

29 September 2023

Direct line : 3899 9700

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 2022**  
**Motor Vehicle Insurance (Direct Business) Statistics for 2022**

Thank you for your co-operation in providing your statistics on direct employees' compensation and motor vehicle insurance businesses for 2022.

We have compiled the statistics for the market based on the returns submitted by individual insurers. A copy of the statistics 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 whose financial year ended within 2022. 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 employees' compensation insurers (top 25) and direct motor vehicle 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:

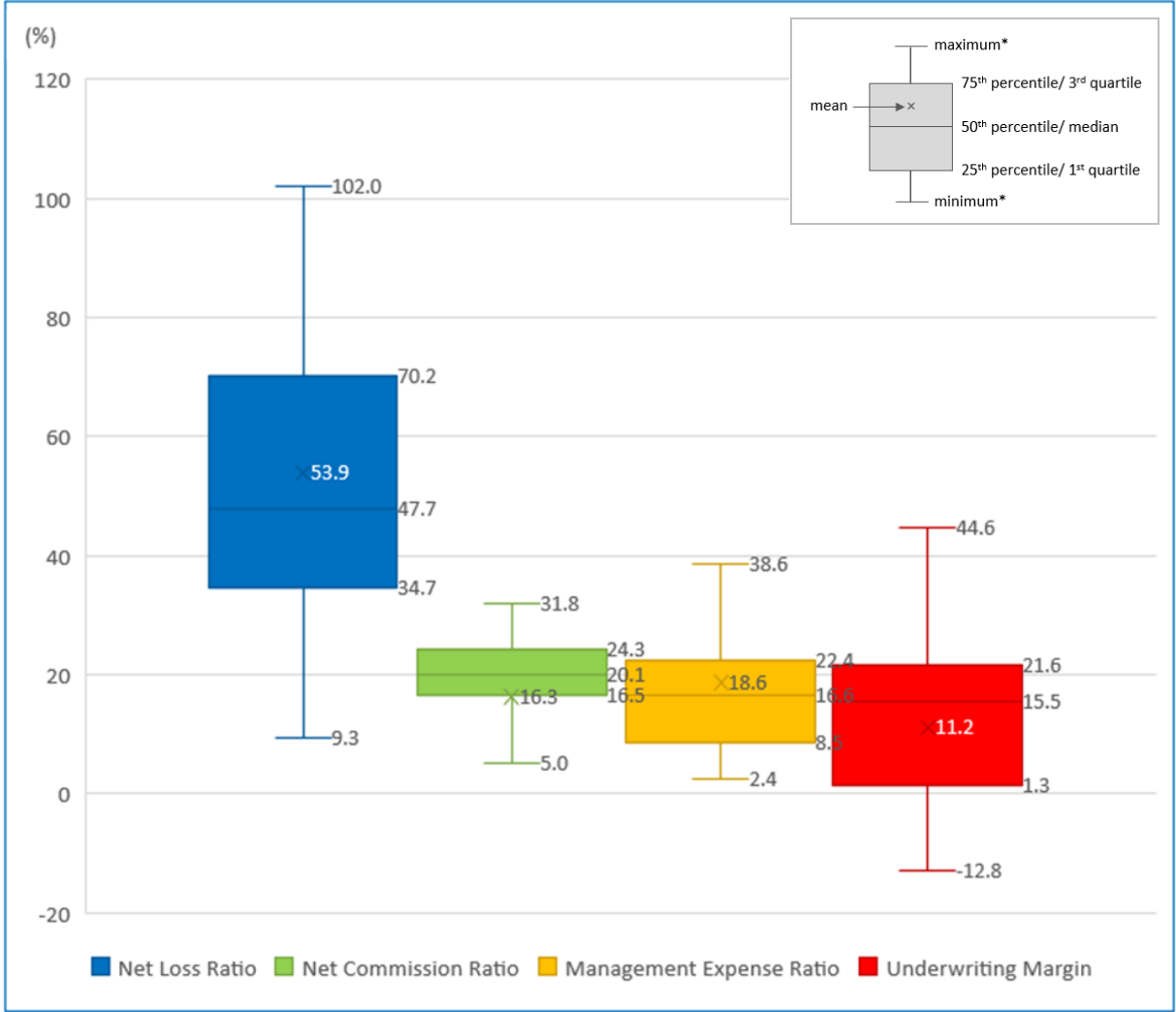
1. Net loss ratio
2. Net commission ratio
3. Management expense ratio
4. Underwriting margin

The box for each key indicator shows the range of performance of the market. Using the “Underwriting Margin” as an example, for direct employees’ compensation business, the corresponding figures are shown in brackets:

- Maximum (44.6%)
- Minimum (-12.8%)
- 25<sup>th</sup> percentile / 1<sup>st</sup> quartile (1.3%)
- 50<sup>th</sup> percentile / median (15.5%)
- 75<sup>th</sup> percentile / 3<sup>rd</sup> quartile (21.6%)
- Mean (11.2%)

That is, on average, the top 25 direct employees’ compensation insurers recorded an underwriting margin of 11.2%. The best performer had an underwriting margin of 44.6% whilst the worst performer had a margin of -12.8%. The median underwriting margin was 15.5% with the 1<sup>st</sup> quartile and the 3<sup>rd</sup> quartile being 1.3% and 21.6% respectively.

**Key Indicators – Top 25 Direct Employees’ Compensation Insurers**



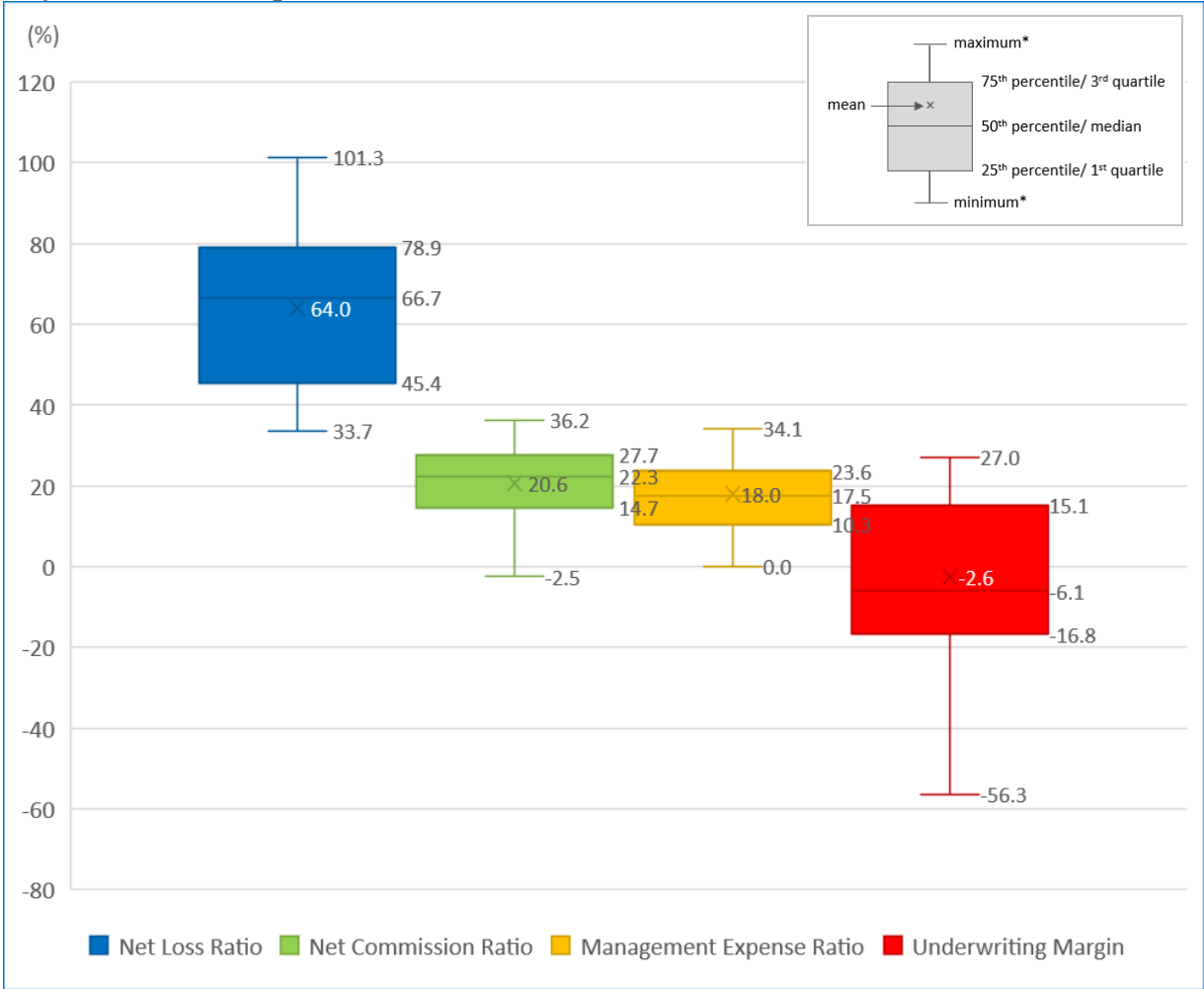
\*Figures of outliers are excluded

For direct motor vehicle business, the corresponding figures for “Underwriting Margin” are shown in brackets:

- Maximum (27.0%)
- Minimum (-56.3%)
- 25<sup>th</sup> percentile / 1<sup>st</sup> quartile (-16.8%)
- 50<sup>th</sup> percentile / median (-6.1%)
- 75<sup>th</sup> percentile / 3<sup>rd</sup> quartile (15.1%)
- Mean (-2.6%)

That is, on average, the top 25 direct motor vehicle insurers recorded an underwriting margin of -2.6%. The best performer had an underwriting margin of 27.0% whilst the worst performer had a margin of -56.3%. The median underwriting margin was -6.1% with the 1<sup>st</sup> quartile and the 3<sup>rd</sup> quartile being -16.8% and 15.1% respectively.

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



\*Figures of outliers are excluded

We hope these key market indicators can help you better understand the overall performance and characteristics of the statutory classes of business. The additional information will assist the insurance industry in better appreciating the nature of risks of these two 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.

As we are observing intense competition in the market, please note the importance of adequate reserving in the current market environment, and the Insurance Authority will have zero tolerance for inadequate reserving. We look forward to receiving your continued co-operation and support in enhancing the transparency of insurance business in Hong Kong.

Yours faithfully,

MM Lee  
Head of General Business (Acting)  
Insurance Authority

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