

30 September 2020

Direct line : 3899 9675  
Our ref : INS/TEC/16/13

To : Chief Executives of authorized insurers  
carrying on general insurance business

**BY EMAIL**

Dear Sirs,

**Employees' Compensation Insurance (Direct Business) Statistics for 2019**  
**Motor Vehicle Insurance (Direct Business) Statistics for 2019**

Thank you for your co-operation in providing your statistics on direct employees' compensation and motor vehicle insurance businesses for 2019.

We have compiled the statistics for the market based on the returns submitted by individual insurers. A copy of the statistics in aggregate on employees' compensation insurance (direct business) by trade occupation, and on motor vehicle insurance (direct business) by class of vehicle are enclosed for your information.

The statistics cover insurers with financial year ended within 2019. They contain information on the gross premiums, gross claims paid and gross outstanding claims provision for the said period.

Taking this opportunity, we would like to share with you the key indicators for direct motor vehicle insurers (top 25) and direct employees' compensation insurers (top 25), excluding outliers. The box-and-whisker charts below, one for each class of business, show the market spread of the following four key performance/profitability indicators:

1. Net commission ratio
2. Net claims incurred ratio
3. Management expense ratio
4. Underwriting margin

The box for each key indicator shows the range of performance of the market. Using the "Underwriting Margin" of the Direct Motor Vehicles as an example, the corresponding figures are shown in brackets:

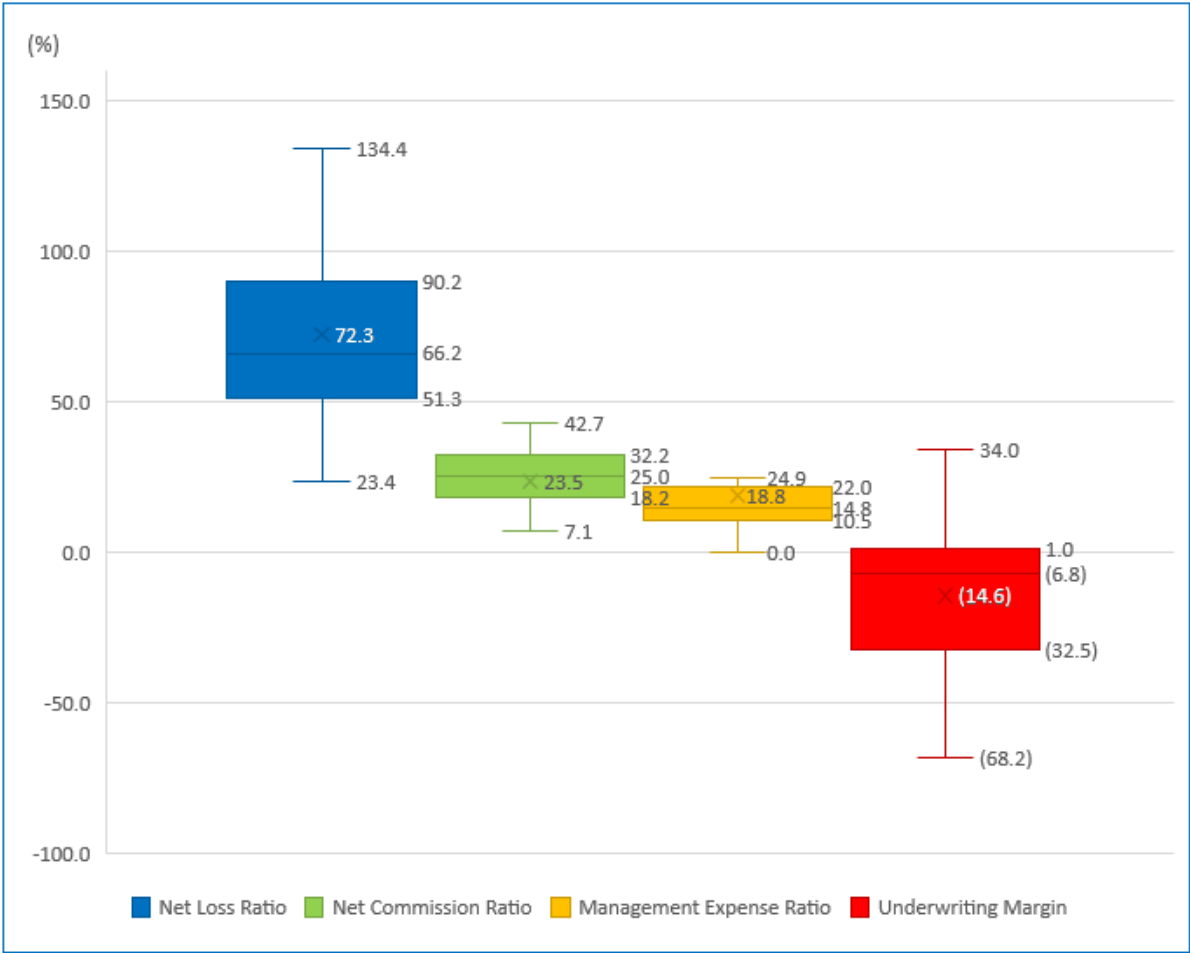
- Maximum (34.0%)
- Minimum (-68.2%)
- 25<sup>th</sup> percentile/ 1<sup>st</sup> quartile (-32.5%)
- 50<sup>th</sup> percentile/ median (-6.8%)
- 75<sup>th</sup> percentile/ 3<sup>rd</sup> quartile (1.0%)
- Mean (-14.6%)

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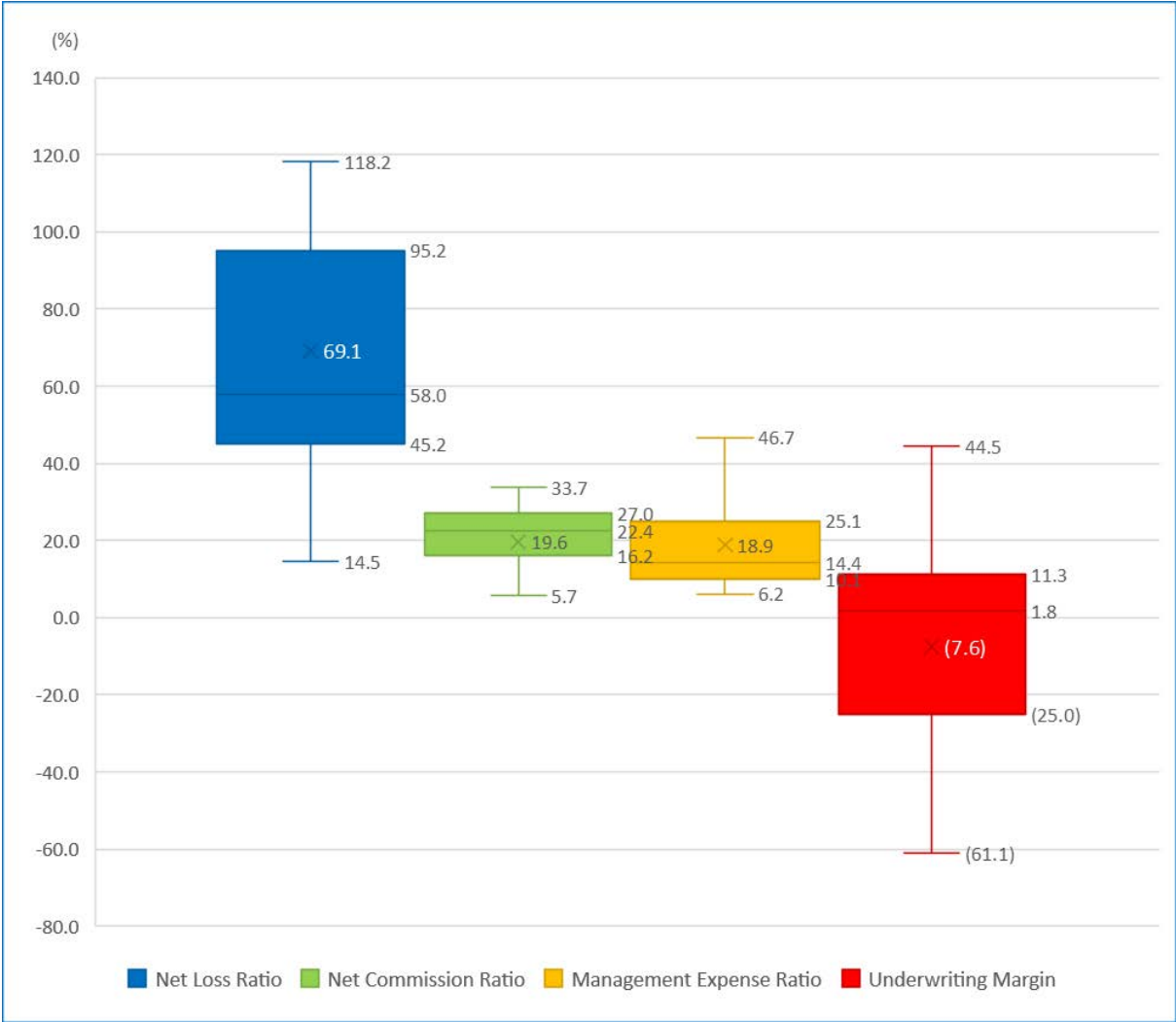
That is, on average, the industry for the top 25 Direct Motor Vehicle Insurers is making an underwriting margin of -14.6%. The best performer has an underwriting margin of 34.0% while the bottom performer has a margin of -68.2%. The median underwriting margin is -6.8% with the 1<sup>st</sup> quartile and the 3<sup>rd</sup> quartile being -32.5% and 1.0% respectively.

We hope these key market indicators can help you better understand the overall performance and characteristics of the statutory classes of business. In addition, you may conduct a self-diagnosis of the relative position of your Company against the market in the 4 key performance indicators. This will serve as a useful basis for portfolio evaluation and management.

**Key Indicators – Top 25 Direct Motor Vehicle Insurers**



**Key Indicators – Top 25 Direct EC Insurers**



We trust the additional information will assist the insurance industry in better appreciating the nature of risks of these two classes of business.

We look forward to receiving your continued co-operation and support in enhancing the transparency of insurance business in Hong Kong.

Yours faithfully,

Simon Lam  
Executive Director, General Business  
Insurance Authority

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