

13 August 2018

Our Ref: INS/TEC/6/20/6

By **email** only

To : Chief Executives of authorized insurers carrying on long term insurance business enlisted to participate in QIS 2

Dear Sirs,

Matching Adjustment for the Second Quantitative Impact Study (QIS 2) for the Development of the Risk-based Capital (RBC) Regime

Further to our letter dated 6 August 2018 regarding the launch of QIS 2 for the development of the RBC regime, the Insurance Authority (“IA”) has finalized the remaining package of template and technical specifications on matching adjustment for insurers carrying on long term business (“MA package”). We are writing to enlist your continuous support in completing and submitting data as set out in the MA package, which forms an important part of QIS 2.

Matching adjustment is an alternative discounting approach that reflects the assets held by individual companies based on their policies for asset and liability management. The IA aims to collect sufficient and relevant data from the MA package to further analyze and formulate a set of eligible criteria in applying matching adjustment as well as to determine the adjusted spread methodology. Therefore, your submission of the MA package is **essential** for us to take into account circumstances of Hong Kong insurance industry in order to refine the proposals on the matching adjustment.

Submission Instruction

Enclosed is a package of template (filename: *HKQIS2018_Life_MA_Template.xlsx*) and technical specifications (filename: *HKQIS2018_Life_MA_TechSpec.pdf*) on matching adjustment. Completed template should be submitted to rbcphase2@ia.org.hk by **30 November 2018 (Friday)**.

If you have any enquiries on the above, please email us at rbcphase2@ia.org.hk or contact Mr Tom Cheng at 3899 9527.

Yours faithfully,

Raymond Tam
Executive Director
Policy and Development Division
Insurance Authority

Encls.

c.c. Chairman, The Hong Kong Federation of Insurers
President, The Actuarial Society of Hong Kong