

Market Overview – Long Term Insurance

Market Performance of Long Term Insurance Business in 2021¹

Total office premiums for in-force long term business decreased by 0.3% to HK\$520,086 million in 2021. Individual Life category remained the dominant line of business, making up HK\$464,603 million or 89.3% of total long term business. The respective number of policies in 2021 was 13.9 million, carrying net liabilities of HK\$2,833,621 million. As at 31 December 2021, there were around 207,000 in-force Qualifying Deferred Annuity Policies (“QDAPs”), with an average issue age of 47.6 and average annualised premium of around HK\$72,000.

Yearly contributions for Retirement Scheme contracts administered by insurers decreased by 13.1% to HK\$8,206 million. In 2021, there were 72,316 Retirement Scheme contracts carrying net liabilities of HK\$135,331 million. In-force office premiums for Group Life business increased by 1.1% to HK\$4,824 million, carrying net liabilities of HK\$1,257 million. In-force office premiums for Annuity business decreased by 12.9% to HK\$41,657 million. In-force office premiums for Other business (mainly Permanent Health business) decreased by 8.0% to HK\$796 million.

Office premiums for new Individual Life business increased by 27.4% to HK\$152,423 million in 2021, including HK\$121,761 million from Individual Life (Non-Linked) business and HK\$30,663 million from Linked business, which recorded an increase of 14.0% and 139.7% respectively. The total number of new policies decreased by 5.2% to 990,771 in 2021. Office premiums for new Individual Annuity business decreased by 10.3% to HK\$11,943 million. In 2021, around 47,000 QDAPs were sold, contributing total annualised premiums amounting to HK\$3,464 million.

¹ Market Overview statistics cover insurers whose financial year ended between 1 January 2021 and 31 December 2021.

Figure 1 Office Premiums for Total In-Force Long Term Business

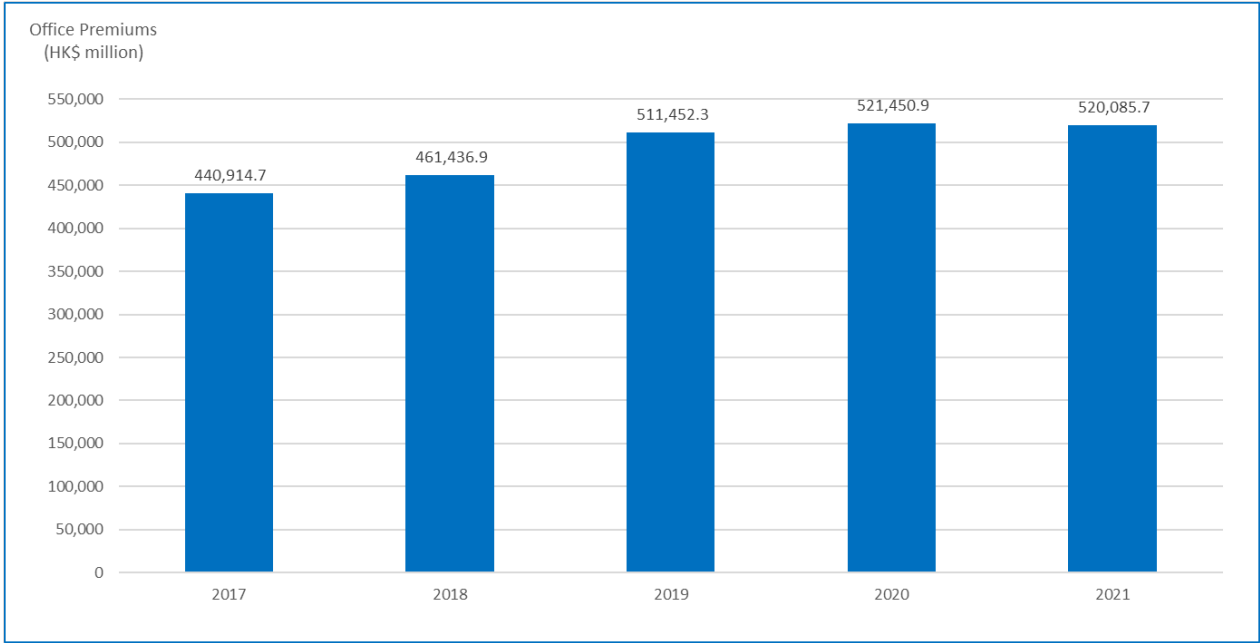
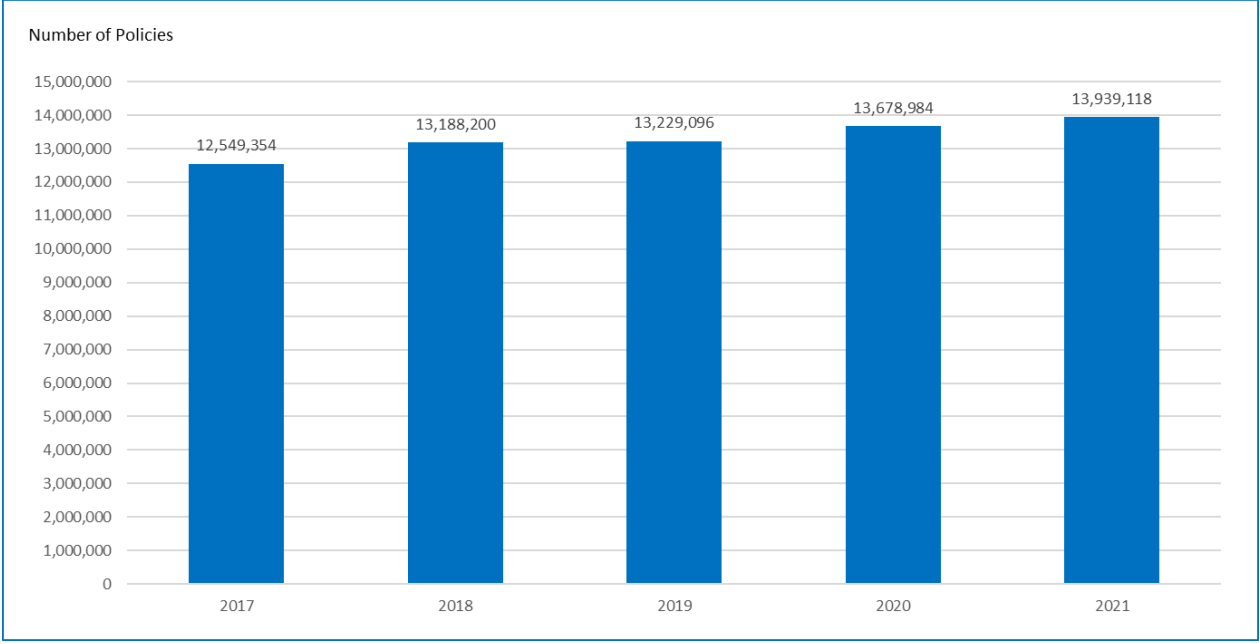


Figure 2 In-Force Individual Life Policies



Industry Statistics Highlights – Long Term Insurance Business

In-force Business

In-force office premiums for Individual Life business, which remained the dominant line of long term insurance business, increased from HK\$458,570 million in 2020 to HK\$464,603 million in 2021, a rise of 1.3%. Non-Linked and Linked business accounted for 88.2% and 11.8% respectively.

Figure 3 In-Force Long Term Business

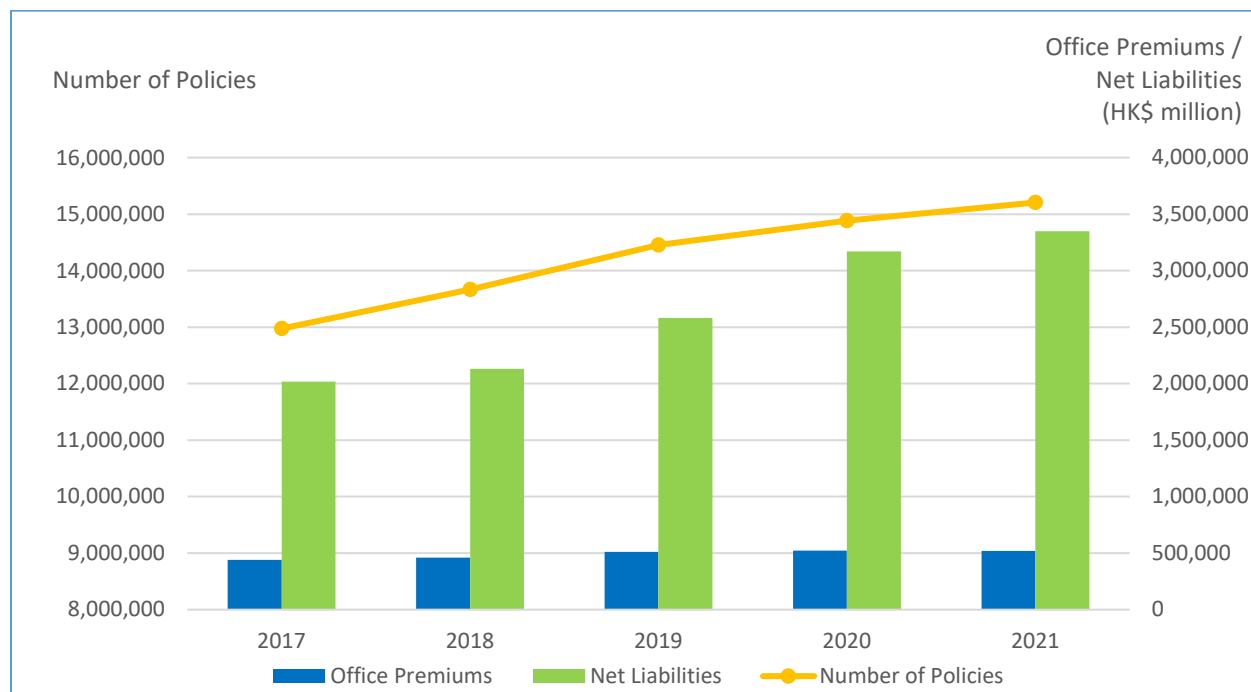


Figure 3.1 Long Term Insurance Business

Type of Insurance	Number of Policies					Office Premiums (HK\$ million)					Net Liabilities (HK\$ million)				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Individual Life															
Non-Linked	11,177,614	11,871,518	11,969,240	12,465,536	12,716,300	367,177.1	377,474.8	399,249.4	418,701.0	409,568.4	1,536,606.7	1,675,983.9	1,816,185.2	2,334,148.6	2,491,004.9
	6.6%	6.2%	0.8%	4.1%	2.0%	8.9%	2.8%	5.8%	4.9%	-2.2%	21.8%	9.1%	8.4%	28.5%	6.7%
Linked	1,371,740	1,316,682	1,259,856	1,213,448	1,222,818	47,873.1	48,868.8	40,993.5	39,869.1	55,034.6	313,317.4	271,840.3	304,079.1	335,224.5	342,616.2
	-6.3%	-4.0%	-4.3%	-3.7%	0.8%	0.7%	2.1%	-16.1%	-2.7%	38.0%	16.2%	-13.2%	11.9%	10.2%	2.2%
Sub-total	12,549,354	13,188,200	13,229,096	13,678,984	13,939,118	415,050.2	426,343.6	440,242.9	458,570.1	464,603.0	1,849,924.1	1,947,824.2	2,120,264.3	2,669,373.1	2,833,621.1
	5.0%	5.1%	0.3%	3.4%	1.9%	7.9%	2.7%	3.3%	4.2%	1.3%	20.8%	5.3%	8.9%	25.9%	6.2%
Group Life	19,327	19,131	18,548	17,604	17,459	3,380.0	3,485.0	4,275.5	4,770.8	4,824.2	1,021.3	999.2	1,417.7	1,366.2	1,256.9
	-0.6%	-1.0%	-3.0%	-5.1%	-0.8%	3.9%	3.1%	22.7%	11.6%	1.1%	-4.0%	-2.2%	41.9%	-3.6%	-8.0%
Retirement Scheme	62,271	63,142	65,728	70,598	72,316	8,907.7	9,374.0	8,877.0	9,439.8	8,205.6	125,139.8	125,220.5	133,700.3	146,127.1	135,330.7
	1.8%	1.4%	4.1%	7.4%	2.4%	4.2%	5.2%	-5.3%	6.3%	-13.1%	11.0%	0.1%	6.8%	9.3%	-7.4%
Annuity and Others	343,573	393,735	1,139,891	1,115,047	1,176,830	13,576.8	22,234.3	58,056.9	48,670.2	42,452.9	42,138.0	58,028.9	326,810.6	353,319.1	377,961.6
	12.2%	14.6%	189.5%	-2.2%	5.5%	39.0%	63.8%	161.1%	-16.2%	-12.8%	29.8%	37.7%	463.2%	8.1%	7.0%
Total	12,974,525	13,664,208	14,453,263	14,882,233	15,205,723	440,914.7	461,436.9	511,452.3	521,450.9	520,085.7	2,018,223.2	2,132,072.8	2,582,192.9	3,170,185.5	3,348,170.3
	5.2%	5.3%	5.8%	3.0%	2.2%	8.5%	4.7%	10.8%	2.0%	-0.3%	20.3%	5.6%	21.1%	22.8%	5.6%

Percentages denote change from the previous year.

In-Force Individual Life Business

Non-Linked Business

Office premiums for Non-Linked business decreased by 2.2% to HK\$409,568 million in 2021, representing 88.2% of office premiums for in-force Individual Life business. There were 12.7 million in-force Non-Linked policies at the end of 2021, up by 2.0% from 2020. The total sums assured as at 31 December 2021 was HK\$7,912,098 million while net liabilities amounted to HK\$2,491,005 million, representing increases of 4.7% and 6.7% respectively.

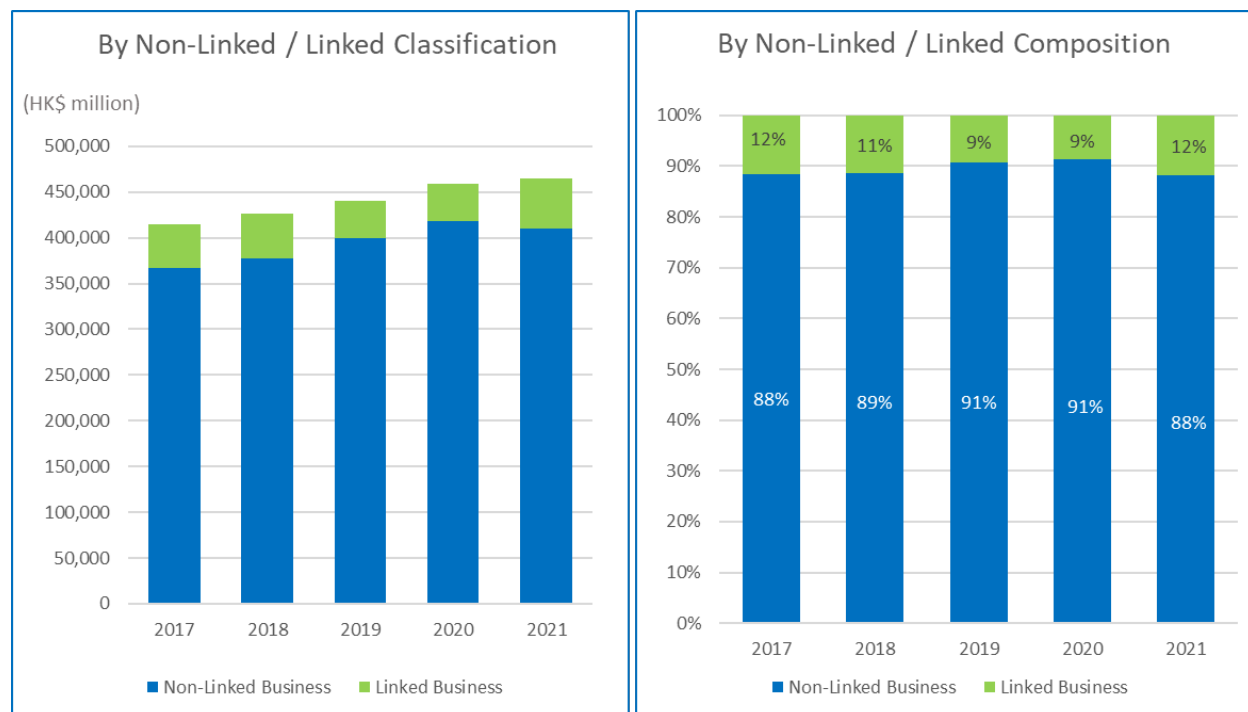
Regarding categories of in-force office premiums, Whole Life and Endowment together comprised 87.9% of Non-Linked business, while Term along with Other insurance accounted for the remaining 12.1%.

With-profits business accounted for 78.4% of in-force office premiums and without-profits business for the remaining 21.6%.

Linked Business

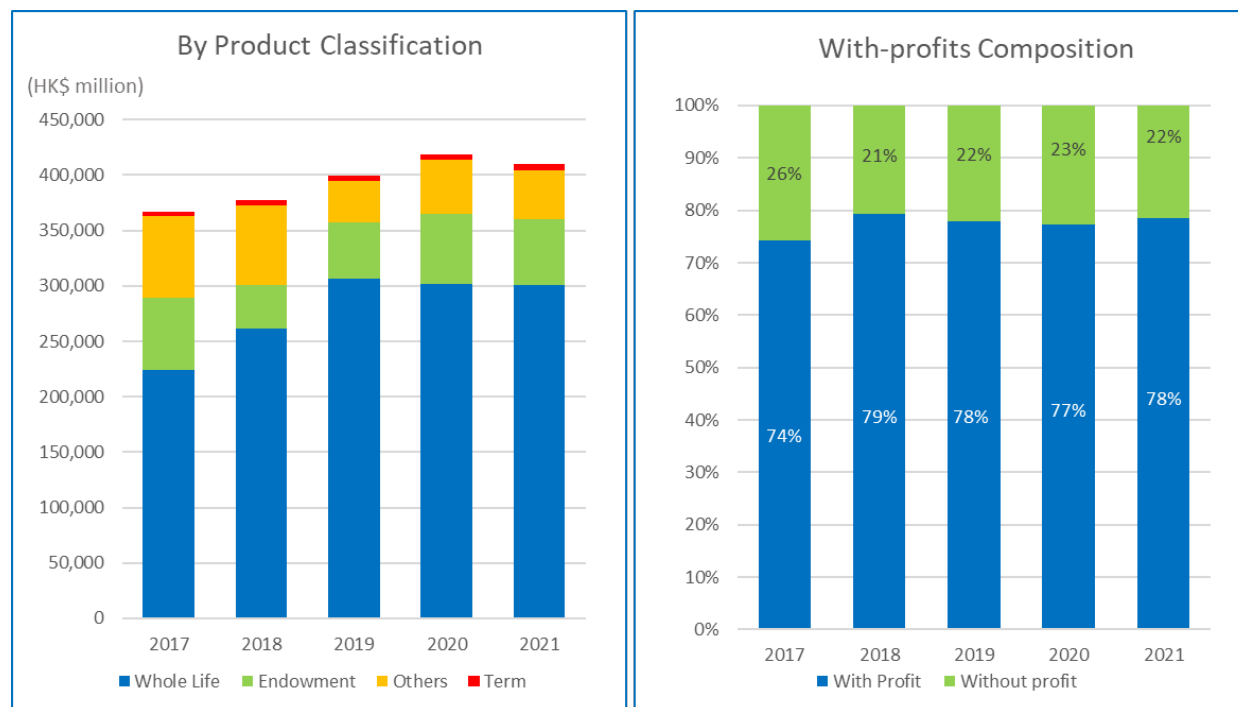
Office premiums for Linked business increased by 38.0% to HK\$55,035 million in 2021, accounting for 11.8% of office premiums for in-force Individual Life business. The number of in-force policies as at 31 December 2021 was 1.2 million while net liabilities stood at HK\$342,616 million, representing an increase of 0.8% and 2.2% respectively.

Figure 4 Office Premiums for In-Force Individual Life Business



Office Premiums (HK\$ million)	2017	2018	2019	2020	2021
Non-Linked Business	367,177.1	377,474.8	399,249.4	418,701.0	409,568.4
Linked Business	47,873.1	48,868.8	40,993.5	39,869.1	55,034.6

Figure 5 Office Premiums for In-Force Individual Life (Non-Linked) Business



Office Premiums for Non-Linked Business (By Product Classification)					
(HK\$ million)	2017	2018	2019	2020	2021
Whole Life	223,752.9	261,375.2	306,295.9	301,670.0	300,393.5
Endowment	65,200.0	39,217.4	50,954.1	62,930.0	59,622.9
Term	4,026.8	4,418.4	4,834.2	5,327.0	5,685.1
Others	74,197.4	72,463.7	37,165.2	48,773.9	43,866.8

New Individual Life Business

Office premiums for new Individual Life business increased by 27.4% to HK\$152,423 million in 2021. Non-Linked Individual Life business and Linked Individual Life business accounted for 79.9% and 20.1% of new Individual Life business respectively.

Non-Linked Business

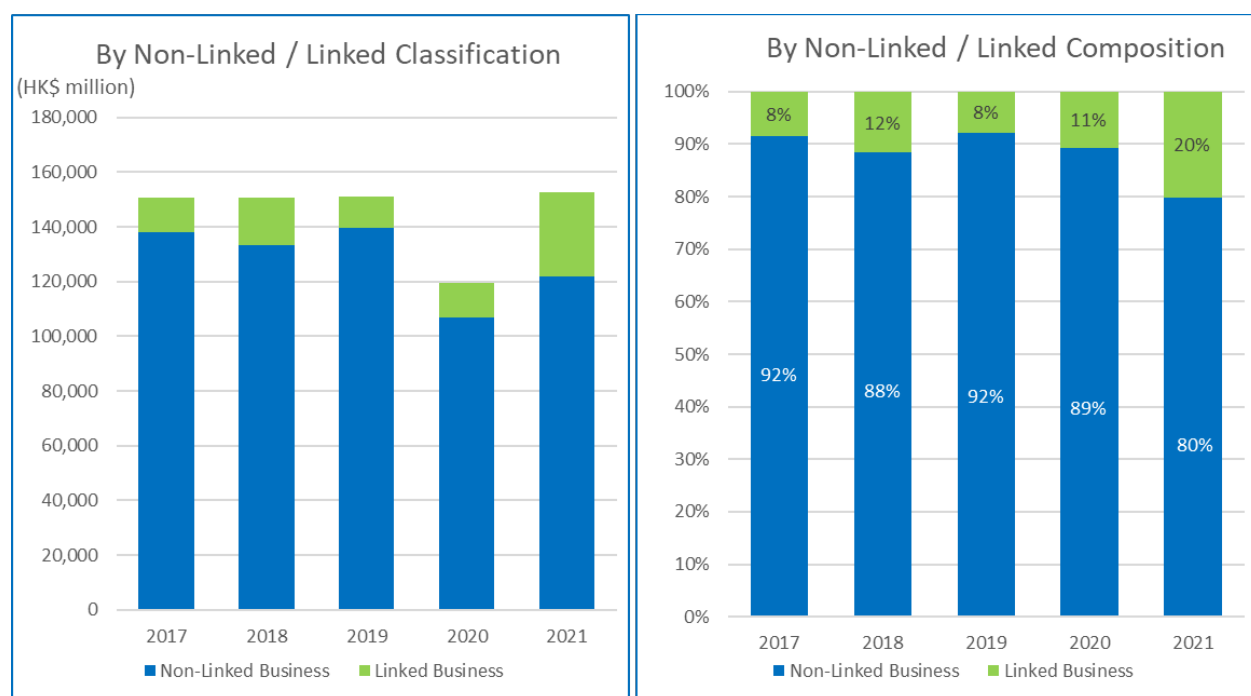
Office premiums for new Non-Linked business recorded an increase of 14.0% to HK\$121,761 million in 2021, with single premium business increasing by 36.7% and regular premium business decreasing by 2.6%. The number of policies decreased by 10.8% to 898,927.

With-profits and without-profits business represented 76.7% and 23.3% respectively of related new office premiums.

Linked Business

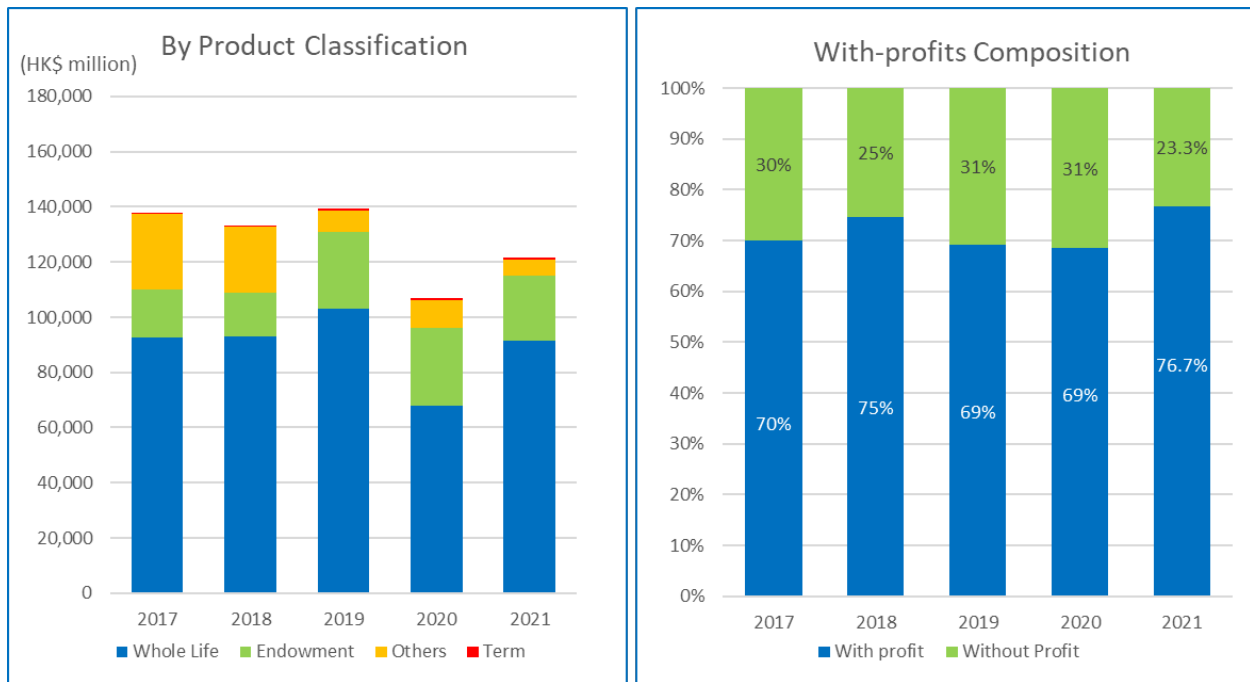
Office premiums for new Linked business increased by 139.7% in 2021, and the number of new policies recorded a rise of 149.6%. The number of new policies in single payment mode increased by 167.9%, while related office premiums grew by 143.9%. The number of new policies in regular payment mode rose by 112.2%, with related office premiums increasing by 80.7%.

Figure 6 Office Premiums for New Individual Life Business



Office Premiums (HK\$ million)	2017	2018	2019	2020	2021
Non-Linked Business	137,915.6	133,194.0	139,421.5	106,840.4	121,760.5
Linked Business	12,730.1	17,406.8	11,758.8	12,791.9	30,662.9

Figure 7 Office Premiums for New Individual Life (Non-Linked) Business



Office Premiums for Non-Linked Business (By Product Classification)					
(HK\$ million)	2017	2018	2019	2020	2021
Whole Life	92,537.9	92,918.3	102,949.2	68,098.5	91,551.3
Endowment	17,356.7	15,982.8	28,055.6	28,197.0	23,404.7
Term	522.9	521.3	727.3	806.5	799.3
Others	27,498.1	23,771.6	7,689.4	9,738.4	6,005.2

New Business Index

The New Business Index, defined as the total office premiums for all regular premium products plus one-tenth of all single premiums, increased by 3.5% in 2021. This was attributable to a significant increase of 59.2% in new premiums for single premium business, while a decrease of 1.5% in new premiums for regular premium business. During the year, the New Business Index for Non-Linked business and Linked business increased by 0.3% and 117.8% respectively.

Figure 8 New Individual Life Business (Number of Policies and New Business Index)

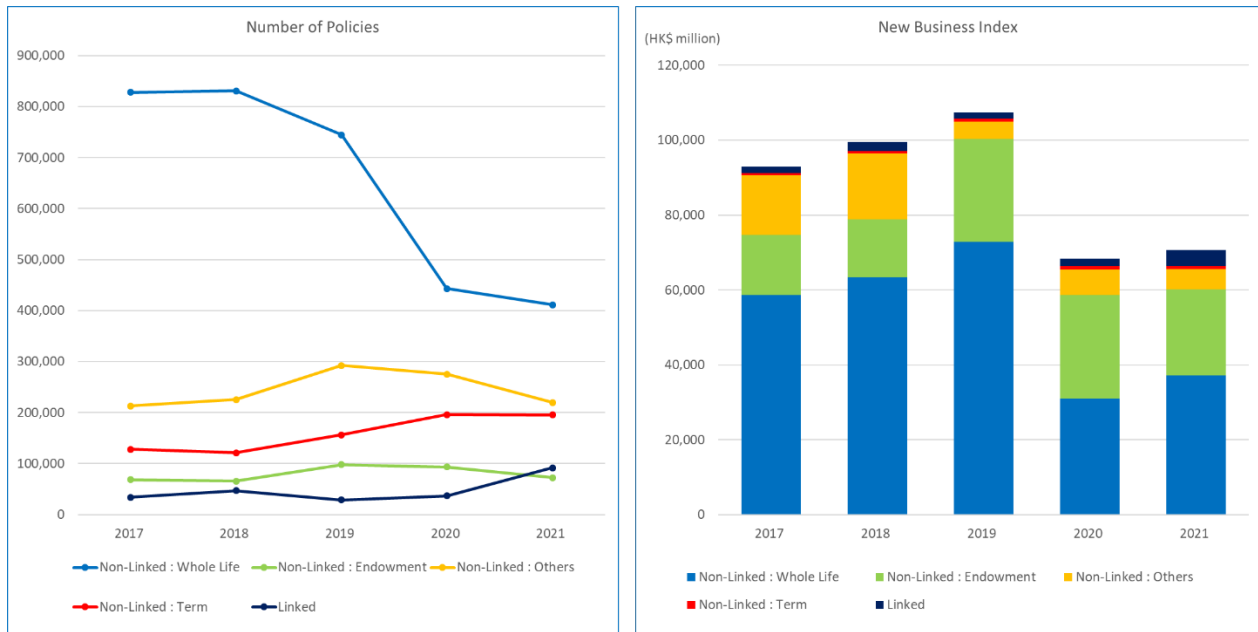


Figure 3.4 New Individual Life Business (Number of Policies and New Business Index)

Type of Insurance	Number of Policies														
	Single Payment					Regular Payment					Total				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Non-Linked:															
Whole Life	27,705	22,440	21,464	25,170	28,001	800,348	808,132	723,437	418,195	383,338	828,053	830,572	744,901	443,365	411,339
Endowment	3,879	1,472	2,601	1,642	1,418	64,362	64,296	95,184	91,665	70,948	68,241	65,768	97,785	93,307	72,366
Term	15	14	15	15	1	127,811	121,366	156,486	195,899	195,202	127,826	121,380	156,501	195,914	195,203
Others	7,988	5,243	1,247	4,408	10,740	205,221	220,041	291,090	271,205	209,279	213,209	225,284	292,337	275,613	220,019
Total of Non-Linked	39,587	29,169	25,327	31,235	40,160	1,197,742	1,213,835	1,266,197	976,964	858,767	1,237,329	1,243,004	1,291,524	1,008,199	898,927
Linked:															
	23,928	34,468	20,169	24,705	66,177	9,811	12,344	8,503	12,097	25,667	33,739	46,812	28,672	36,802	91,844
Total	63,515	63,637	45,496	55,940	106,337	1,207,553	1,226,179	1,274,700	989,061	884,434	1,271,068	1,289,816	1,320,196	1,045,001	990,771

Type of Insurance	Office Premiums														
	Single Payment (HK\$ million)					Regular Payment (HK\$ million)					New Business Index ¹⁰ (HK\$ million)				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Non-Linked:															
Whole Life	37,723.6	32,843.6	33,458.3	41,293.2	60,329.8	54,814.2	60,074.8	69,490.9	26,805.3	31,221.5	58,586.6	63,359.2	72,836.7	30,934.6	37,254.5
Endowment	1,365.2	507.7	707.3	599.0	526.3	15,991.5	15,475.1	27,348.3	27,598.0	22,878.5	16,128.0	15,525.9	27,419.0	27,657.9	22,931.1
Term	1.6	0.9	3.4	0.9	0.1	521.3	520.3	723.8	805.6	799.2	521.5	520.4	724.1	805.7	799.2
Others	12,860.9	6,816.4	3,287.1	3,164.0	756.7	14,637.3	16,955.2	4,402.3	6,574.4	5,248.5	15,923.4	17,636.8	4,731.0	6,890.8	5,324.2
Total of Non-Linked	51,951.3	40,168.6	37,456.1	45,057.1	61,612.9	85,964.3	93,025.4	101,965.3	61,783.3	60,147.7	91,159.5	97,042.3	105,710.8	66,289.0	66,309.0
Linked:															
	12,144.1	16,624.0	11,126.0	11,951.8	29,145.1	586.0	782.8	632.8	840.1	1,517.8	1,800.4	2,445.2	1,745.4	2,035.3	4,432.3
Total	64,095.4	56,792.6	48,582.1	57,008.9	90,758.0	86,550.3	93,808.2	102,598.1	62,623.4	61,665.5	92,959.9	99,487.5	107,456.2	68,324.3	70,741.3

(a) New Business Index = 10% Single Premiums + Regular Premiums

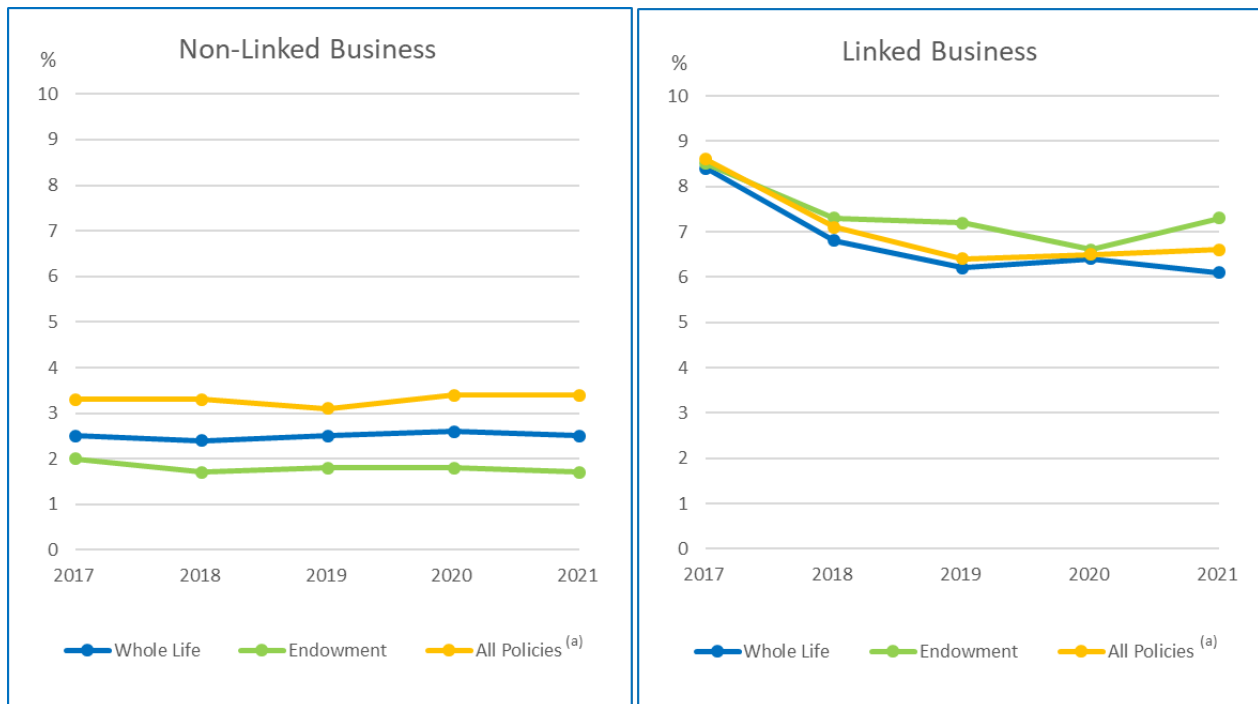
Individual Life Voluntary Termination Rate (Lapses and Surrenders)

The voluntary termination rate comprises the ratio of the number of policies that lapsed or were surrendered during the year to the average number of policies in-force, and serves as a measure of business persistency.

For Individual Life (Non-Linked) business, the overall voluntary termination rate remained the same at 3.4% in 2021.

For Individual Life (Linked) business, the overall voluntary termination rate stood at 6.6% in 2021.

Figure 9 Individual Life Voluntary Termination Rate



Non-Linked (%)	2017	2018	2019	2020	2021
Whole Life	2.5	2.4	2.5	2.6	2.5
Endowment	2.0	1.7	1.8	1.8	1.7
All Policies ^(a)	3.3	3.3	3.1	3.4	3.4
Linked (%)	2017	2018	2019	2020	2021
Whole Life	8.4	6.8	6.2	6.4	6.1
Endowment	8.5	7.3	7.2	6.6	7.3
All Policies ^(a)	8.6	7.1	6.4	6.5	6.6

^(a) All policies include term policies and others.

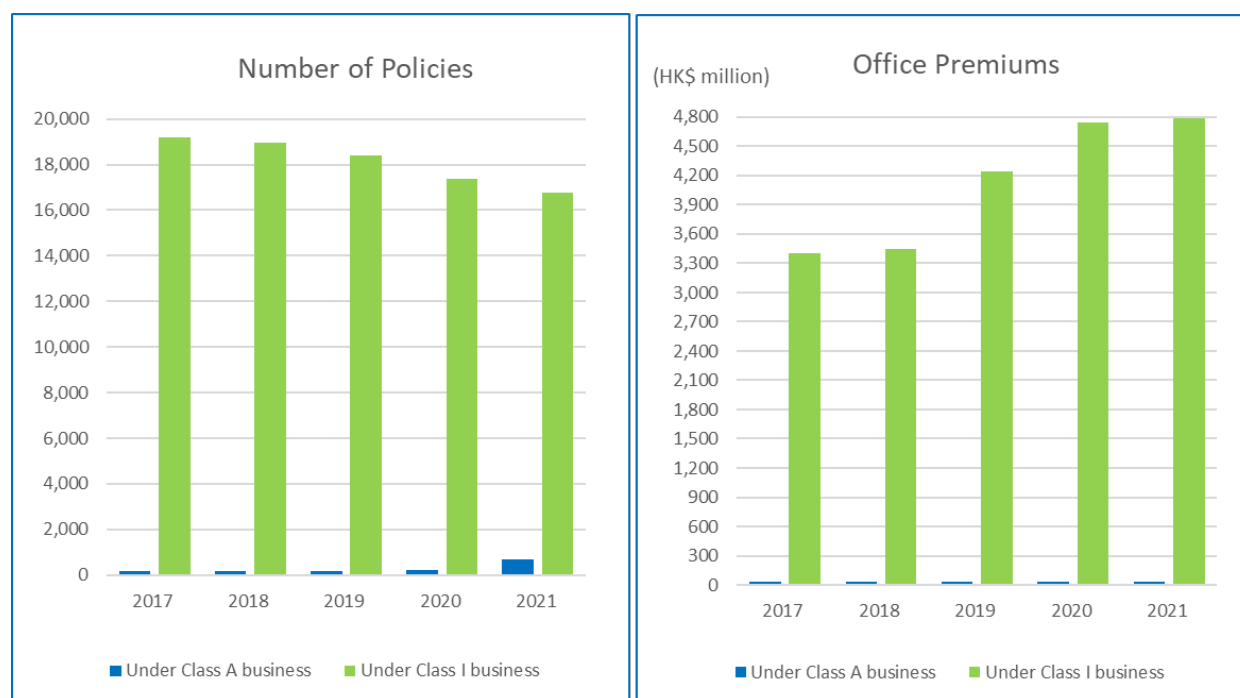
Group Life Business

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 2021 stood at HK\$37 million, representing 0.8% of all Group Life business. At the end of 2021, there were 676 Class A in-force policies covering 38,509 lives. The total sums assured and total net liabilities were HK\$22,587 million and HK\$25 million respectively.

For Class I business, office premiums stood at HK\$4,787 million, representing 99.2% of all Group Life business. At the end of 2021, there were 16,783 Class I in-force policies covering 1,249,818 lives. The total sums assured and total net liabilities were HK\$1,030,548 million and HK\$1,232 million respectively.

Figure 10 In-Force Group Life Business



Number of Policies	2017	2018	2019	2020	2021
Under Class A business	152	151	160	239	676
Under Class I business	19,175	18,980	18,388	17,365	16,783

Office Premiums (HK\$ million)	2017	2018	2019	2020	2021
Under Class A business	35.1	35.5	35.1	30.5	37.2
Under Class I business	3,405.7	3,449.5	4,240.4	4,740.3	4,787.0

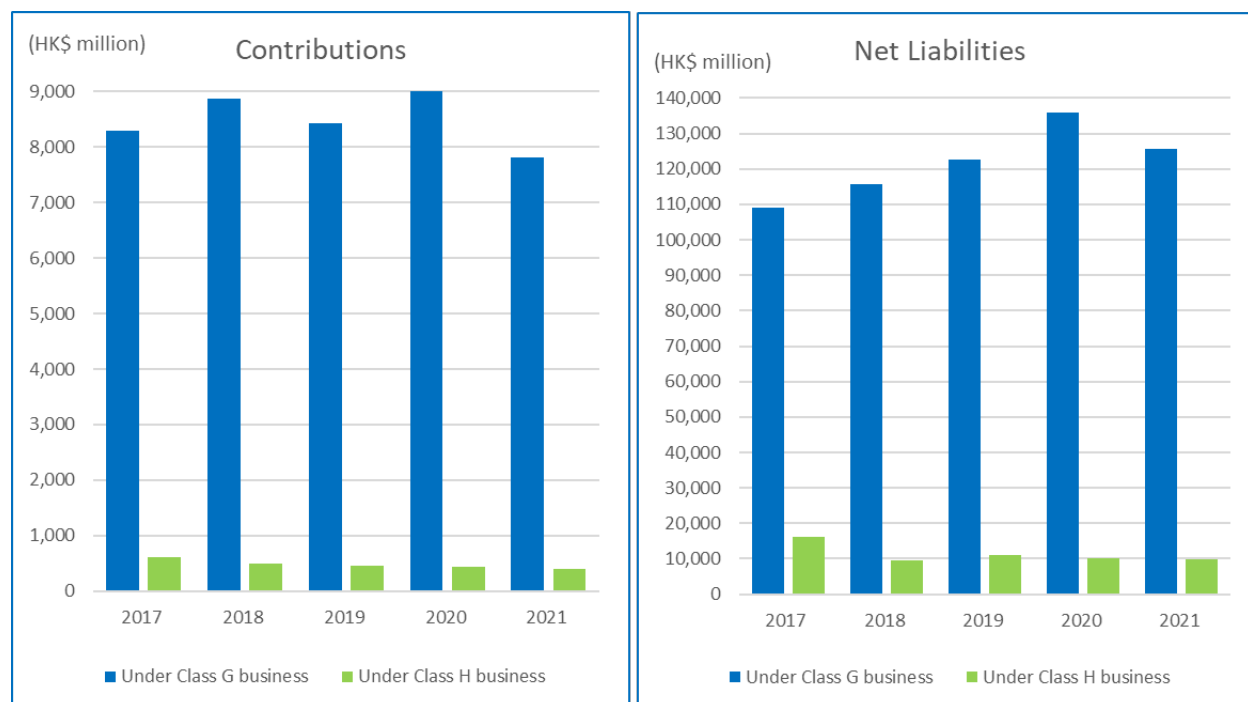
Retirement Scheme Business

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

Class G contributions amounted to HK\$7,802 million in 2021, representing 95.1% of overall contributions for Retirement Scheme business. As at 31 December 2021, the related net liabilities amounted to HK\$125,510 million. Net liabilities may be classified into unit (unitised) and non-unit liabilities. The related unit and non-unit liabilities were HK\$115,935 million and HK\$9,575 million respectively.

Class H contributions decreased from HK\$440 million in 2020 to HK\$404 million in 2021, and represented 4.9% of overall contributions in 2021. As at 31 December 2021, related net liabilities stood at HK\$9,821 million, of which unit and non-unit liabilities were HK\$9,728 million and HK\$93 million respectively.

Figure 11 In-Force Retirement Scheme Business



Contributions (HK\$ million)	2017	2018	2019	2020	2021
Under Class G business	8,296.8	8,878.6	8,428.0	9,000.1	7,801.8
Under Class H business	610.9	495.4	449.0	439.7	403.8
Net Liabilities (HK\$ million)	2017	2018	2019	2020	2021
Under Class G business	109,096.2	115,757.3	122,695.3	135,905.6	125,509.6
Under Class H business	16,069.6	9,463.2	11,005.0	10,221.5	9,821.1

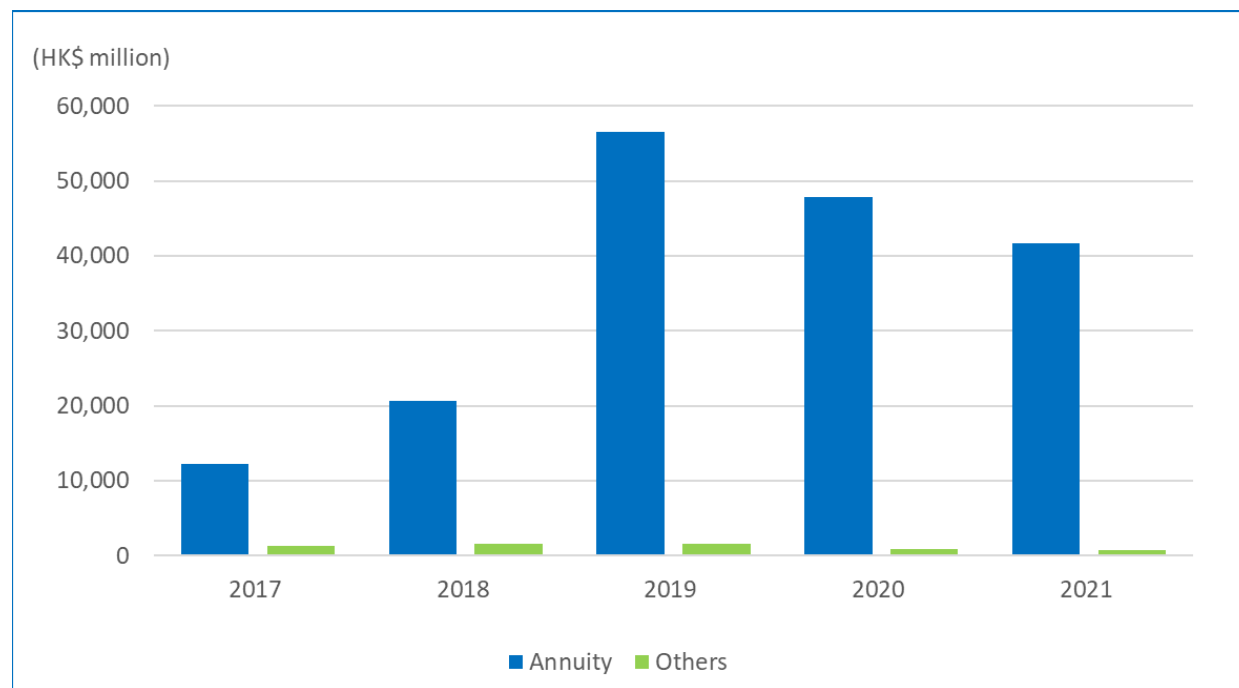
Annuity and Other Business

Under Annuity business, there were 1,066,281 in-force policies at the end of 2021. Office premiums decreased by 12.9% to HK\$41,657 million in 2021, and net liabilities increased by 6.9% to HK\$374,205 million. During the year, a total of 78,006 new Annuity policies were effected, with office premiums of HK\$11,943 million. In 2021, around 47,000 Qualifying Deferred Annuity Policies (“QDAPs”) were sold, contributing total annualised premiums amounting to HK\$3,464 million.

Other business includes Permanent Health business and Tontines business. For Permanent Health, the number of in-force policies increased by 3.7% to 110,548 in 2021, with office premiums decreasing by 8.0% to HK\$796 million, while net liabilities increased by 18.9% to HK\$3,756 million. Regarding Tontines, total office premiums amounted to less than HK\$0.1 million in 2021.

In terms of premiums, Annuity and Other business accounted for 8.2% of the market total for all long term insurance business premiums in 2021.

Figure 12 Office Premiums for In-Force Annuity and Other Business

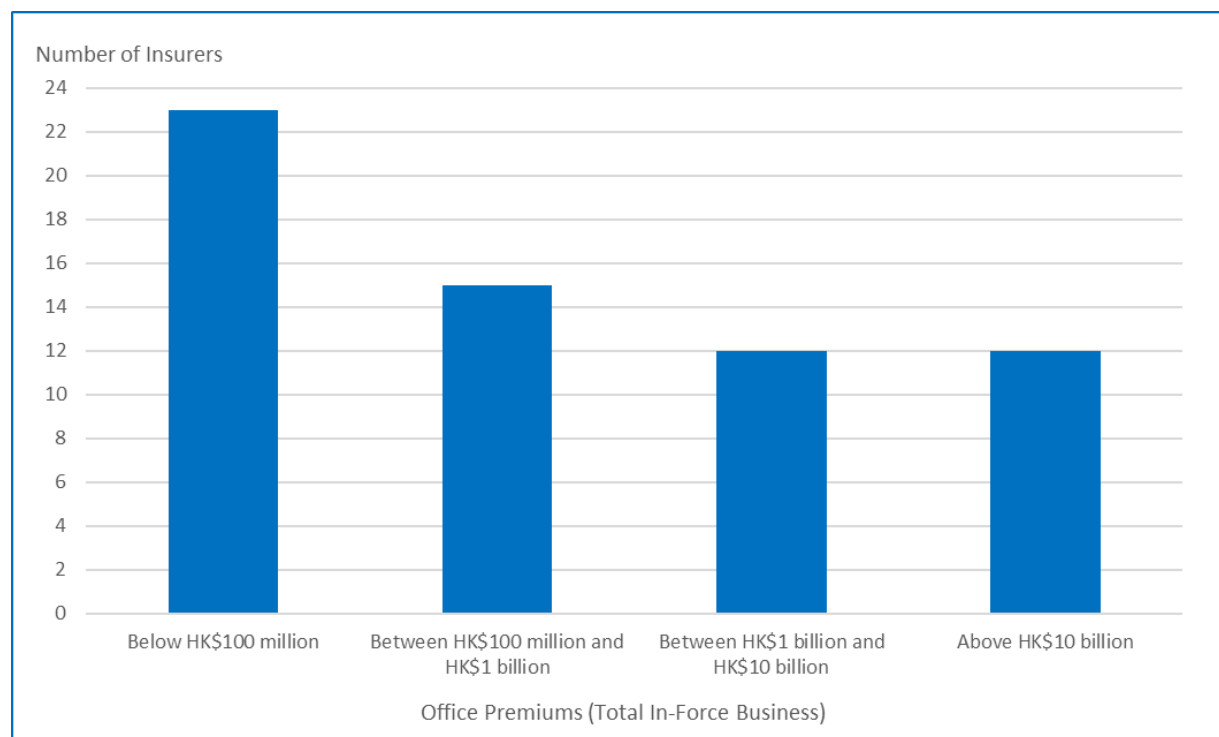


Office Premiums (HK\$ million)	2017	2018	2019	2020	2021
Annuity	12,200.0	20,692.2	56,448.9	47,804.9	41,656.6
Others	1,376.8	1,542.1	1,608.0	865.3	796.3

Market Analysis

As at 31 December 2021, there were 73 authorized long term business insurers in the market. Putting aside Lloyd's and 10 pure reinsurers, 12 insurers reported in-force office premiums of more than HK\$10 billion, taking up 91.6% of the long term insurance market. Another 50 insurers, with office premiums of less than HK\$10 billion, comprised the remaining 8.4% of the market.

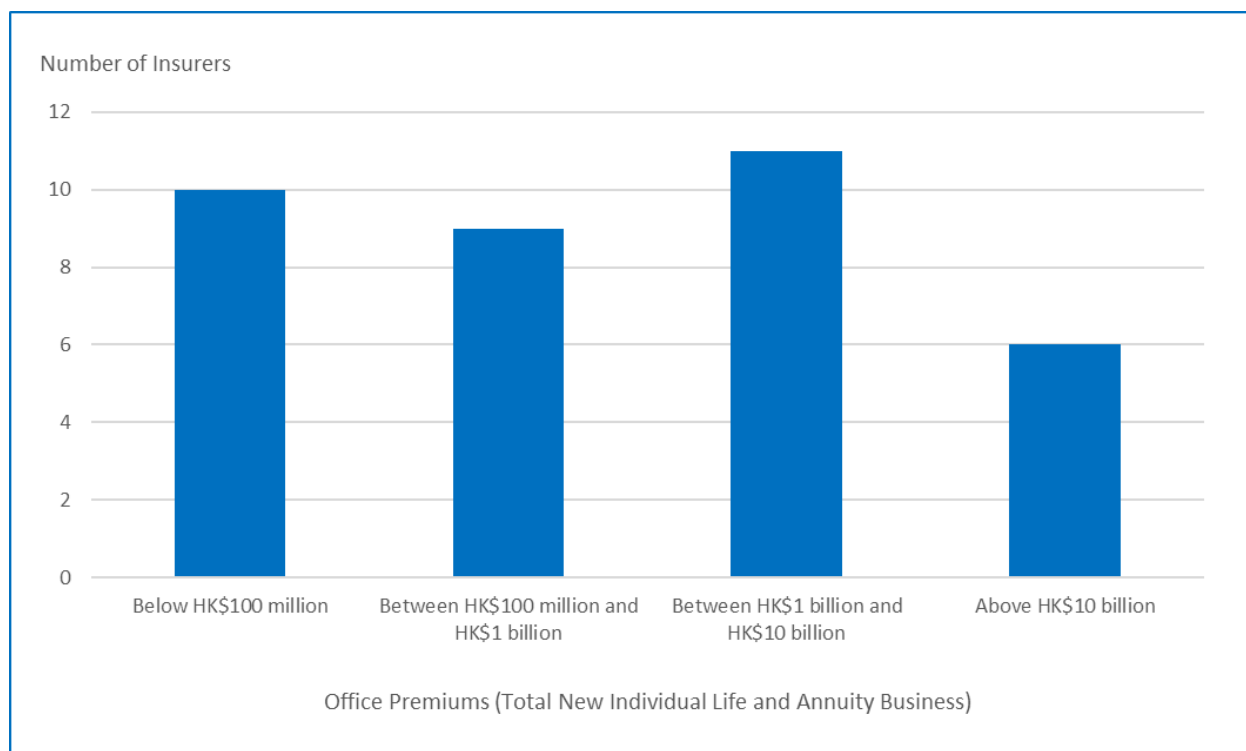
Figure 13 Distribution of Long Term Business Insurers in terms of In-Force Office Premiums



Office Premiums (Total In-Force Business)	Number of Insurers	% of Market Total
Below HK\$100 million	23	0.1%
Between HK\$100 million and HK\$1 billion	15	1.5%
Between HK\$1 billion and HK\$10 billion	12	6.8%
Above HK\$10 billion	12	91.6%
Total	62	100.0%

In terms of new Individual Life and Annuity business, 36 insurers wrote new business in 2021. Of these insurers, six reported new office premiums of more than HK\$10 billion and between them shared 69.8% of total business. The other 30 insurers, with new office premiums of less than HK\$10 billion, shared the remaining 30.2% of the market.

Figure 14 Distribution of Long Term Business Insurers in terms of New Individual Life and Annuity Office Premiums



Office Premiums (Total New Individual Life and Annuity Business)	No. of Insurers	% of Market Total
Below HK\$100 million	10	0.2%
Between HK\$100 million and HK\$1 billion	9	2.1%
Between HK\$1 billion and HK\$10 billion	11	27.9%
Above HK\$10 billion	6	69.8%
Total	36	100.0%