

保險業監理處

香港金鐘道六十六號
金鐘道政府合署二十一樓



OFFICE OF THE COMMISSIONER
OF INSURANCE

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覆函請註明本處檔號

In reply please quote this ref. INS/TEC/4/5 Pt. 3

28 December 2005

來函檔號 Your ref.

電話 Tel. 2867 2550

To : Chief Executives of authorized insurers
carrying on General Business

Dear Sirs,

**Summary of Reinsurance Arrangements
New Template for Information Submission**

Section 8(3)(c) of the Insurance Companies Ordinance requires all insurers to maintain adequate reinsurance arrangements at all times. Adequate reinsurance arrangements are important as they offer *inter alia* protection to the insurer against fluctuations in results and catastrophic losses. In exercise of its corporate governance functions, the Board of Directors should establish an overall strategy framework to steer the company in effecting a reinsurance program that adequately addresses its risk profile and financial condition. In monitoring an insurer's reinsurance arrangements, we will look at the reinsurance strategies it has in place and how they have been implemented in terms of the reinsurance covers arranged, levels of risks retained and reinsurers used.

Currently we have been requesting for submission of particulars of your reinsurance arrangements alongside submission of your annual financial statements. To enable us to monitor your reinsurance strategies and evaluate at an early stage the extent to which their objectives have been achieved, you are requested, starting with the year 2006, to submit to us a summary of your reinsurance arrangements made for the relevant year in such a format as

specified in the attached template in January each year. Please note in particular that, as stipulated in Note 2 of the template, you should provide a brief description of the guiding principles in setting the retention level (e.g. measuring against net assets or past claims profiles) and treaty limit for all classes of business. Please let us have the summary of reinsurance arrangements made for the year 2006, including those relating to EC business as requested for by our letter of 1 December 2005, on or before **31 January 2006**.

If copies of the relevant cover notes are not yet available at the time of submission of your reinsurance program, they should be submitted to us as soon as they have been finalized. If you have any enquiries regarding the above, please contact the case officers that you have been dealing with or the undersigned.

Yours faithfully,

(H Y Mok)
for Commissioner of Insurance
(Insurance Authority)

Encl.

Company: _____

Summary of Reinsurance Arrangements for Year

Class of Business	Type of Treaty (Note 1)	Own Retention (Note 2)	Treaty Limit (Note 2)	Major Reinsurers/Share (Note 3)

Note 1: In case of Excess of Loss treaties, please specify the layer under the treaty.

Note 2: Please give a brief description (in a separate sheet) of the guiding principles in setting the retention level (e.g. measuring against net assets or past claims profiles) and treaty limit for all classes of business.

Note 3: Major reinsurers are those who have 5% or more participation in any one treaty/layer.