgium	General
Factory Mutual Insurance Company	USA	General
FAI First Pacific Insurance Company Limited (in provisional liquidation)	HK	General
Falcon Insurance Company (Hong Kong) Limited	HK	General
Federal Insurance Company	USA	General

Name of Insurer	Place of Incorporation ¹	Type of Business Authorised ²
First American Title Insurance Company	USA	General
FM Insurance Company Limited	UK	General
Friends Provident International Limited	Isle of Man	Long Term
FWD General Insurance Company Limited	HK	General
FWD Life Insurance Company (Bermuda) Limited	Bermuda	Long Term
GAN Assurances	France	General
General Reinsurance AG	Germany	Composite (R)
Generali International Limited	Guernsey	Long Term
Hang Seng Insurance Company Limited	HK	Composite
Hang Seng Life Limited	HK	Long Term
Hannover Rück SE	Germany	Composite (R)
HDI-Gerling Industrie Versicherung AG	Germany	General
HIH Casualty and General Insurance (Asia) Limited (in provisional liquidation)	HK	General
HIH Insurance (Asia) Limited (in provisional liquidation)	HK	General
Hong Kong Life Insurance Limited	HK	Long Term
Hong Kong Mortgage Corporation Limited - The	HK	General
Hong Kong Printers Association - The	HK	General
Hong Kong Reinsurance Company Limited	HK	General (R)
Hong Leong Insurance (Asia) Limited	HK	General

Name of Insurer	Place of Incorporation ¹	Type of Business Authorised ²
HSBC Insurance (Asia) Limited	HK	Composite
HSBC Life (International) Limited	Bermuda	Long Term
Kono Insurance Limited	HK	General
Liberty International Insurance Limited	HK	Composite
Liberty Mutual Insurance Europe Limited	UK	General
Lloyd's	UK	Composite
London Steam-Ship Owners' Mutual Insurance Association Limited - The	UK	General
Malayan Insurance Company (Hong Kong) Limited	HK	General (R)
Malayan International Insurance Corporation Limited	Bahama Islands	General
Manufacturers Life Insurance Company - The	Canada	Long Term
Manulife (International) Limited	Bermuda	Long Term
Massachusetts Mutual Life Insurance Company	USA	Long Term
MassMutual Asia Limited	HK	Long Term
MetLife Limited	HK	Long Term
Metropolitan Life Insurance Company of Hong Kong Limited	HK	Long Term
Min Xin Insurance Company Limited	HK	General
Minan Property And Casualty Insurance Company Limited	China	General
MSIG Insurance (Hong Kong) Limited	HK	General

Name of Insurer	Place of Incorporation ¹	Type of Business Authorised ²
Münchener Rückversicherungs-Gesellschaft (Munich Reinsurance Company)	Germany	Composite (R)
New India Assurance Company, Limited - The	India	General
Old Mutual International Isle of Man Limited	Isle of Man	Long Term
Old Mutual Life Assurance Company (South Africa) Limited	South Africa	Long Term
Pacific Insurance Company, Limited - The	HK	General
Pacific Life Assurance Company, Limited - The	HK	Long Term
Pafoong Insurance Company (Hong Kong) Limited	HK	General
Partner Reinsurance Europe SE	Ireland	General (R)
Peak Reinsurance Company Limited	HK	Composite (R)
People's Insurance Company of China (Hong Kong), Limited - The	HK	General
Phoenix Life Limited	UK	Long Term
Pioneer Insurance and Surety Corporation	Philippines	General
Principal Insurance Company (Hong Kong) Limited	HK	Long Term
Prudential General Insurance Hong Kong Limited	HK	General
Prudential Hong Kong Limited	HK	Long Term
Prudential Insurance Company of America - The	USA	Long Term
QBE General Insurance (Hong Kong) Limited	HK	General
QBE Hongkong & Shanghai Insurance Limited	HK	General
QBE Mortgage Insurance (Asia) Limited	HK	General

Name of Insurer	Place of Incorporation ¹	Type of Business Authorised ²
Radian Insurance Inc.	USA	General
RGA Reinsurance Company	USA	Long Term (R)
RL360 Insurance Company Limited	Isle of Man	Long Term
Schweizerische Rückversicherungs-Gesellschaft AG (Swiss Reinsurance Company Ltd)	Switzerland	Composite (R)
SCOR Reinsurance Company (Asia) Limited	HK	Composite (R)
Shipowners' Mutual Protection and Indemnity Association (Luxembourg) - The	Luxembourg	General
Sincere Insurance & Investment Company, Limited - The	HK	General
Sincere Life Assurance Company Limited - The	HK	Long Term
Sinopec Insurance Limited	HK	General (C)
Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited	HK	General
Sompo Japan Nipponkoa Insurance Inc.	Japan	General
Sompo Japan Nipponkoa Reinsurance Company Limited	HK	General (R)
Standard Life (Asia) Limited	HK	Long Term
Starr International Insurance (Asia) Limited	HK	General
Sun Hung Kai Properties Insurance Limited	HK	General
Sun Life Hong Kong Limited	Bermuda	Long Term
Taiping Reinsurance Company Limited	HK	Composite (R)

Name of Insurer	Place of Incorporation ¹	Type of Business Authorised ²
Target Insurance Company, Limited	HK	General
Toa Reinsurance Company, Limited - The	Japan	General (R)
Tokio Marine and Fire Insurance Company (Hong Kong) Limited - The	HK	General
Transamerica Life (Bermuda) Ltd.	Bermuda	Long Term
Transatlantic Reinsurance Company	USA	General (R)
Trinity General Insurance Company Limited	HK	General
TT Club Mutual Insurance Limited	UK	General
Tugu Insurance Company Limited	HK	General
United Builders Insurance Company, Limited	HK	General
United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited - The	Bermuda	General
United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited - The	UK	General
West of England Ship Owners Mutual Insurance Association (Luxembourg) - The	Luxembourg	General
Wing Lung Insurance Company Limited	HK	General
XL Insurance Company SE	UK	General
Zurich Assurance Ltd	UK	Long Term
Zurich International Life Limited	Isle of Man	Long Term
Zürich Lebensversicherungs-Gesellschaft AG (Zurich Life Insurance Company Ltd)	Switzerland	Long Term
Zürich Versicherungs-Gesellschaft AG (Zurich Insurance Company Ltd)	Switzerland	General

1 Place of Incorporation:

HK - Hong Kong, China

UK - United Kingdom

USA - United States of America

2 (C) denotes a captive insurer

(R) denotes a pure reinsurer

Appendix 4

Changes of Authorised Insurers from 1 January 2015 to 31 December 2015

Name of Insurer	Place of Incorporation*	Type of Business Authorised
New Authorisation		
China Taiping Life Insurance (Hong Kong) Company Limited	HK	Long Term
Withdrawal of Authorisations		
AXA General Insurance China Limited	HK	General
Royal & Sun Alliance Insurance plc	UK	General
Change of Name of Insurer		
Lloyd's Underwriters to Lloyd's	UK	Composite

* Place of Incorporation:
 HK - Hong Kong, China
 UK - United Kingdom

Appendix 5

Number of Authorised Insurers by Place of Incorporation as at 31 December 2015

Place of Incorporation	Number of Authorised Insurers	Type of Business Authorised		
		Pure Long Term	Pure General	Composite
Bahama Islands	1	-	1	-
Belgium	1	-	1	-
Bermuda	12	8	2	2
Canada	3	3	-	-
China*	2	1	1	-
France	3	-	3	-
Germany	5 (3)	-	2	3 (3)
Guernsey	1	1	-	-
India	1	-	1	-
Ireland	1 (1)	-	1 (1)	-
Isle of Man	5	5	-	-
Italy	1	-	-	1
Japan	2 (1)	-	2 (1)	-
Luxembourg	2	-	2	-
Netherlands	1	-	1	-
Norway	2	-	2	-
Philippines	1	-	1	-
Singapore	1 (1)	-	1 (1)	-
South Africa	1	1	-	-
Switzerland	3 (1)	1	1	1 (1)
United Kingdom	11	4	6	1
United States of America	11 (3)	4 (1)	7 (2)	-
Non-Hong Kong	71 (10)	28 (1)	35 (5)	8 (4)
Hong Kong	86 (9)	17	58 (6)	11 (3)
Total	157 (19)	45 (1)	93 (11)	19 (7)

Figures in brackets denote the number of authorised insurers which are pure reinsurers

* Excluding insurers incorporated in Hong Kong

Number of Authorised Insurers by Class of Insurance Business as at 31 December 2015

Class of Insurance Business Authorised		Number of Authorised Insurers		
		Hong Kong	Non-Hong Kong	Total
Long Term Insurance Business				
A	Life and annuity	28	33	61
B	Marriage and birth	1	4	5
C	Linked long term	14	29	43
D	Permanent health	13	21	34
E	Tontines	1	3	4
F	Capital redemption	1	4	5
G	Retirement scheme management category I	10	12	22
H	Retirement scheme management category II	8	8	16
I	Retirement scheme management category III	20	21	41
General Insurance Business				
1	Accident	59	31	90
2	Sickness	52	24	76
3	Land vehicles	50	24	74
4	Railway rolling stock	51	32	83
5	Aircraft	24	24	48
6	Ships	52	32	84
7	Goods in transit	54	34	88
8	Fire and natural forces	58	28	86
9	Damage to property	58	28	86
10	Motor vehicle liability	49	24	73
11	Aircraft liability	27	23	50
12	Liability for ships	52	31	83
13	General liability	56	31	87
14	Credit	42	24	66
15	Suretyship	54	30	84
16	Miscellaneous financial loss	55	35	90
17	Legal expenses	37	27	64

Number of Insurance Intermediaries as at 31 December 2015

Number of Appointed Insurance Agents, their Responsible Officers and Technical Representatives registered with the Insurance Agents Registration Board¹

Type of Insurance Business		Number of Appointed Insurance Agents	Number of Responsible Officers and Technical Representatives of Appointed Insurance Agents
General ²		3,315	6,361
Long Term	excluding Linked Long Term	19,122	1,137
	including Linked Long Term	11,407	650
General and Long Term	excluding Linked Long Term	2,446	7,623
	including Linked Long Term	20,019	11,985
Total		56,309	27,756

Number of Authorised Insurance Brokers, their Chief Executives and Technical Representatives³

Type of Insurance Business		Number of Authorised Insurance Brokers by virtue of their Membership with Approved Bodies of Insurance Brokers:		Number of Chief Executives and Technical Representatives of Authorised Insurance Brokers
		The Hong Kong Confederation of Insurance Brokers	Professional Insurance Brokers Association	
General		33	36	1,112
Long Term	excluding Linked Long Term	2	3	671
	including Linked Long Term	46	32	3,200
General and Long Term	excluding Linked Long Term	62	79	1,370
	including Linked Long Term	135	305	3,044
Total		278	455	9,397

¹ Based on figures supplied by The Hong Kong Federation of Insurers.

² The figures also include those travel agents who are registered for selling only restricted scope travel insurance.

³ Based on the figures supplied by the approved bodies of insurance brokers.

List of Guidance Notes Promulgated as at 31 December 2015

Reference Number	Title of Guidance Note
GN1	Authorisation Guidelines
GN2	Guidance Note on Insurance Companies (General Business) (Valuation) Regulation
GN3	Guideline on Anti-Money Laundering and Counter-Terrorist Financing
GN3A	Guideline on Exercising Power to Impose Pecuniary Penalty
GN4	Guidance Note on "Fit and Proper" Criteria under the Insurance Companies Ordinance (Cap. 41)
GN5	Guidance Note on Application for Authorisation to Carry on Insurance Business in or from Hong Kong
GN6	Guidance Note on Reserving for Mortgage Guarantee Business
GN7	Guidance Note on the Reserve Provision for Class G of Long Term Business
GN8	Guidance Note on the Use of Internet for Insurance Activities
GN9	Guidance Note on Actuarial Review of Insurance Liabilities in respect of Employees' Compensation and Motor Insurance Businesses
GN10	Guidance Note on the Corporate Governance of Authorised Insurers
GN11	Guidance Note on Classification of Class C - Linked Long Term Business
GN12	Guidance Note on Reinsurance with Related Companies
GN13	Guidance Note on Asset Management by Authorised Insurers
GN14	Guidance Note on Outsourcing
GN15	Guidance Note on Underwriting Class C Business
GN16	Guidance Note on Underwriting Long Term Insurance Business (other than Class C Business)

List of Circulars Issued from 1 January 2015 to 31 December 2015

Date	Addressee	Subject Matter
5 January 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Côte d'Ivoire) Regulation 2014, United Nations Sanctions (Central African Republic) Regulation & United States Executive Order 13224
12 January 2015	Appointed actuaries of authorised long term and composite insurers in Hong Kong	Reinvestment Yield for Reserving - Insurance Companies Ordinance (Cap. 41)
23 January 2015	Chief Executives of all authorised insurers	United Nations Sanctions (Somalia) (Amendment) Regulation 2015
26 January 2015	Chief Executives of all authorised insurers carrying on long term insurance business	Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Amendment of Schedule 2) Notice 2015
17 February 2015	Chief Executives of authorised insurers writing direct medical business	Insurance Companies Ordinance (Cap. 41) - Statistics on Direct Medical Business
6 March 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Eritrea) Regulation, United Nations Sanctions (Somalia) Regulation & United States Executive Order 13224
13 March 2015	Chief Executives of all authorised insurers carrying on long term insurance business	Statements issued by the Financial Action Task Force on Money Laundering
13 March 2015	Chief Executives of all authorised insurers	Release of Provisional Statistics on the Hong Kong General and Long Term Insurance Business for the Year of 2014
27 March 2015	Chief Executives of all authorised insurers carrying on long term insurance business	Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Amendment of Schedule 2) Notice 2015 & Amendments to the Guideline on Anti-Money Laundering and Counter-Terrorist Financing

Date	Addressee	Subject Matter
1 April 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Liberia) Regulation 2015, United Nations Sanctions (Liberia) Regulation 2014 (Repeal) Regulation & United States Executive Order 13224
9 April 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance & United Nations Sanctions (Liberia) Regulation 2015
16 April 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance & United States Executive Order 13224
23 April 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance & United States Executive Order 13224
30 April 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance & United States Executive Order 13224
7 May 2015	Chief Executives of all authorised insurers	United Nations Sanctions (Central African Republic) Regulation 2015, United Nations Sanctions (Democratic Republic of the Congo) Regulation 2015, United Nations Sanctions (Afghanistan) Regulation 2012, United Nations Sanctions (Libya) Regulation 2011 & United States Executive Order 13224
14 May 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Central African Republic) Regulation 2015 & United Nations Sanctions (Democratic Republic of the Congo) Regulation 2015
29 May 2015	Chief Executives of all authorised insurers	Release of Provisional Statistics on the Hong Kong General and Long Term Insurance Business for the First Quarter of 2015
4 June 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (South Sudan) Regulation & United States Executive Order 13224
11 June 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance
12 June 2015	Chief Executives of authorised insurers writing direct medical business	Insurance Companies Ordinance (Cap. 41) - Statistics on Direct Medical Business

Date	Addressee	Subject Matter
3 July 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Iran) Regulation & United States Executive Order 13224
16 July 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance
17 July 2015	Chief Executives of all authorised insurers carrying on long term insurance business	Statements issued by the Financial Action Task Force on Money Laundering
23 July 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Yemen) Regulation 2015, United Nations Sanctions (Libya) Regulation 2011 (Amendment) Regulation 2015 & United Nations Sanctions (Côte d'Ivoire) Regulation 2015
30 July 2015	Chief Executives of all authorised insurers carrying on long term insurance business	GN16 - Guidance Note on Underwriting Long Term Insurance Business (other than Class C Business)
30 July 2015	Chief Executives of all authorised insurers	United Nations Sanctions (Côte d'Ivoire) Regulation 2015, United Nations Sanctions (South Sudan) Regulation, United Nations Sanctions (Yemen) Regulation 2015 & United States Executive Order 13224
13 August 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance & United States Executive Order 13224
20 August 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance
28 August 2015	Chief Executives of all authorised insurers carrying on long term and composite insurance business	Insurance Intermediaries Quality Assurance Scheme - Study Notes for the Investment-Linked Long Term Insurance Examination (2015 Edition)
31 August 2015	Chief Executives of all authorised insurers	Release of Provisional Statistics on the Hong Kong General and Long Term Insurance Business for the First Half of 2015
4 September 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance & United States Executive Order 13224

Date	Addressee	Subject Matter
17 September 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance & United States Executive Order 13224
18 September 2015	Chief Executives of all authorised insurers carrying on long term insurance business	Fulfillment Ratios & Historical Crediting Interest Rates - Guide on Calculation Methodology and Disclosure Format
24 September 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance
30 September 2015	Chief Executives of all authorised insurers	Consultation Conclusions on a Risk-based Capital Framework for the Insurance Industry of Hong Kong
30 September 2015	Chief Executives of all authorised insurers	Hong Kong Insurance Business Statistics for 2014
9 October 2015	Chief Executives of authorised insurers carrying on general insurance business	Employees' Compensation Insurance (Direct Business) and Motor Vehicle Insurance (Direct Business) Statistics for 2014
9 October 2015	Chief Executives of all authorised insurers carrying on long term insurance business	Anti-Money Laundering Seminars for the Insurance Industry
15 October 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance & United States Executive Order 13224
29 October 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance
12 November 2015	Chief Executives of all authorised insurers carrying on long term insurance business	Statements issued by the Financial Action Task Force on Money Laundering
19 November 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance & United States Executive Order 13224
26 November 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Afghanistan) Regulation 2012, United Nations Sanctions (Yemen) Regulation 2015, United Nations Sanctions (Central African Republic) Regulation 2015 & United States Executive Order 13224
30 November 2015	Chief Executives of all authorised insurers	Release of Provisional Statistics on the Hong Kong General and Long Term Insurance Business for the First Three Quarters of 2015

Date	Addressee	Subject Matter
10 December 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance & United States Executive Order 13224
17 December 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Liberia) (No.2) Regulation 2015, United Nations Sanctions (Liberia) Regulation 2015 (Repeal) Regulation & United States Executive Order 13224
24 December 2015	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance
31 December 2015	Chief Executives of authorised insurers writing direct medical business	Insurance Companies Ordinance (Cap. 41) - Statistics on Direct Medical Business

The background of the page is a blurred image of a calendar for July and August 2015. The calendar is tilted and shows the days of the week (S, M, T, W, T, F, S) and the dates. A prominent purple square with a white border is centered over the calendar, containing the text "Calendar of Events 2015".

Calendar of Events 2015

Calendar of Events

January – December 2015

Date	Event
5 February 2015	<p>The Insurance Authority (“IA”) hosted the 14th Joint Meeting of the Insurance Regulators of Guangdong, Hong Kong, Macao and Shenzhen.</p> 
18 March 2015	The IA participated in a supervisory college convened by the Office of the Superintendent of Financial Institutions (“OSFI”) of Canada.
27 March 2015	The IA participated in a supervisory college convened by the Autorité de contrôle prudentiel et de résolution (“ACPR”) of France.
31 March - 1 April 2015	The IA participated in a supervisory college convened by the OSFI of Canada in Toronto.
23 April 2015	The IA organised a supervisory college for an insurance group headquartered in Hong Kong.
27-29 April 2015	The IA participated in a supervisory college cum Crisis Management Group meeting convened by the Prudential Regulation Authority (“PRA”) of the United Kingdom in London.
28 April 2015	The IA delivered a keynote address at the 7th Annual ACAMS Anti-Money Laundering & Financial Crime Conference Asia Pacific in Hong Kong.
28-29 April 2015	The IA participated in a supervisory college convened by the PRA of the United Kingdom.
5 May 2015	The IA participated in a supervisory college convened by the Delaware Department of Insurance of the United States.
4 June 2015	The IA participated in a supervisory college convened by the Financial Services Agency of Japan.
11 June 2015	The IA participated in two supervisory colleges convened by the OSFI of Canada.

Date	Event
17 June 2015	The IA participated in a supervisory college convened by the Missouri Department of Insurance, Financial Institutions and Professional Registration (“DIFP”) of the United States.
27-28 July 2015	The IA participated in the 10th Asian Forum of Insurance Regulators Meeting held in Sri Lanka.
30 July 2015	<p>Guidance Note on Underwriting Long Term Insurance Business (other than Class C Business) was released.</p> 
14 August 2015	The OCI Annual Report 2014 (E-version) was released.
19 August 2015	Mr. John Leung assumed the post of the Commissioner of Insurance, replacing Ms. Annie Choi.
9 September 2015	The IA participated in two supervisory colleges convened by the OSFI of Canada.
30 September 2015	Annual statistics on Hong Kong’s insurance business for 2014, including statistics on individual insurers, were released.
30 September 2015	The IA published Consultation Conclusions on a Risk-based Capital Framework for the Insurance Industry of Hong Kong.
1-3 October 2015	The IA participated in the AR Symposium held in Milan, Italy.
5-6 October 2015	The IA participated in a Crisis Management Group meeting for a Global Systemically Important Insurer. The meeting was held in the United States.
2-4 November 2015	The IA participated in a supervisory college convened by the Australian Prudential Regulation Authority in Sydney.

Date	Event
9-13 November 2015	<p>The IA participated in the 22nd Annual Conference of the International Association of Insurance Supervisors held in Morocco.</p> 
9 and 16 November 2015	<p>The Financial Services and the Treasury Bureau, the Joint Financial Intelligence Unit and the IA jointly organised anti-money laundering seminars for the insurance industry in Hong Kong.</p>
20 November 2015	<p>The IA participated in a supervisory college convened by the Swiss Financial Market Supervisory Authority (“FINMA”) of Switzerland.</p>
24 November 2015	<p>The IA participated in a supervisory college convened by Bermuda Monetary Authority.</p>
24 November 2015	<p>The IA participated in a supervisory college convened by the FINMA of Switzerland.</p>
26-27 November 2015	<p>The IA participated in a supervisory college convened by the ACPR of France in Paris.</p>
4 December 2015	<p>The IA participated in the 15th Joint Meeting of the Insurance Regulators of Guangdong, Hong Kong, Macao and Shenzhen held in Shenzhen.</p> 
10 December 2015	<p>The IA participated in a supervisory college convened by the Missouri DIFP of the United States.</p>

