

Market Overview – Long Term Insurance

Market Performance of Long Term Insurance Business in 2022¹

Total office premiums for in-force long term business decreased by 8.9% to HK\$473,598 million in 2022. Individual Life category remained the dominant line of business, making up HK\$424,289 million or 89.6% of total long term business. The respective number of policies in 2022 was 14.0 million, carrying net liabilities of HK\$2,249,342 million. As at 31 December 2022, there were 235,261 in-force Qualifying Deferred Annuity Policies (“QDAPs”), with an average issue age of 47.2 and average annualised premium of around HK\$72,000.

Yearly contributions for Retirement Scheme contracts administered by insurers decreased by 4.6% to HK\$7,832 million. In 2022, there were 74,454 Retirement Scheme contracts carrying net liabilities of HK\$126,305 million. In-force office premiums for Group Life business increased by 3.5% to HK\$4,993 million, carrying net liabilities of HK\$1,025 million. In-force office premiums for Annuity business decreased by 14.4% to HK\$35,661 million. In-force office premiums for Other business (mainly Permanent Health business) increased by 3.3% to HK\$823 million.

Office premiums for new Individual Life business decreased by 16.3% to HK\$127,539 million in 2022, including HK\$112,621 million from Individual Life (Non-Linked) business and HK\$14,918 million from Linked business, which recorded a decrease of 7.5% and 51.3% respectively. The total number of new policies decreased by 23.1% to 762,319 in 2022. Office premiums for new Individual Annuity business decreased by 35.7% to HK\$7,685 million. In 2022, 28,976 QDAPs were sold, contributing total annualised premiums amounting to HK\$1,953 million.

¹ Market Overview statistics cover insurers whose financial year ended between 1 January 2022 and 31 December 2022.

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

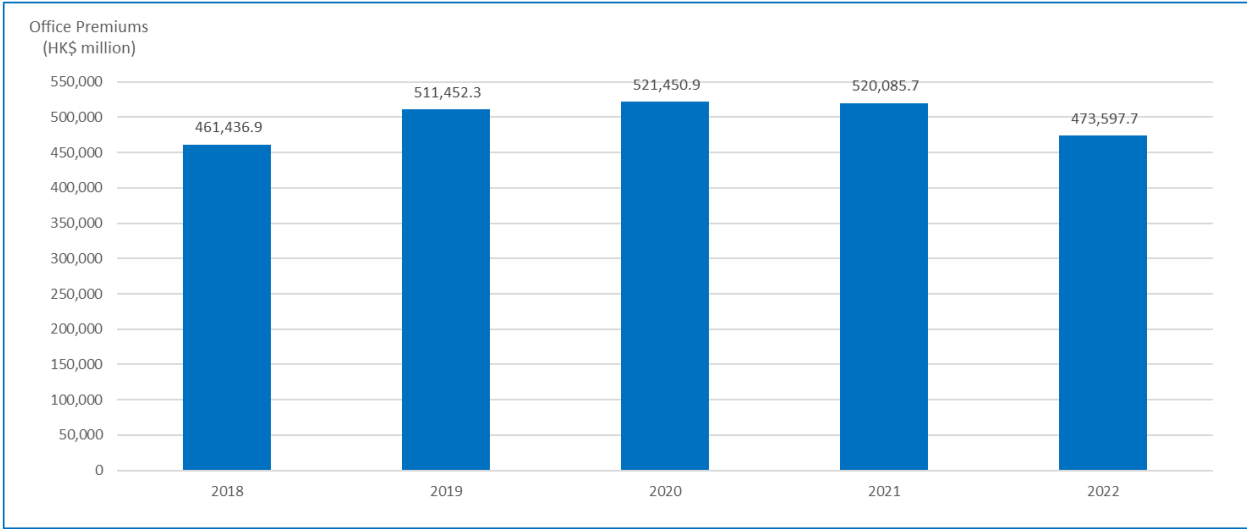
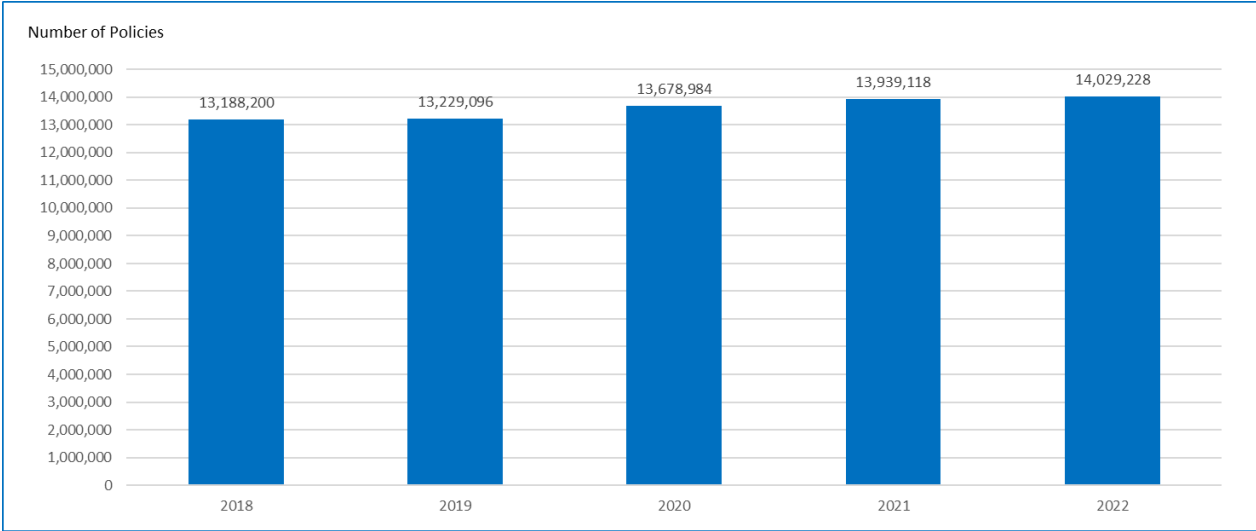


Figure 2 In-Force Individual Life Policies

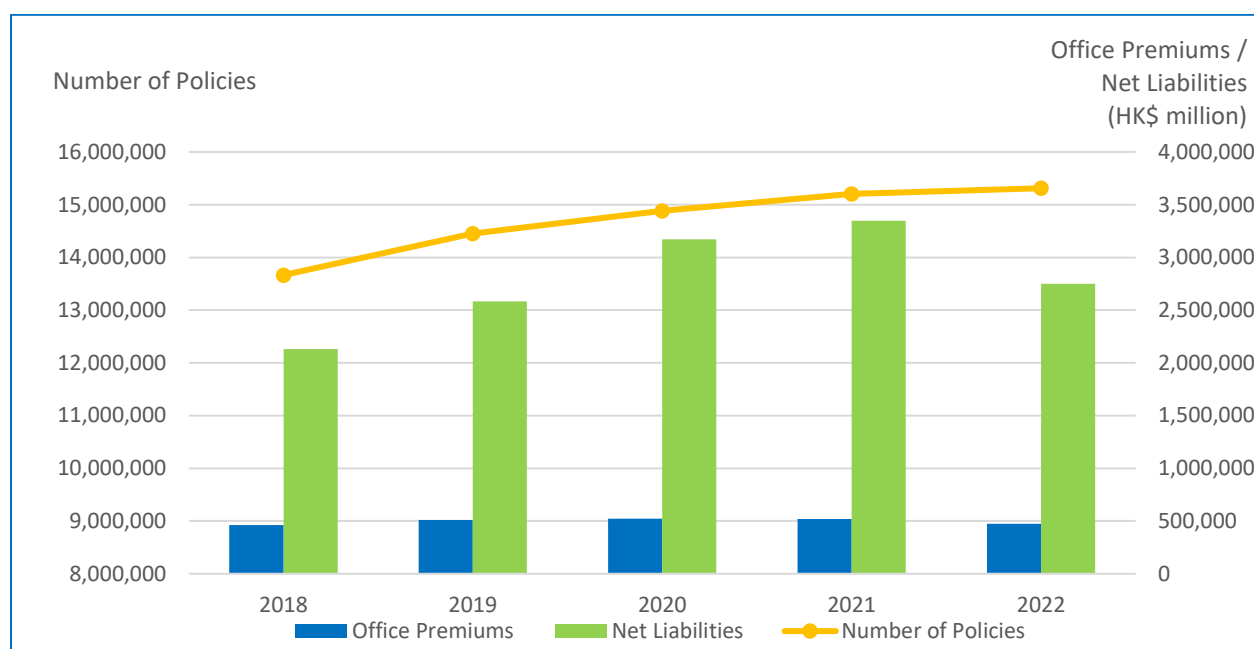


Industry Statistics Highlights – Long Term Insurance Business

In-force Business

In-force office premiums for Individual Life business, which remained the dominant line of long term insurance business, decreased from HK\$464,603 million in 2021 to HK\$424,289 million in 2022, a decrease of 8.7%. Non-Linked and Linked business accounted for 90.9% and 9.1% respectively.

Figure 3 In-Force Long Term Business



Type of Insurance	Number of Policies					Office Premiums (HK\$ million)					Net Liabilities (HK\$ million)				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Individual Life															
Non-Linked	11,871,518 6.2%	11,969,240 0.8%	12,465,536 4.1%	12,716,300 2.0%	12,822,506 0.8%	377,474.8 2.8%	399,249.4 5.8%	418,701.0 4.9%	409,568.4 -2.2%	385,736.0 -5.8%	1,675,983.9 9.1%	1,816,185.2 8.4%	2,334,148.6 28.5%	2,491,004.9 6.7%	1,993,946.4 -20.0%
Linked	1,316,682 -4.0%	1,259,856 -4.3%	1,213,448 -3.7%	1,222,818 0.8%	1,206,722 -1.3%	48,868.8 2.1%	40,993.5 -16.1%	39,869.1 -2.7%	55,034.6 38.0%	38,553.3 -29.9%	271,840.3 -13.2%	304,079.1 11.9%	335,224.5 10.2%	342,616.2 2.2%	255,395.1 -25.5%
Sub-total	13,188,200 5.1%	13,229,096 0.3%	13,678,984 3.4%	13,939,118 1.9%	14,029,228 0.6%	426,343.6 2.7%	440,242.9 3.3%	458,570.1 4.2%	464,603.0 1.3%	424,289.3 -8.7%	1,947,824.2 5.3%	2,120,264.3 8.9%	2,669,373.1 25.9%	2,833,621.1 6.2%	2,249,341.5 -20.6%
Group Life	19,133 -1.0%	18,548 -3.0%	17,604 -5.1%	17,459 -0.8%	16,790 -3.8%	3,485.0 3.1%	4,275.5 22.7%	4,770.8 11.6%	4,824.2 1.1%	4,993.3 3.5%	999.2 -2.2%	1,417.7 41.9%	1,366.2 -3.6%	1,256.9 -8.0%	1,025.4 -18.4%
Retirement Scheme	63,142 1.4%	65,728 4.1%	70,598 7.4%	72,316 2.4%	74,454 3.0%	9,374.0 5.2%	8,877.0 -5.3%	9,439.8 6.3%	8,205.6 -13.1%	7,831.5 -4.6%	125,220.5 0.1%	133,700.3 6.8%	146,127.1 9.3%	135,330.7 -7.4%	126,305.0 -6.7%
Annuity and Others	393,735 14.6%	1,139,891 189.5%	1,115,047 -2.2%	1,176,830 5.5%	1,190,962 1.2%	22,234.3 63.8%	58,066.9 161.1%	48,670.2 -16.2%	42,452.9 -12.8%	36,483.6 -14.1%	58,028.9 37.7%	326,810.6 463.2%	353,319.1 8.1%	377,961.6 7.0%	374,458.5 -0.9%
Total	13,664,208 5.3%	14,453,263 5.8%	14,882,233 3.0%	15,205,723 2.2%	15,311,434 0.7%	461,436.9 4.7%	511,452.3 10.8%	521,450.9 2.0%	520,085.7 -0.3%	473,597.7 -8.9%	2,132,072.8 5.6%	2,582,192.9 21.1%	3,170,185.5 22.8%	3,348,170.3 5.6%	2,751,130.4 -17.8%

Percentages denote change from the previous year.

In-Force Individual Life Business

Non-Linked Business

Office premiums for Non-Linked business decreased by 5.8% to HK\$385,736 million in 2022, representing 90.9% of office premiums for in-force Individual Life business. There were 12.8 million in-force Non-Linked policies at the end of 2022, up by 0.8% from 2021. The total sums assured as at 31 December 2022 was HK\$8,094,160 million while net liabilities amounted to HK\$ 1,993,946 million, representing an increase of 2.3% and a decrease of 20.0% respectively.

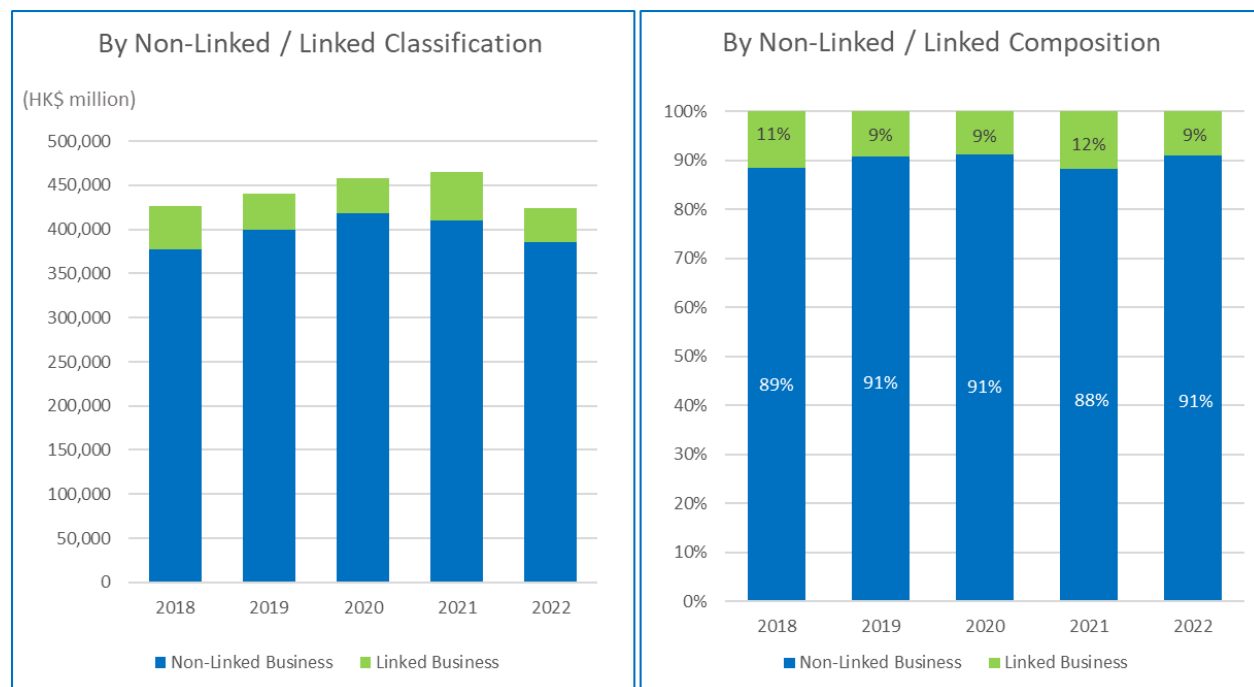
Regarding categories of in-force office premiums, Whole Life and Endowment together comprised 87.4% of Non-Linked business, while Term along with Other insurance accounted for the remaining 12.6%.

With-profits business accounted for 83.0% of in-force office premiums and without-profits business for the remaining 17.0%.

Linked Business

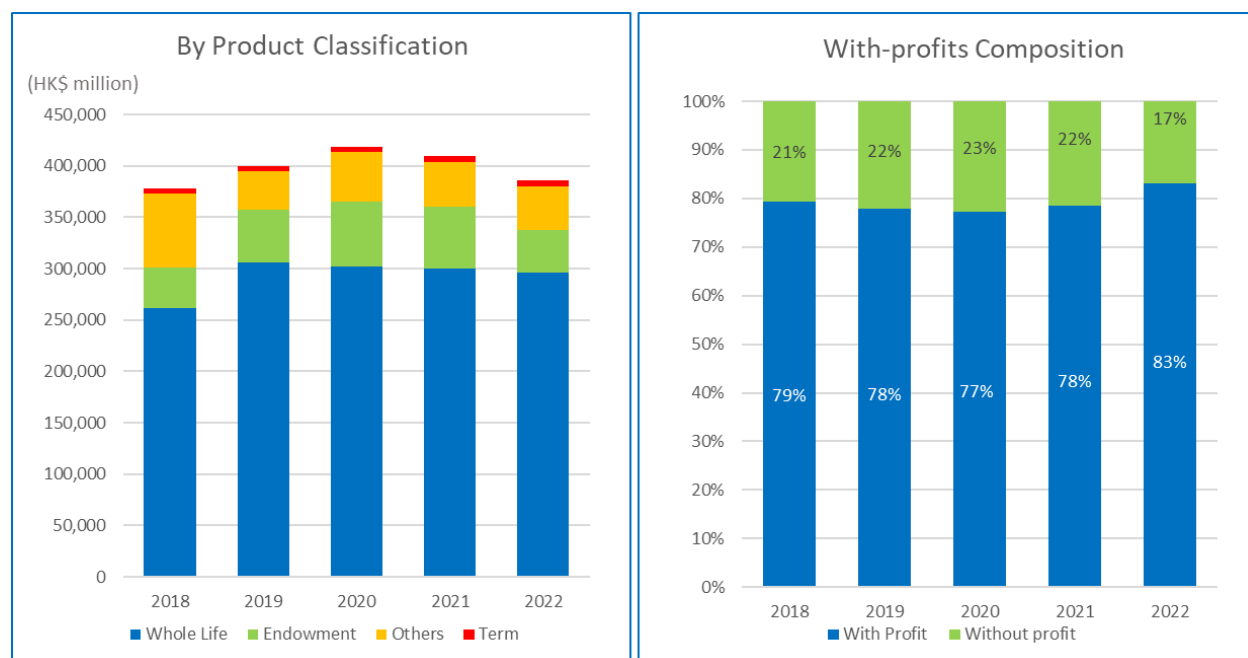
Office premiums for Linked business decreased by 29.9% to HK\$38,553 million in 2022, accounting for 9.1% of office premiums for in-force Individual Life business. The number of in-force policies as at 31 December 2022 was 1.2 million while net liabilities stood at HK\$255,395 million, representing a decrease of 1.3% and 25.5% respectively.

Figure 4 Office Premiums for In-Force Individual Life Business



Office Premiums (HK\$ million)	2018	2019	2020	2021	2022
Non-Linked Business	377,474.8	399,249.4	418,701.0	409,568.4	385,736.0
Linked Business	48,868.8	40,993.5	39,869.1	55,034.6	38,553.3

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



Office Premiums for Non-Linked Business (By Product Classification) (HK\$ million)	2018	2019	2020	2021	2022
Whole Life	261,375.2	306,295.9	301,670.0	300,393.5	295,640.9
Endowment	39,217.4	50,954.1	62,930.0	59,622.9	41,555.8
Term	4,418.4	4,834.2	5,327.0	5,685.1	6,072.8
Others	72,463.7	37,165.2	48,773.9	43,866.8	42,466.5

New Individual Life Business

Office premiums for new Individual Life business decreased by 16.3% to HK\$127,539 million in 2022. Non-Linked Individual Life business and Linked Individual Life business accounted for 88.3% and 11.7% of new Individual Life business respectively.

Non-Linked Business

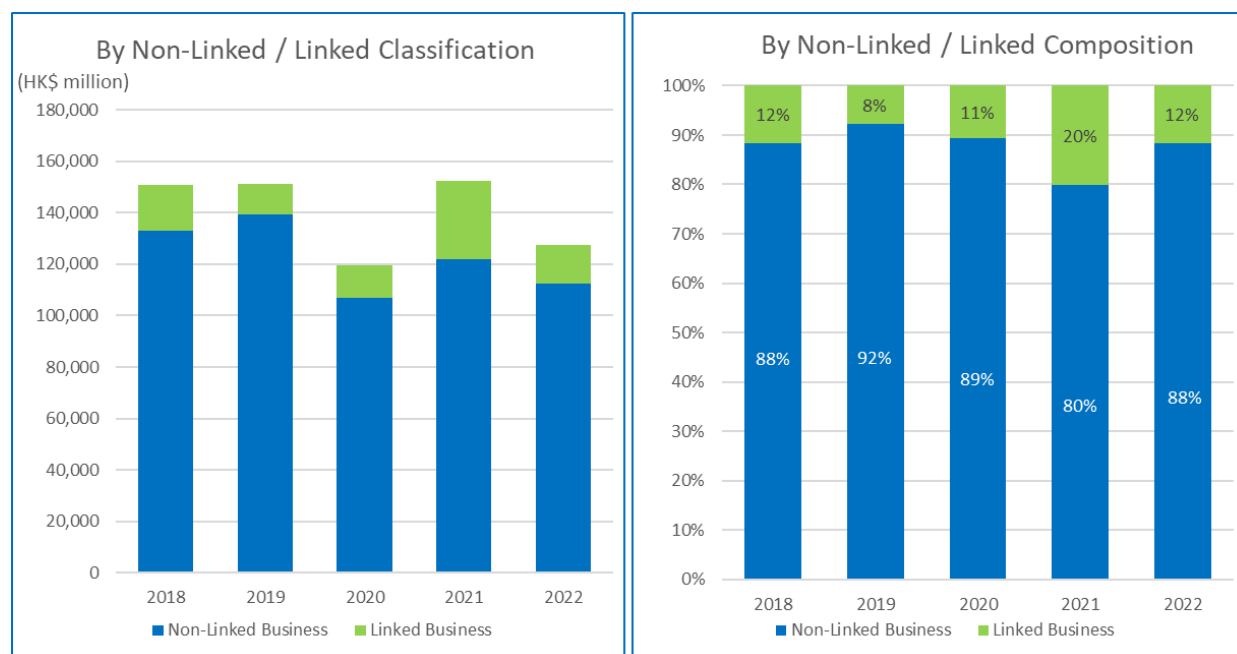
Office premiums for new Non-Linked business recorded a decrease of 7.5% to HK\$112,621 million in 2022, with single premium business increasing by 21.5% and regular premium business decreasing by 37.2%. The number of policies decreased by 20.4% to 715,203.

With-profits and without-profits business represented 90.1% and 9.9% respectively of related new office premiums.

Linked Business

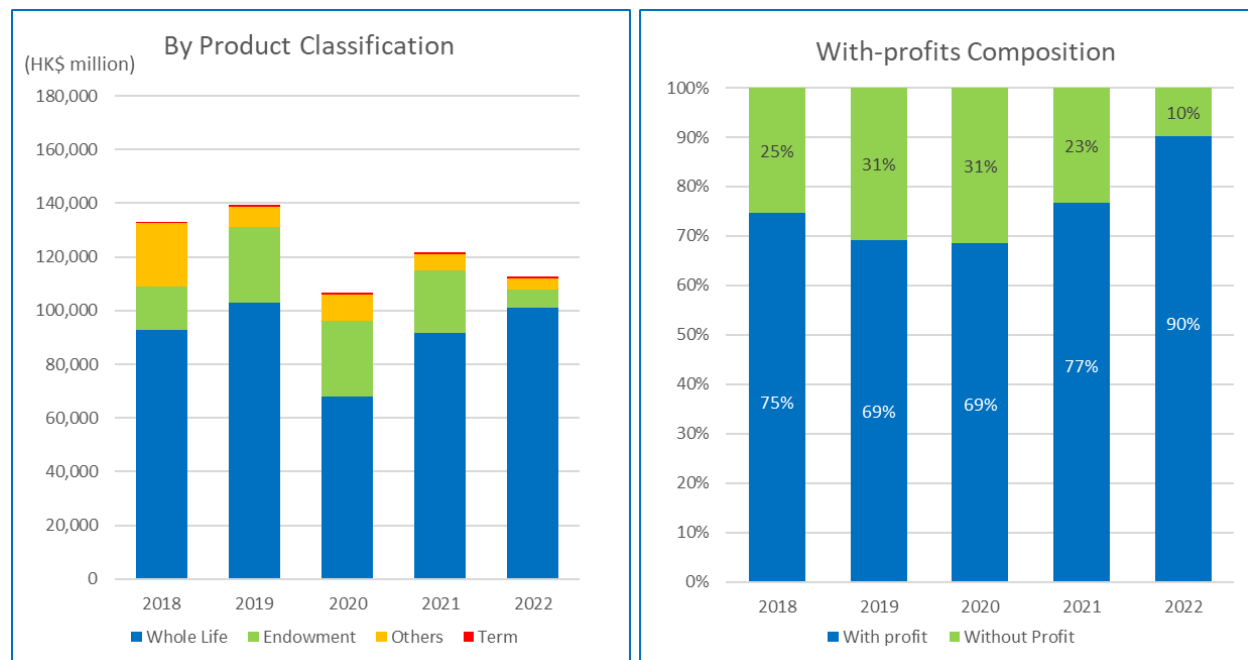
Office premiums for new Linked business decreased by 51.3% in 2022, and the number of new policies recorded a drop of 48.7%. The number of new policies in single payment mode decreased by 51.2%, while related office premiums decreased by 51.9%. The number of new policies in regular payment mode declined by 42.4%, with related office premiums decreasing by 40.3%.

Figure 6 Office Premiums for New Individual Life Business



Office Premiums (HK\$ million)	2018	2019	2020	2021	2022
Non-Linked Business	133,194.0	139,421.5	106,840.4	121,760.5	112,620.6
Linked Business	17,406.8	11,758.8	12,791.9	30,662.9	14,918.1

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



Office Premiums for Non-Linked Business (By Product Classification)

(HK\$ million)	2018	2019	2020	2021	2022
Whole Life	92,918.3	102,949.2	68,098.5	91,551.3	100,906.8
Endowment	15,982.8	28,055.6	28,197.0	23,404.7	6,996.4
Term	521.3	727.3	806.5	799.3	549.3
Others	23,771.6	7,689.4	9,738.4	6,005.2	4,168.1

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, decreased by 32.8% in 2022. This was attributable to a significant decrease of 37.3% in new premiums for regular premium business, while a decrease of 2.1% in new premiums for single premium business. During the year, the New Business Index for Non-Linked business and Linked business decreased by 31.8% and 47.9% respectively.

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

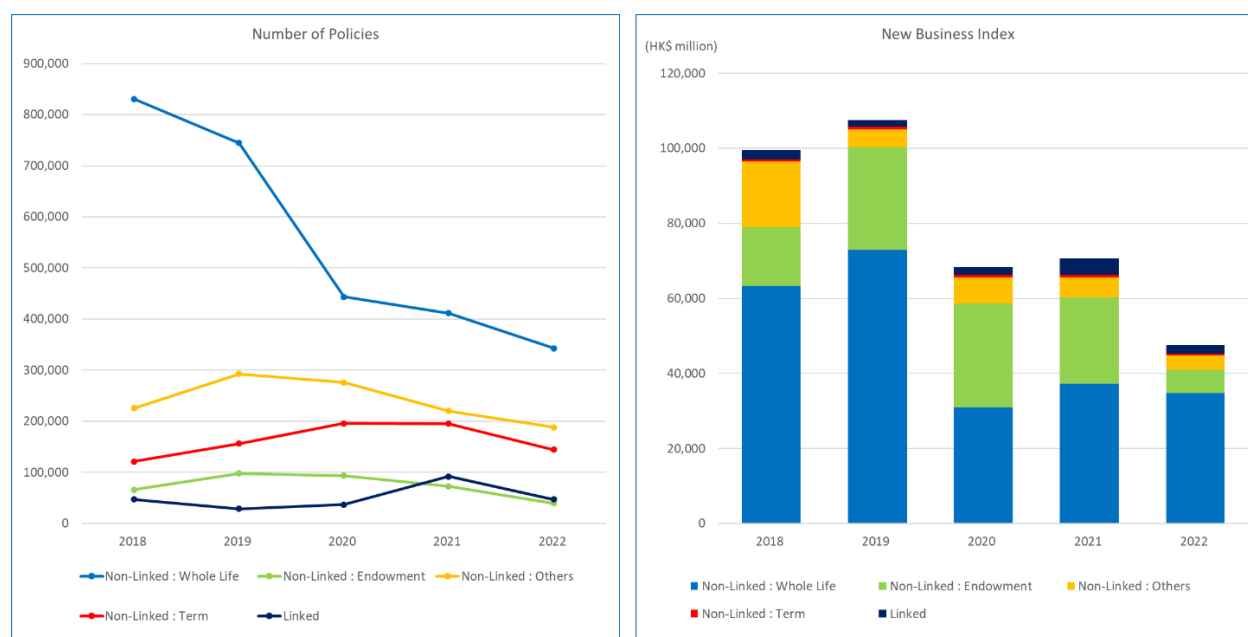


Figure 3.4 New Individual Life Business (Number of Policies and New Business Index)

Type of Insurance	Number of Policies														
	Single Payment					Regular Payment					Total				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Non-Linked:															
Whole Life	22,440	21,464	25,170	28,001	34,995	808,132	723,437	418,195	383,338	307,800	830,572	744,901	443,365	411,339	342,795
Endowment	1,472	2,601	1,642	1,418	6,600	64,296	95,184	91,665	70,948	32,930	65,768	97,785	93,307	72,366	39,530
Term	14	15	15	1	-	121,366	156,486	195,899	195,202	144,563	121,380	156,501	195,914	195,203	144,563
Others	5,243	1,247	4,408	10,740	3,699	220,041	291,090	271,205	209,279	184,616	225,284	292,337	275,613	220,019	188,315
Total of Non-Linked	29,169	25,327	31,235	40,160	45,294	1,213,835	1,266,197	976,964	858,767	669,909	1,243,004	1,291,524	1,008,199	898,927	715,203
Linked:															
Total	34,468	20,169	24,705	66,177	32,322	12,344	8,503	12,097	25,667	14,794	46,812	28,672	36,802	91,844	47,116
Total	63,637	45,496	55,940	106,337	77,616	1,226,179	1,274,700	989,061	884,434	684,703	1,289,816	1,320,196	1,045,001	990,771	762,319

Type of Insurance	Office Premiums														
	Single Payment (HKS million)					Regular Payment (HKS million)					New Business Index ^(a) (HKS million)				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Non-Linked:															
Whole Life	32,843.6	33,458.3	41,293.2	60,329.8	73,504.1	60,074.8	69,490.9	26,805.3	31,221.5	27,402.7	63,359.2	72,836.7	30,934.6	37,254.5	34,753.1
Endowment	507.7	707.3	599.0	526.3	840.4	15,475.1	27,348.3	27,598.0	22,878.5	6,156.0	15,525.9	27,419.0	27,657.9	22,931.1	6,240.0
Term	0.9	3.4	0.9	0.1	-	520.3	723.8	805.6	799.2	549.3	520.4	724.1	805.7	799.2	549.3
Others	6,816.4	3,287.1	3,164.0	756.7	515.2	16,955.2	4,402.3	6,574.4	5,248.5	3,652.9	17,636.8	4,731.0	6,890.8	5,324.2	3,704.4
Total of Non-Linked	40,168.6	37,456.1	45,057.1	61,612.9	74,859.7	93,025.4	101,965.3	61,783.3	60,147.7	37,760.9	97,042.3	105,710.8	66,289.0	66,309.0	45,246.8
Linked:															
Total	16,624.0	11,126.0	11,951.8	29,145.1	14,012.2	782.8	632.8	840.1	1,517.8	905.9	2,445.2	1,745.4	2,035.3	4,432.3	2,307.1
Total	56,792.6	48,582.1	57,008.9	90,758.0	88,871.9	93,808.2	102,598.1	62,623.4	61,665.5	38,666.8	99,487.5	107,456.2	68,324.3	70,741.3	47,553.9

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

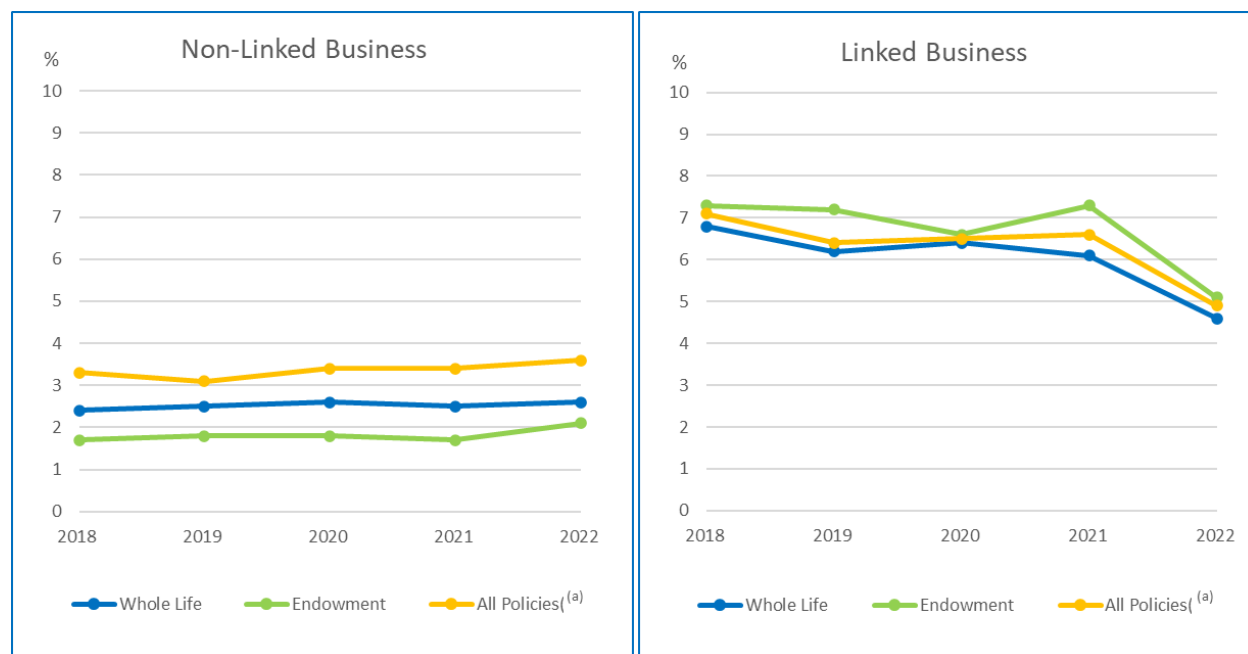
Individual Life Voluntary Termination Rate (Lapses and Surrenders)

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 rose slightly to 3.6% in 2022.

For Individual Life (Linked) business, the overall voluntary termination rate stood at 4.9% in 2022.

Figure 9 Individual Life Voluntary Termination Rate



Non-Linked (%)	2018	2019	2020	2021	2022
Whole Life	2.4	2.5	2.6	2.5	2.6
Endowment	1.7	1.8	1.8	1.7	2.1
All Policies ^(a)	3.3	3.1	3.4	3.4	3.6
Linked (%)	2018	2019	2020	2021	2022
Whole Life	6.8	6.2	6.4	6.1	4.6
Endowment	7.3	7.2	6.6	7.3	5.1
All Policies ^(a)	7.1	6.4	6.5	6.6	4.9

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

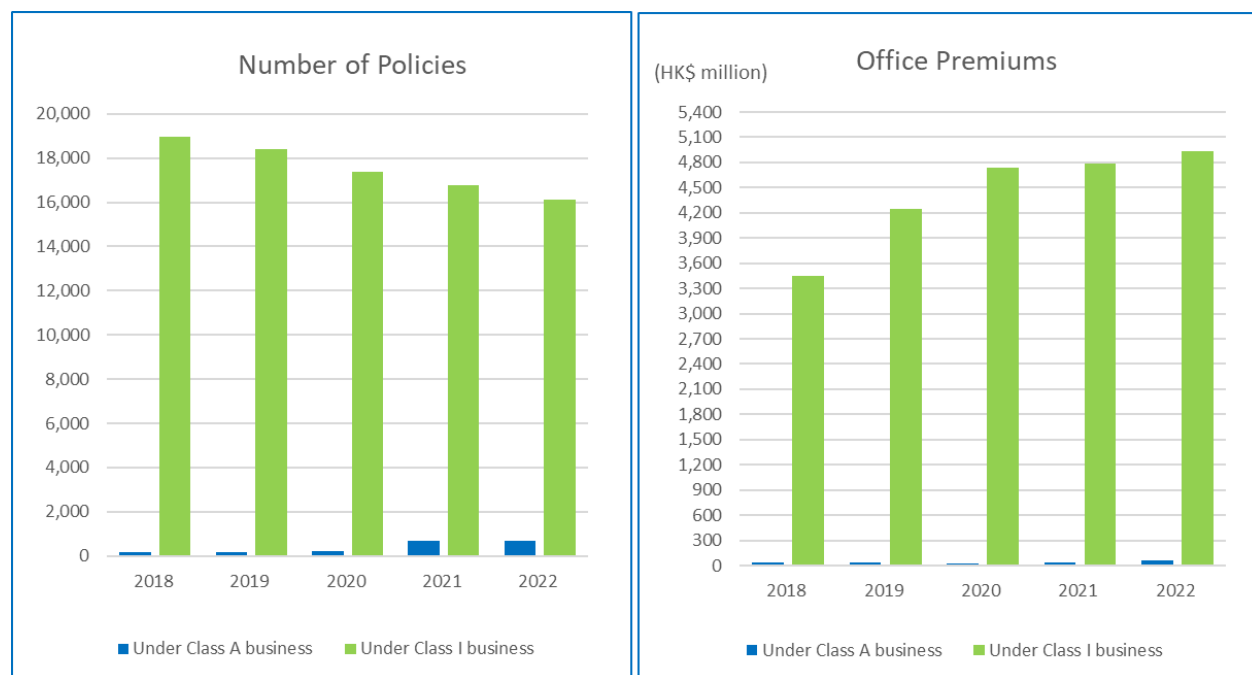
Group Life Business

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 2022 stood at HK\$60 million, representing 1.2% of all Group Life business. At the end of 2022, there were 673 Class A in-force policies covering 66,583 lives. The total sums assured and total net liabilities were HK\$31,488 million and HK\$41 million respectively.

For Class I business, office premiums stood at HK\$4,934 million, representing 98.8% of all Group Life business. At the end of 2022, there were 16,117 Class I in-force policies covering 1,181,638 lives. The total sums assured and total net liabilities were HK\$1,010,199 million and HK\$984 million respectively.

Figure 10 In-Force Group Life Business



Number of Policies	2018	2019	2020	2021	2022
Under Class A business	151	160	239	676	673
Under Class I business	18,980	18,388	17,365	16,783	16,117

Office Premiums (HK\$ million)	2018	2019	2020	2021	2022
Under Class A business	35.5	35.1	30.5	37.2	59.7
Under Class I business	3,449.5	4,240.4	4,740.3	4,787.0	4,933.6

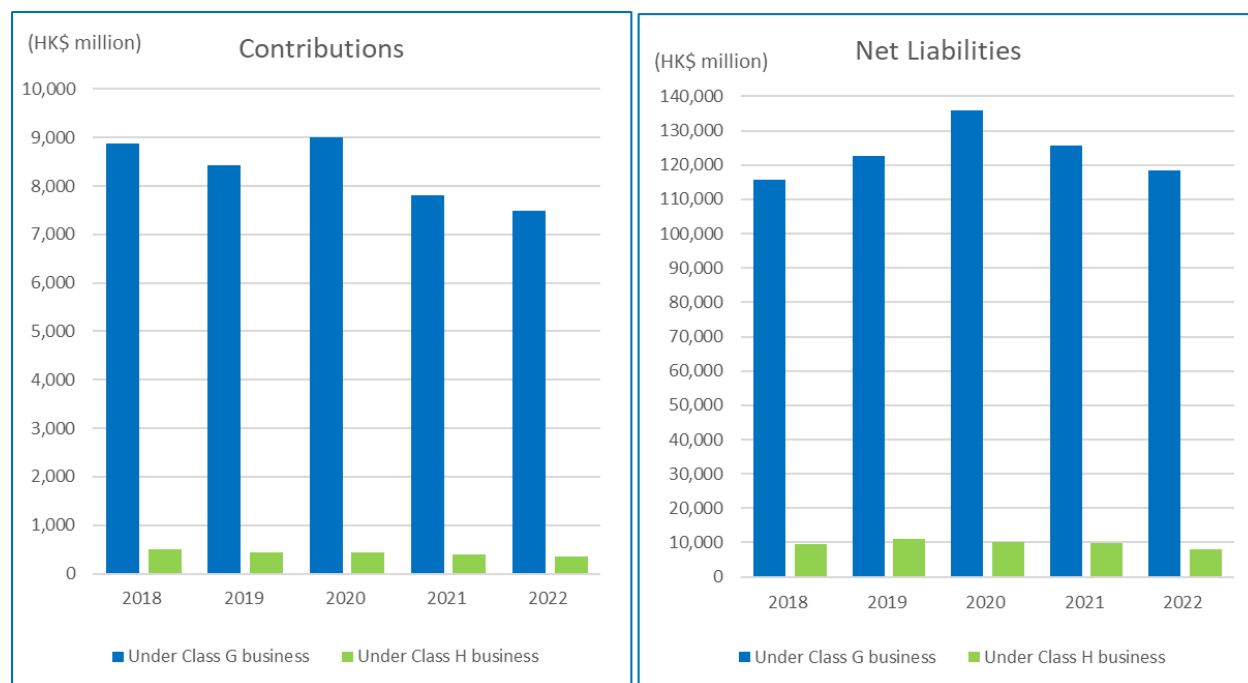
Retirement Scheme Business

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\$7,480 million in 2022, representing 95.5% of overall contributions for Retirement Scheme business. As at 31 December 2022, the related net liabilities amounted to HK\$118,350 million. Net liabilities may be classified into unit (unitised) and non-unit liabilities. The related unit and non-unit liabilities were HK\$113,391 million and HK\$4,959 million respectively.

Class H contributions decreased from HK\$404 million in 2021 to HK\$351 million in 2022, and represented 4.5% of overall contributions in 2022. As at 31 December 2022, related net liabilities stood at HK\$7,955 million, of which unit and non-unit liabilities were HK\$7,966 million and negative HK\$11 million respectively.

Figure 11 In-Force Retirement Scheme Business



Contributions (HK\$ million)	2018	2019	2020	2021	2022
Under Class G business	8,878.6	8,428.0	9,000.1	7,801.8	7,480.1
Under Class H business	495.4	449.0	439.7	403.8	351.4

Net Liabilities (HK\$ million)	2018	2019	2020	2021	2022
Under Class G business	115,757.3	122,695.3	135,905.6	125,509.6	118,350.2
Under Class H business	9,463.2	11,005.0	10,221.5	9,821.1	7,954.8

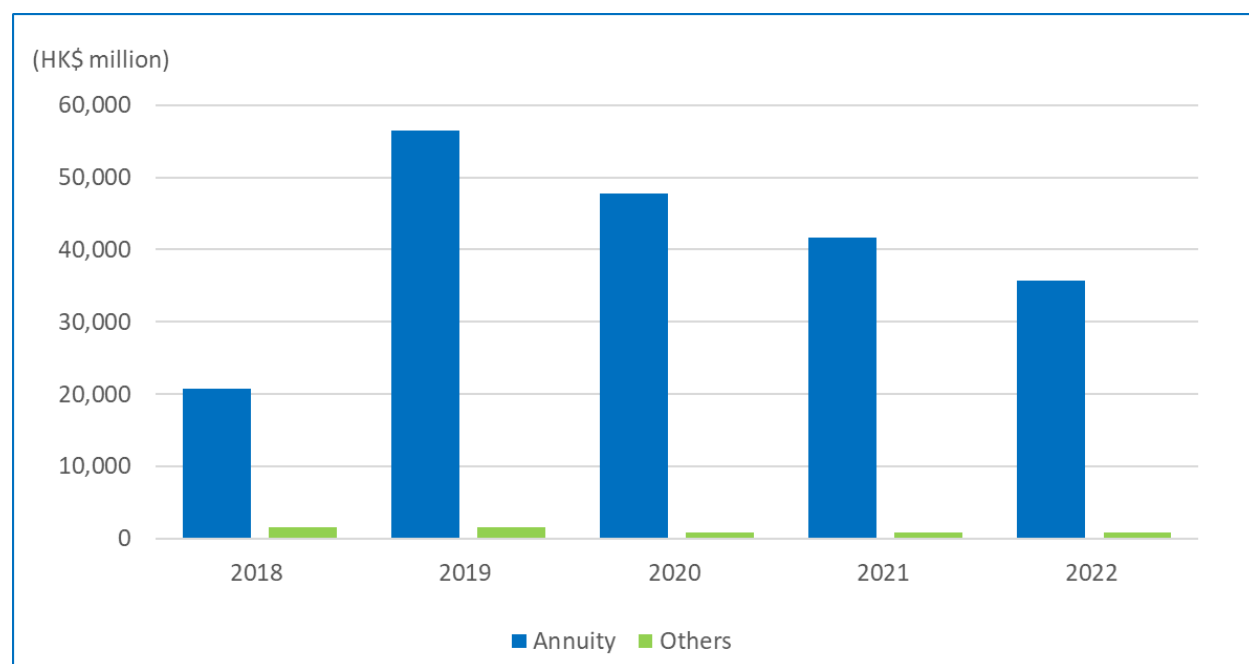
Annuity and Other Business

Under Annuity business, there were 1,078,841 in-force policies at the end of 2022. Office premiums decreased by 14.4% to HK\$35,661 million in 2022, and net liabilities decreased by 0.9% to HK\$370,887 million. During the year, a total of 49,590 new Annuity policies were effected, with office premiums of HK\$7,685 million. In 2022, 28,976 Qualifying Deferred Annuity Policies (“QDAPs”) were sold, contributing total annualised premiums amounting to HK\$1,953 million.

Other business includes Permanent Health business and Tontines business. For Permanent Health, the number of in-force policies increased by 1.4% to 112,120 in 2022, with office premiums increasing by 3.3% to HK\$823 million, while net liabilities decreased by 4.9% to HK\$3,571 million. No office premiums were recorded regarding Tontines in 2022.

In terms of premiums, Annuity and Other business accounted for 7.7% of the market total for all long term insurance business premiums in 2022.

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

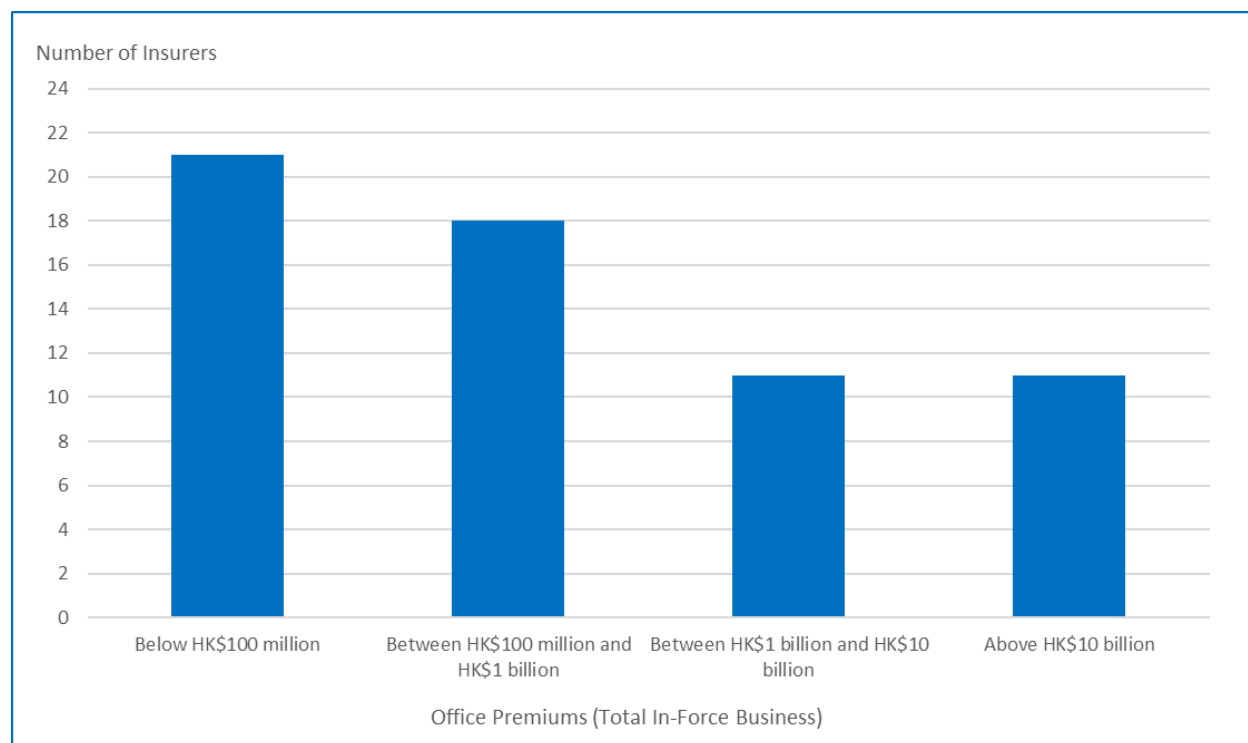


Office Premiums (HK\$ million)	2018	2019	2020	2021	2022
Annuity	20,692.2	56,448.9	47,804.9	41,656.6	35,660.7
Others	1,542.1	1,608.0	865.3	796.3	822.9

Market Analysis

At as 31 December 2022, there were 72 authorized long term business insurers in the market. Putting aside Lloyd's and 10 pure reinsurers, 11 insurers reported in-force office premiums of more than HK\$10 billion, taking up 89.6% of the long term insurance market. Another 50 insurers, with office premiums of less than HK\$10 billion, comprised the remaining 10.4% of the market.

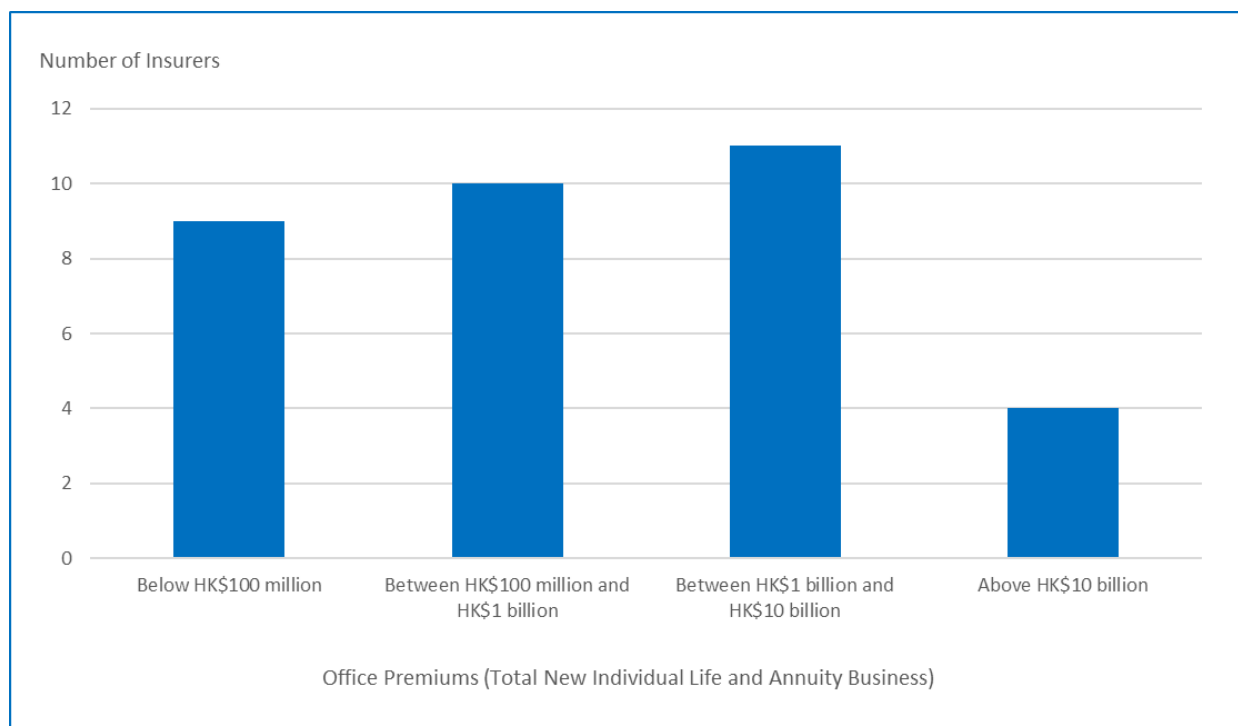
Figure 13 Distribution of Long Term Business Insurers in terms of In-Force Office Premiums



Office Premiums (Total In-Force Business)	Number of Insurers	% of Market Total
Below HK\$100 million	21	0.1%
Between HK\$100 million and HK\$1 billion	18	2.0%
Between HK\$1 billion and HK\$10 billion	11	8.3%
Above HK\$10 billion	11	89.6%
Total	61	100.0%

In terms of new Individual Life and Annuity business, 34 insurers wrote new business in 2022. Of these insurers, four reported new office premiums of more than HK\$10 billion and between them shared 57.6% of total business. The other 30 insurers, with new office premiums of less than HK\$10 billion, shared the remaining 42.4% 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	9	0.1%
Between HK\$100 million and HK\$1 billion	10	2.3%
Between HK\$1 billion and HK\$10 billion	11	40.0%
Above HK\$10 billion	4	57.6%
Total	34	100.0%