

9 August 2019

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

By **email** only

To: Chief Executives of authorized insurers
enlisted to participate in QIS 3

Dear Sir/Madam,

Participation in the Third Quantitative Impact Study (QIS 3) for the Development of the Risk-based Capital (RBC) Regime

I am writing to enlist your support in participating in QIS 3 and submitting the data as requested in the enclosed package.

The QIS 3 package represents the collaborative effort of the Insurance Authority (IA) and the industry. In developing the QIS 3 package, the IA has worked on the industry data collected from the Second Quantitative Impact Study (QIS 2), and engaged representatives of the Hong Kong Federation of Insurers and the Actuarial Society of Hong Kong for technical discussion, including the approach for moderation and re-calibration. In addition, the QIS 3 package has taken into account international standards and practices, particularly the global Insurance Capital Standard (ICS) being developed by the International Association of Insurance Supervisors (IAIS).

QIS 3 is contributory to forming the data set for the insurance industry in Hong Kong. The result would form the basis for the IA to finalize the set of rules on Pillar 1 capital requirement after which a consultation process is expected to be carried out in 2020. Your participation is therefore **essential** in the finalization of the RBC regime that is viable and practicable to market participants.

The QIS 3 package (filename: *HKQIS2019.zip*) contains the following items:

#	Item	Item Description	File Name
(1)	QIS 3 Template (for submission)	A template to collect quantitative data and qualitative information.	<i>HKQIS2019 Template.xlsm</i>
(2)	QIS 3 Template (for reference)	An unlocked version for reference. <u>It is not for submission purpose.</u>	<i>HKQIS2019 Template(for reference).xlsm</i>
(3)	QIS 3 Technical Specifications	Technical specifications, along with appendices, provide guidance to complete the Template	<i>HKQIS2019 TechSpec.pdf</i>

<u>#</u>	<u>Item</u>	<u>Item Description</u>	<u>File Name</u>
(4)	Annex	Annex on discount rates	<i>HKQIS2019 Annex.xlsx</i>
(5)	Q&A template	A template for QIS participants to submit questions which will be responded by the IA throughout the questions and answers (Q&A) process	<i>HKQIS2019 Q&A_Template.xlsx</i>

QIS Matching Adjustment Package (applicable to insurers carrying on long term business only)

A separate package for matching adjustment is under preparation and will be sent to participants carrying on long term business in two weeks' time.

Key Insurance Risks and Trends (KIRT) Survey

The IAIS is developing a Holistic Framework for systemic risk in the global insurance sector. To this end, the IAIS will annually conduct a global monitoring exercise in the form of KIRT Survey to collect the relevant data. The data will enable insurance supervisors to identify and address the potential build-up of systemic risk in the insurance sector.

As such, a set of data would be collected through the attached KIRT Survey package. Only aggregated industry data set will be transmitted to IAIS for the purpose of the annual KIRT Survey. These data will be collected on an annual basis going forward.

The KIRT Survey package (filename: *KIRT.zip*) contains the following items:

<u>#</u>	<u>Item</u>	<u>Item Description</u>	<u>File Name</u>
(6)	KIRT Survey <u>(for submission)</u>	A template to collect information	<i>KIRT.xlsm</i>
(7)	KIRT Technical Specifications	Technical specifications provides guidance to complete the Template	<i>KIRT_TechSpec.pdf</i>

Submission Instructions and Q&A

Questions should be submitted to rbcphase2@ia.org.hk. Q&A will be posted on Insurer's Collaboration Corner from early September to late November 2019.

The QIS Template (above item (1)) and KIRT Survey (above item (6)) should be completed and submitted to rbcphase2@ia.org.hk by **29 November 2019 (Friday)**. Participants are reminded to complete and submit the templates as instructed. Otherwise, re-submission would be required.

Town Hall Briefing Sessions

To help you better understand the QIS 3 exercise and complete the template, we will organise three briefing sessions, with the details as below:

<u>Briefing session</u>	<u>Conducted in</u>	<u>Date</u>	<u>Time</u>
General business	Cantonese	30 Aug 2019 (Fri)	10:00am – 12:00nn
General business	English	3 Sept 2019 (Tue)	10:00am – 12:00nn
Long term business	English	6 Sept 2019 (Fri)	10:00am – 12:00nn

You are cordially invited to attend the briefing session(s) relating to the business that your company is carrying on. For registration, please submit the completed form in Annex to rbcphase2@ia.org.hk by **21 August 2019 (Wednesday)**. Each authorized insurer shall nominate a maximum of **two** representatives to attend the briefing session(s). We will confirm the venue details in due course.

Should you have any enquiries, please email us at rbcphase2@ia.org.hk or contact Mr Kenny Chan (in relation to general business) at 3899 9530 or Mr Tom Cheng (in relation to long term business) 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

Annex

To : RBC Team
Email : rbcphase2@ia.org.hk
(Re: Nomination of RBC Contact Person and Enrolment in QIS 3 Briefing Session)
Deadline : **21 August 2019 (Wednesday)**

Name of Insurer: _____

Nomination of RBC Contact Person for QIS 3

Nomination of RBC Contact Person for QIS 3 (See Note) (<i>for composite insurers, two Contact Persons are allowed</i>)			
Name:		Telephone:	
Position:		Email:	
Note: Please complete the above form even if the contact person is unchanged.			

Enrolment in QIS 3 Briefing Session

	Long term business		General business	
Session:	6 Sept 2019 (Fri) 10:00 am – 12:00 nn (in English)		(A) 30 Aug 2019 (Fri) 10:00 am – 12:00 nn (in Cantonese) (B) 3 Sept 2019 (Tue) 10:00 am – 12:00 nn (in English) (Please input “A” or “B” to indicate your order of preference. You are encouraged to fill in both 1 st and 2 nd priority.)	
	Representative 1	Representative 2	Representative 1	Representative 2
Name:				
Position:				
Telephone:				
Email:				
1 st priority:				
2 nd priority:				

Representatives shall receive confirmation email on enrolment by 27 August 2019.

For any enquiries on the above, please contact the RBC team at rbcphase2@ia.org.hk.

Personal Information Collection Statement (PICS):

The provision of your personal data is voluntary. By providing your personal data, you acknowledge and agree to this PICS. Purpose of Collection: The personal data you provide will be used for future correspondence and in relation to QIS 3. Transfer of Personal Data: The personal data you provide may be disclosed or transferred to organizations that are directly involved in the development of risk-based capital regime. Access to / Correction of Personal Data: In accordance with the Personal Data (Privacy) Ordinance (Cap. 486), you have the right to request access to and correct your personal data held by the Insurance Authority. You may do so by sending a duly completed “Data Access Request Form” (<https://www.pcpd.org.hk/english/publications/files/Dforme.pdf>) to the Personal Data Privacy Officer of the Insurance Authority at 19/F, 41 Heung Yip Road, Wong Chuk Hang, Hong Kong. The Insurance Authority may charge a reasonable fee for complying with your data access request.