



2013 ANNUAL REPORT

■ Supervision ■ Protection ■ Development

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This Annual Report covers the events occurred from 1 January 2013 to 31 December 2013.

Currency and Exchange Rate

All dollars expressed in this Report are Hong Kong dollars. Since 17 October 1983, the Hong Kong dollar has been linked to the US dollar, through an arrangement in the note-issue mechanism, at a fixed rate of HK\$7.8 = US\$1.



Mission Statement



Mission Statement



Our missions are to protect the interests of policyholders and to promote the general stability of the insurance industry.

Our visions are to enhance the status of Hong Kong as a major international insurance centre with a world class supervisory regime, to facilitate financial market developments, and to enhance the general public's understanding of insurance.

Our values are underpinned by the highest standard of professionalism and the strongest commitment to meet the insuring public's expectation.



Key Indicators



Key Indicators



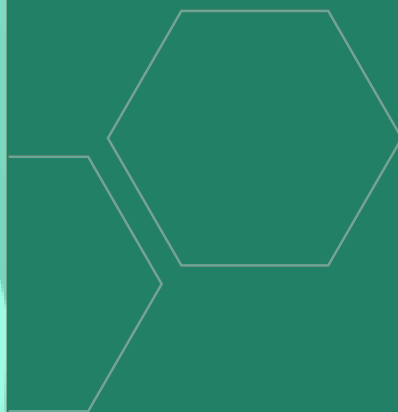
	Unit	2010	2011	2012
ECONOMIC DATA				
GDP (at current market prices)	\$ million	1,776,783	1,936,083	2,041,945
Population (Mid-year)		7,024,200	7,071,600	7,154,600
Per capita GDP (at current market prices)	\$	252,952	273,783	285,403
INSURANCE MARKET STRUCTURE				
Number of Authorised Insurers				
Long Term		46	45	44
General		103	98	92
Composite		19	20	19
Total		168	163	155
Number of Authorised Insurance Brokers¹		582	591	604
Number of Chief Executives and Technical Representatives of Authorised Insurance Brokers		7,722	8,571	8,798
Number of Appointed Insurance Agents		35,581	37,204	40,027
Number of Responsible Officers and Technical Representatives of Appointed Insurance Agents		26,267	27,498	27,830

	Unit	2010	2011	2012
INSURANCE MARKET STATISTICS				
Premium Income				
Long Term Insurance Business (Office premiums)	\$ million	173,906	198,915	224,124
General Insurance Business (Gross premiums)	\$ million	31,055	34,835	39,205
Annual Growth Rate				
Long Term Insurance Business	%	11.4	14.4	12.7
General Insurance Business	%	8.7	12.2	12.5
Insurance Density				
Long Term Insurance Business	\$	24,758	28,129	31,326
General Insurance Business	\$	4,421	4,926	5,480
Insurance Penetration				
Long Term Insurance Business	%	9.8	10.3	11.0
General Insurance Business	%	1.7	1.8	1.9
Individual Life Business				
Number of New Policies		1,014,609	1,079,690	1,069,548
Average Premium Size of New Policies	\$	57,113	64,708	70,383
Number of In-force Policies		8,987,438	9,551,550	10,030,370
Premiums Per Capita of In-force Policies	\$	22,812	26,401	29,218
Number of In-force Policies as a % of Population	%	127.9	135.1	140.2
Local Assets Maintained for General Insurance Business	\$ million	102,413	108,330	115,041

1 Number of authorised insurance brokers by virtue of their membership with the approved bodies of insurance brokers, i.e. The Hong Kong Confederation of Insurance Brokers and the Professional Insurance Brokers Association.



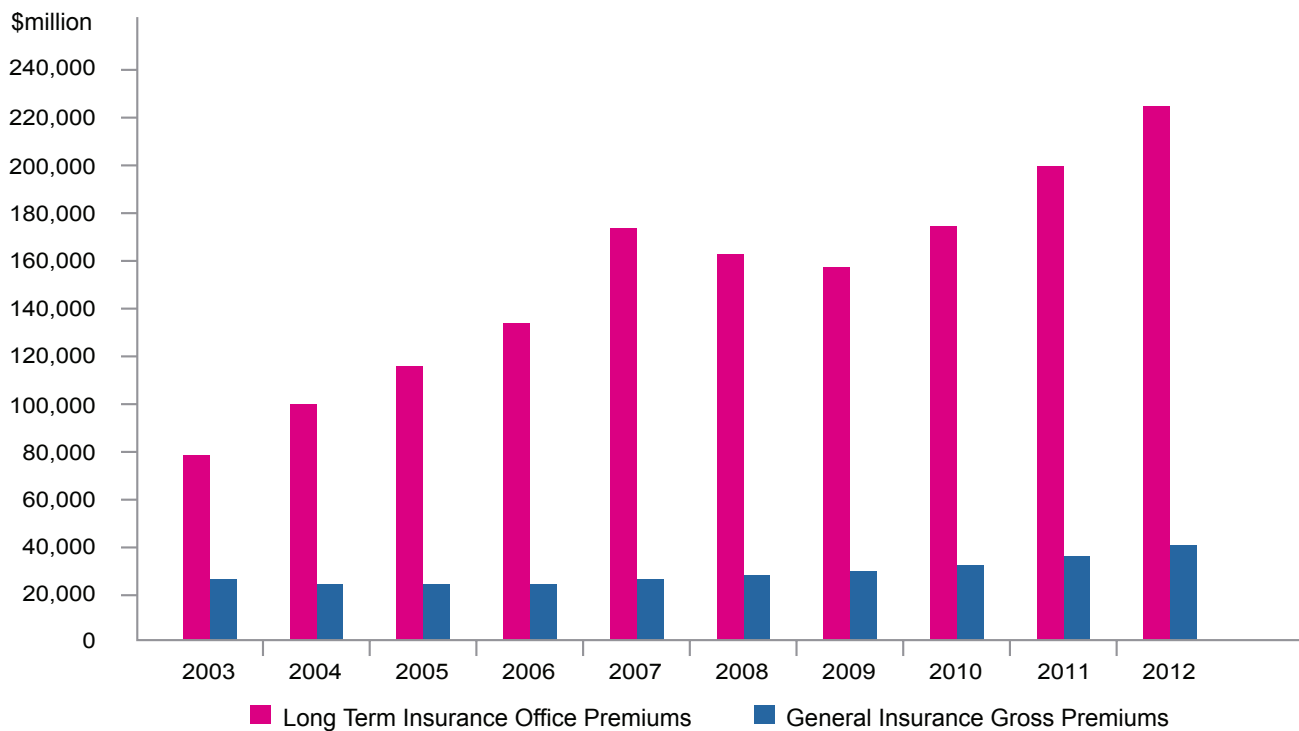
Insurance Industry Statistical Highlights



Insurance Industry Statistical Highlights



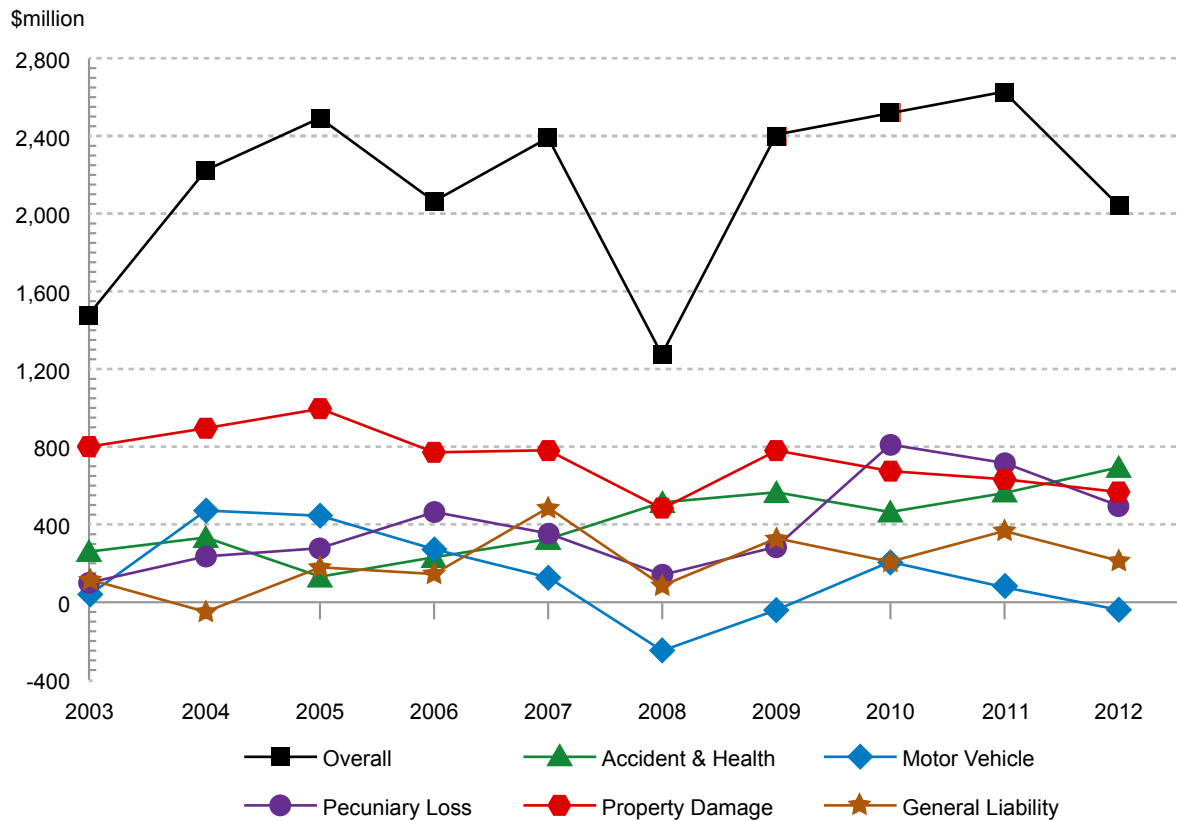
Premiums



Premiums (Accessible Version)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Long Term Insurance Office Premiums	77,225.3	98,414.2	114,756.2	133,087.0	173,016.1	161,945.6	156,080.7	173,906.0	198,915.1	224,124.2
General Insurance Gross Premiums	24,291.8	22,866.3	22,545.8	22,958.0	24,271.0	26,715.7	28,565.0	31,054.9	34,834.7	39,204.8

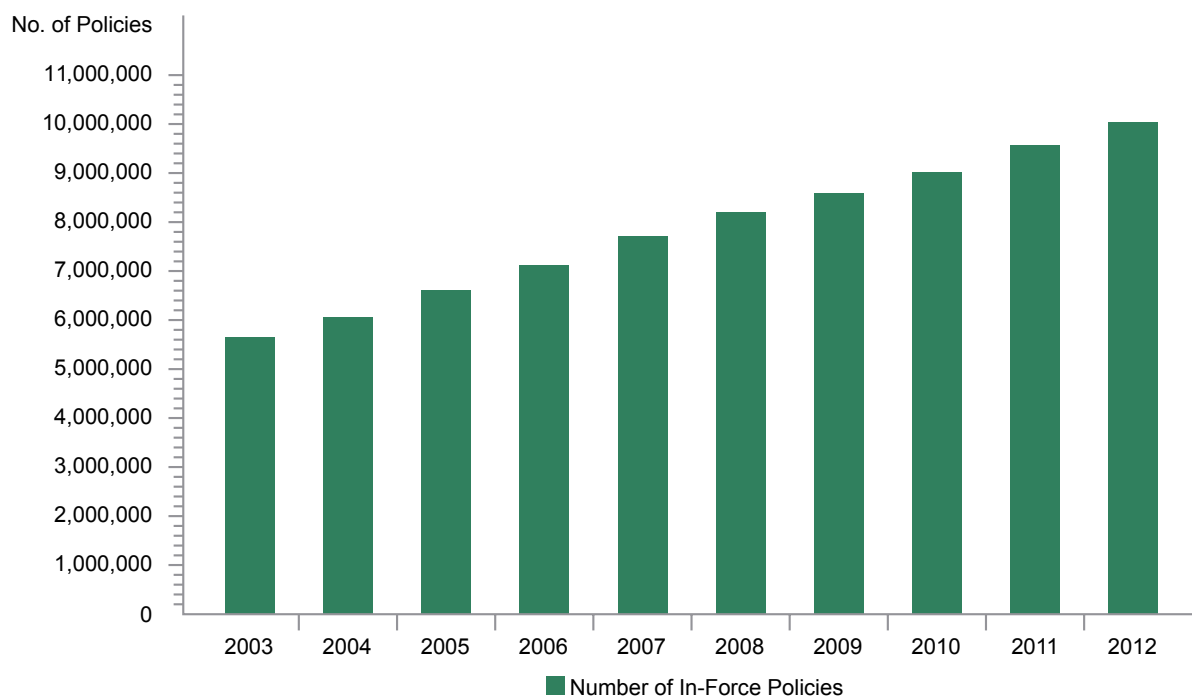
Underwriting Profit/Loss of General Insurance Business



Underwriting Profit/Loss of General Insurance Business (Accessible Version)

Class of Business	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Overall	1,480.5	2,222.2	2,497.2	2,067.0	2,398.2	1,284.8	2,407.5	2,518.5	2,627.2	2,042.8
Accident & Health	268.1	329.0	134.3	231.1	323.6	515.1	567.4	463.9	562.2	695.8
Motor Vehicle	52.4	474.5	445.5	270.8	118.1	(242.1)	(34.7)	211.7	67.6	(47.8)
Pecuniary Loss	100.9	231.7	280.1	465.1	353.1	137.7	288.1	811.8	712.8	490.1
Property Damage	802.4	893.4	994.5	772.0	783.0	482.8	778.8	672.6	629.6	562.6
General Liability	121.9	(39.0)	177.2	145.9	489.3	84.7	333.8	213.4	375.5	217.0

In-Force Individual Life Policies



In-Force Individual Life Policies (Accessible Version)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Number of In-Force Policies	5,606,222	6,049,940	6,587,525	7,101,148	7,692,558	8,175,531	8,571,534	8,987,438	9,551,550	10,030,370

Source of Information

The insurance business statistics for 2012 as contained in this annual report are based on the Hong Kong Insurance Business Statistics 2012 released by the Office of the Commissioner of Insurance in September 2013.



Message from the Commissioner



Message from the Commissioner



2013 was another encouraging year for the insurance industry.

The sector saw strong growth of over 13%, comprising some 15% growth in the life sector and 7% growth in the non-life sector. The growth engine for the life side came from traditional protection and endowment products while that for the non-life side, general liability business, as well as accident and health policies led the growth.

There was continued progress in regulatory reforms. On the proposal to establish the independent Insurance Authority, we completed a public consultation exercise on the key legislative proposals in June 2013, and the Insurance Companies (Amendment) Bill 2014 was introduced into the Legislative Council in May 2014. On the proposed Policyholders' Protection Fund, we continued to prepare the enabling legislation.

Hong Kong participated in the Financial Sector Assessment Programme Update in 2014. Assessors from the International Monetary Fund considered that Hong Kong had a high degree of observance of the Insurance Core Principles, and expressed full support for our current regulatory reforms.

The Financial Secretary proposed to reduce the profits tax on the offshore businesses of captives in the 2013-14 Budget. This has taken effect from 1 April 2014. No doubt, this will strengthen Hong Kong's position as a risk management centre.

We introduced new regulatory requirements in respect of the sale of investment-linked assurance scheme products and remuneration disclosure in June 2013 and would proceed with introducing further measures in 2014/15.

We continued our collaborative efforts with other local and overseas financial regulators, particularly in regard to anti-money laundering work, supervision of insurance groups as well as intermediaries supervision.

Looking ahead, my colleagues and I will continue to work closely with the industry and stakeholders with a view to making Hong Kong a stronger insurance hub in the region.

Annie Choi
Commissioner of Insurance
August 2014



Work of the Insurance Authority



1. Work of the Insurance Authority



Being the regulator and market facilitator of the insurance industry, the Insurance Authority (“IA”) exercises prudential supervision over the insurance industry to ensure market stability. The IA also facilitates market developments to enhance Hong Kong’s status as an international insurance centre.

Supervision of Insurers

Financial Examination

The IA is responsible for monitoring and scrutinising the financial position of insurers. This responsibility is conducted through the examination of financial statements and returns as well as analysing critical areas to ensure that insurers comply with solvency standards and other requirements specified in the Insurance Companies Ordinance (Cap.41) (“ICO”). The examination focuses on key risks that have material impact on the financial strength and sustainability of an insurer, with due emphasis placed on adequacy of paid-up capital, asset quality, reserving position and reinsurance arrangements. The IA has a wide range of statutory powers to address causes for concern identified for insurers.



The IA takes a proactive role in assessing insurers’ exposures to both business and operational risks, including that of business underwritten, investment portfolio and those related to their parent groups. The IA conducts vigorous financial screening exercises and relevant stress tests, which not only facilitate monitoring of insurers’ capital adequacy, enforcement of interventionary actions and implementation of other appropriate regulatory measures, but also ensure that insurers in Hong Kong are able to fulfill stringent solvency requirements and enjoy a clean bill of health overall. These monitoring measures are carried out by the IA on a regular basis.

On-site Inspection

The IA conducts regular on-site inspections to insurers as part of her supervisory role. Through these inspection visits, the IA acquires a better understanding of the latest developments of insurers' business operations, thereby facilitating performance of her supervisory functions and communication with the industry. Such inspections concentrate on areas like underwriting, claims handling, asset management, reinsurance arrangements and supervision of intermediaries, the scope and depth of which vary depending on the nature or level of risks involved. The inspection teams will focus on risk management and internal control systems to ensure that business is conducted orderly and in accordance with policies formulated by the Board of Directors or senior management. They will also verify compliance with the standing requirements on maintenance of assets in Hong Kong, corporate governance, as well as selling of insurance policies to Mainland visitors.

Market Consolidation

The IA closely monitors all merger and acquisition activities within the insurance industry to ensure that the interests of policyholders in Hong Kong are safeguarded both during and after these corporate reorganisation activities.

Merger and Acquisition

The following merger and acquisition activities took place during the year:

- Pacific Century Group, through its subsidiaries, acquired the immediate holding company of ING Life Insurance Company (Bermuda) Limited ("ING Life") and ING General Insurance Company Limited ("ING General") from ING Groep N.V. on 28 February 2013. After the acquisition, ING Life and ING General were renamed as FWD Life Insurance Company (Bermuda) Limited and FWD General Insurance Company Limited respectively to reflect the change in ownership.
- Royal London 360 Insurance Company Limited ("Royal London 360") was previously wholly owned by The Royal London Mutual Insurance Society Limited ("RLMIS"). On 14 November 2013, RLMIS completed a deal with independent private equity firm Vitruvian Partners to support a management-led buyout of Royal London 360 and its subsidiaries. Vitruvian Partners LLP indirectly owns a majority share of Royal London 360. Upon the completion of the deal, Royal London 360 was renamed as RL360 Insurance Company Limited.

Transfer of Insurance Business

Under section 24 of the ICO, an insurer who seeks to transfer its long term insurance business to another insurer is required to apply to the court for an order sanctioning the scheme of transfer. An insurer intending to transfer its general insurance business portfolio to another insurer may do so under section 25D of the ICO by obtaining the approval of the IA. During the year, sanction and approval in respect of the applications for these two types of business are summarised at Figure 1.1.

Figure 1.1 Transfer of Insurance Business

Under section 24 of the ICO		
Date of Sanction by the Court	From	To
28 March 2013	Transamerica Life Insurance Company	Transamerica Life (Bermuda) Ltd.
2 December 2013	The Prudential Assurance Company Limited	Prudential Hong Kong Limited
Under section 25D of the ICO		
Date of Approval by the IA	From	To
18 February 2013	UOB Insurance (H.K.) Limited	Asia Insurance Company, Limited
18 November 2013	Nipponkoa Insurance Company (Asia) Limited	Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited
12 December 2013	The Prudential Assurance Company Limited	Prudential General Insurance Hong Kong Limited

New Authorisation

The IA authorised three new insurers in 2013. A complete list of authorised insurers as at 31 December 2013 and changes within the reporting period are summarised at Appendices 3 to 6.

Figure 1.2 New Authorisation

Name of Insurer	Place of Incorporation	Type of Business
Prudential General Insurance Hong Kong Limited	Hong Kong	General
Prudential Hong Kong Limited	Hong Kong	Long Term
Sinopec Insurance Limited	Hong Kong	General

Legislative Developments

As part of an on-going exercise, the IA constantly reviews the insurance legislation with a view to keeping pace with international supervisory standards and developments of the insurance industry. The insurance industry will be consulted on any proposed amendments to the insurance legislation.

Policyholders' Protection Fund ("PPF")

The Government announced the consultation conclusions and final proposals regarding the proposed establishment of a PPF on 30 January 2012 and reported to the Legislative Council Panel on Financial Affairs on 6 February 2012. There is general support from the public and stakeholders for the establishment of a PPF and most of the key elements of the consultation proposals. The Government is preparing the enabling legislation for establishing the PPF and continues to engage the stakeholders in the process.

Facility for Terrorism Risks

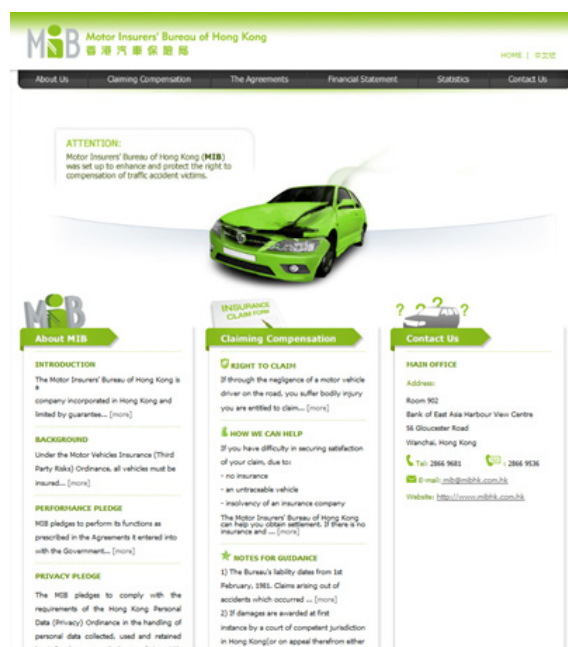
Employees' Compensation Insurance Business

Since January 2002, the Government has provided direct insurers carrying on Employees' Compensation ("EC") business with a facility up to \$10 billion in aggregate ("the Facility") to cater for claims arising out of terrorism. This is intended to cope with a withdrawal of reinsurance cover following the September 11 terrorist attacks in the United States.

By the end of 2013, 56 EC insurers have joined the Facility and paid a monthly charge of 3% on their gross premiums, thereby enabling them to cover employment-related claims for death and bodily injuries caused by terrorist acts. The Government will keep in view developments and withdraw the Facility once reinsurance capacity returns to the market.

Motor Insurance Business

In parallel, the Motor Insurers' Bureau of Hong Kong has made available a facility of up to \$200 million from its First Fund since January 2002 to satisfy claims of third parties who suffer death or bodily injuries caused by terrorist acts through the use of motor vehicles in Hong Kong.



Supervision of Insurance Intermediaries

Insurance Agents

Part X of the ICO provides the statutory backing for the self-regulatory system of insurance agents in Hong Kong. The Insurance Agents Registration Board (“IARB”) set up by The Hong Kong Federation of Insurers (“HKFI”) is responsible for the registration and regulation of insurance agents in accordance with the Code of Practice for the Administration of Insurance Agents issued by the HKFI. The IA maintains close liaison with the IARB on policy issues regarding the supervision of insurance agents.



Insurance Brokers

An insurance broker in Hong Kong must either be a member of a self-regulatory body of insurance brokers approved under section 70 of the ICO or authorised under section 69 of the ICO. Currently, there are two approved bodies of insurance brokers, namely the Hong Kong Confederation of Insurance Brokers and the Professional Insurance Brokers Association and all the authorised insurance brokers in Hong Kong are members of one of them. The IA liaises closely with the two bodies of insurance brokers on policy issues regarding the exercise of their self-regulatory functions.

Mandatory Provident Fund (“MPF”) Intermediaries

Part IVA of the Mandatory Provident Fund Schemes Ordinance (“MPFSO”) provides for a new statutory regulatory regime for MPF intermediaries in Hong Kong with effect from 1 November 2012. Under the regime, the Mandatory Provident Fund Schemes Authority (“MPFA”) is responsible for, inter alia, registration of MPF intermediaries and imposition of disciplinary sanctions. The IA, as one of the frontline regulators, is responsible for inspection and investigation of registered MPF intermediaries whose core business is in insurance. The IA maintains regular liaison with the MPFA and the other two frontline regulators (i.e. the Hong Kong Monetary Authority (“HKMA”) and the Securities and Futures Commission (“SFC”)) on matters relating to supervision of registered MPF intermediaries.

Statistics

Statistics on insurance intermediaries, their responsible officers, chief executives and technical representatives as at 31 December 2013 are shown at Appendix 7. Separately, there were 25,038 registered MPF intermediaries of whom the IA was assigned as the frontline regulator, comprising 329 principal intermediaries and 24,709 subsidiary intermediaries, as at 31 December 2013.

Promulgation of Guidance Notes

The IA promulgates guidance notes for the insurance industry from time to time in the light of market developments. A full list of the guidance notes promulgated by the IA is at Appendix 8.

Anti-Money Laundering (“AML”) and Counter-Terrorist Financing (“CTF”)

The Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (“AMLO”) was gazetted in July 2011 and has taken effect from 1 April 2012. The AMLO provides for, inter alia, the statutory requirements relating to customer due diligence and record-keeping for financial institutions, and the powers of relevant authorities including the IA to supervise compliance thereunder. All authorised insurers, reinsurers, appointed insurance agents and authorised insurance brokers carrying on or advising on long term insurance business have to comply with the requirements under the AMLO and the Guideline on AML and CTF published thereunder.

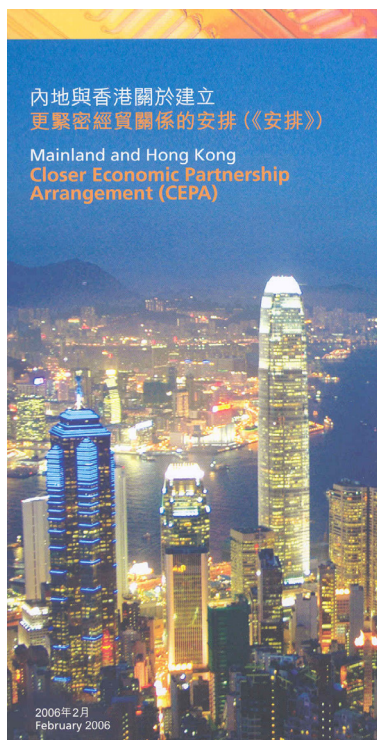
Pursuant to section 23(1) of the AMLO, the IA published the Guideline on Exercising Power to Impose Pecuniary Penalty (“Fining Guideline”) on 29 June 2012. The Fining Guideline indicates the manner in which the IA proposed to exercise the power to impose a pecuniary penalty referred to in the AMLO.

To further enhance the awareness of the industry on the AML requirements, the IA has maintained a “AML and CTF Corner” on the IA’s website with information relating to the AML/CTF regime, including the latest developments, upcoming events, AML related legislation and guidelines, circulars and other relevant materials.

To keep the insurance institutions abreast of the latest AML/CTF developments, the IA in cooperation with the Financial Services and Treasury Bureau and the Joint Financial Intelligence Unit (“JFIU”) convened two AML seminars for the insurance industry in October 2013. The industry seminars were well received by around 500 insurance practitioners. Whilst the IA worked with the Vocational Training Council and developed an AML/CTF course for the insurance industry which has been launched since the fourth quarter of 2012.

According to the statistics provided by the JFIU, a total of 401 suspicious transaction reports (“STRs”) were made by the insurance industry in 2013, as compared to 341 STRs in 2012. The IA continued to issue circulars and organise seminars to facilitate the insurance industry to better detect and report suspicious transactions or dealings.

The Mainland and Hong Kong Closer Economic Partnership Arrangement (“CEPA”)



Since CEPA came into effect on 1 January 2004, there have been a number of liberalisation measures for the Hong Kong insurance sector including (1) allowing Hong Kong insurers who meet the required access conditions to conduct insurance business in the Mainland; (2) allowing Hong Kong residents who possess the requisite qualifications and are appointed by a Mainland insurance institution to engage in insurance related business across the boundary; (3) setting up of an examination centre in Hong Kong for the Mainland qualifying examinations for insurance intermediaries; (4) allowing Hong Kong insurance agency companies to set up wholly-owned enterprises in the Mainland to provide insurance agency services to the Mainland insurance companies; and (5) allowing eligible Hong Kong insurance brokerage companies to set up wholly-owned insurance agency companies in Guangdong Province (including Shenzhen) on a pilot basis. These measures have increased business opportunities for the Hong Kong insurance industry in the burgeoning Mainland insurance

market. The IA will continue to pursue a wider scope of market liberalisation for mutual benefits of the Hong Kong and the Mainland insurance industries.

Capital Investment Entrant Scheme (“CIES”)

The CIES was launched by the Government in 2003 with a view to attracting investment entrants to come to Hong Kong. Currently under CIES, persons who have invested no less than \$10 million in permissible investment assets and fulfilled the other eligible criteria in CIES are eligible for admission into Hong Kong as capital investment entrants. With effect from 6 July 2010, Investment-linked Assurance Schemes (“ILAS”) products satisfying certain requirements can be recognised as one of the permissible investment assets under CIES. Furthermore, commencing from 14 October 2010, an insurer authorised to carry on Class C business as specified in Part 2 of the First Schedule to the ICO is permitted to act as a financial intermediary for the purpose of CIES.

To enhance investor protection, in collaboration with the HKFI, a number of additional measures have been implemented. These include amending the Financial Needs Analysis Form to include CIES as one of the purposes for the applicant to procure a particular ILAS product, requiring the distribution of an educational pamphlet entitled “Questions you need to ask before buying an ILAS product” to potential ILAS policyholders at the point of sale and making post-sales confirmation calls (audio-recorded) to all applicants of ILAS products so as to ensure that they understand the risks and the fees/charges involved.

ILAS products for CIES purpose require approval of the SFC and the Immigration Department. As at the end of 2013, 9 ILAS products were approved for such purpose.

Development of Captive Insurance

Many large enterprises are keen to set up their own captive insurers to insure against their business risks. The use of captive insurers is also part of a diversified risk management programme for many large enterprises. Attracting large-scale enterprises to form captive insurers in Hong Kong will reinforce Hong Kong's status as an insurance hub and help promote the development of related businesses, including reinsurance and insurance brokerage business.

To this end, it was proposed in the 2013-14 Budget that the profits tax rate on the business of insurance and reinsurance of offshore risks of captive insurers be reduced by 50% (i.e. from the normal corporation tax rate of 16.5% to 8.25%). In this regard, the Inland Revenue (Amendment) (No. 3) Bill 2013 was gazetted on 27 December 2013 and passed on 19 March 2014. The tax concession takes effect from the 2013-14 year of assessment onwards.

Consultancy Study on Risk-Based Capital (“RBC”) Framework for Insurance Business in Hong Kong

The IA has commissioned a consultancy study to advise on and recommend an appropriate RBC framework for the insurance business in Hong Kong. In developing the proposed framework, references to the latest Insurance Core Principles (“ICPs”) promulgated by the International Association of Insurance Supervisors (“IAIS”), the international standard-setter for insurance, as well as the relevant experiences of other advanced jurisdictions that have adopted RBC frameworks were made. The IA aims to develop a framework that is most appropriate to the Hong Kong insurance market.

The proposed framework would also seek to ensure strong financial health and resilience of the insurance industry for the protection of policyholders.

A draft RBC framework has been proposed by the consultant; and the Government plans to consult the industry in the second half of 2014. The IA will take into account views and comments received in finalising the proposal prior to commencing the next stage of the consultancy study on the detailed rules of the proposed RBC framework.

International and Domestic Cooperation

In view of the global financial crisis and increasing business activities of financial institutions internationally, regulators worldwide recognise the need for enhancing mutual communications in exchanging information and experience on matters of common concern. In this regard, the IA has been working closely with both local and overseas financial services regulators and participating actively in international conferences and forums.

To strengthen international regulatory cooperation in the insurance industry to ensure effective group-wide supervision of multinational insurance groups, the IA has actively participated in supervisory colleges organised by various jurisdictions since 2008 and led a supervisory college in Hong Kong in 2012.



In October 2013, the IA attended the 20th IAIS Annual Conference and committee meetings held in Taipei. As a member of the IAIS, the IA continued to actively participate in the development of international standards on insurance supervision.

Apart from the above, the IA also participated in international forums and seminars, including the Asian Financial Forum held in Hong Kong, the Asian Forum of Insurance Regulators held in India and the International Forum of Insurance Guarantee Schemes in Taipei.



With growing cross-boundary activities between Hong Kong and the Mainland, there is closer cooperation between the IA and the China Insurance Regulatory Commission ("CIRC"). In 2013, the IA actively participated in activities involving the CIRC including co-running a training course in Hong Kong for its officers in June; having bilateral meetings with the Chairman in Beijing and Hong Kong in July and October respectively; and participating in the 13th Joint Meeting of Insurance Regulators of Guangdong, Hong Kong, Macao and Shenzhen hosted by the Guangdong Bureau of CIRC in Nansha in November. The IA will continue working closely with the CIRC and other Mainland authorities on insurance cooperation between the Mainland and Hong Kong.

On the domestic front, the IA also attended regular meetings of the Council of Financial Regulators and the Financial Stability Committee to discuss cross-sectoral regulatory issues and matters with implications on economic stability.

The IA signed the Memorandum of Understanding (“MoU”) Concerning the Regulation of Regulated Persons with respect to Registered Schemes under the MPFSO, with the MPFA, HKMA and SFC. The MoU, which took effect from 28 May 2013, sets out certain administrative and operational arrangements amongst the four regulators regarding the exercise of their respective functions under the MPFSO concerning the regulation of registered MPF intermediaries.

To keep abreast of market development for effective supervision of the insurance industry, the IA maintains close dialogue with the industry and frequently meets with the HKFI and other industry bodies to discuss topical issues concerning the industry.

Financial Sector Assessment Programme (“FSAP”)

Hong Kong participated in the FSAP update in 2013 – an update of the initial assessment of Hong Kong under the FSAP carried out in 2003. FSAP is a joint programme of the International Monetary Fund and the World Bank to assess (1) the soundness of a country/jurisdiction’s financial system against its vulnerabilities and risks that increase the likelihood/potential severity of financial sector crisis; (2) the development needs of the country/jurisdiction in terms of infrastructure, institutions and market; and (3) its compliance with international standards and codes for financial sectors. The assessment on insurance sector in 2013 was benchmarked against the ICPs issued by the IAIS in October 2011, as revised in October 2012.

FSAP comprises both off-site and on-site assessments of the participant country/jurisdiction. In late August 2013, the FSAP mission conducted an on-site assessment of Hong Kong and during the visit, they also met with selected industry participants and association bodies. Assessment on Hong Kong’s insurance sector had been completed by end 2013. Views of the FSAP assessors on the Hong Kong insurance regulatory regime were positive as Hong Kong had attained a high level of observance of the ICPs. Nevertheless, there were certain areas that required enhancements. Recommendations of the FSAP assessors for such enhancements have been taken forward by the IA, which, among other things, include the development of a RBC regime covering group supervision, and the strengthening of conduct regulation of insurers and insurance intermediaries in Hong Kong.



General Insurance Business



2. General Insurance Business



General insurance sector recorded moderate growth in 2012, with total gross premiums increased by 12.5% to \$39,205 million and underwriting profit decreased by 22.2% to \$2,043 million.

Overview

The gross and net premiums of general insurance business increased by 12.5% to \$39,205 million and 13.6% to \$26,998 million respectively in 2012, with the overall retention ratio increased slightly from 68.2% to 68.9%.

The rise in gross premiums was mainly contributed by General Liability business (comprising Employees' Compensation ("EC") business), which recorded a strong growth of 21.5% from \$7,840 million in 2011 to \$9,526 million in 2012. Motor Vehicle business recorded a significant growth of gross premiums of 18.9% from \$3,511 million in 2011 to \$4,174 million in 2012, whilst Accident & Health business posted an increase in gross premiums of 10.4% from \$9,438 million in 2011 to \$10,415 million in 2012.

Claims experience of general insurance business slightly deteriorated in 2012 with a net claims incurred ratio ("NCIR") of 58.0% in 2012, compared with 55.0% in 2011. Despite the worsened claims experience, most major lines of business continued to record an underwriting profit except for Motor Vehicle business and Ships business, which recorded underwriting losses of \$48 million and \$255 million respectively.

Accident & Health business reported an underwriting profit of \$696 million in 2012 and became the largest contributor in 2012. Property Damage business and Pecuniary Loss business also registered strong profits of \$563 million and \$490 million respectively. As regards the underwriting performance for two major classes of compulsory business, the underwriting profit for direct Motor Vehicle business increased to \$104 million, whereas the underwriting loss for direct EC business deepened to \$649 million.

Figure 2.1 Overall Performance of General Insurance Business

	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million
Gross Premiums	26,715.7	28,565.0	31,054.9	34,834.7	39,204.8
Net Premiums	18,825.3	20,529.5	21,735.6	23,760.8	26,998.0
Technical Reserves	27,877.1	28,622.3	30,755.8	33,610.9	38,478.2
Underwriting Results:					
Earned Premiums	18,210.0	18,943.0	20,461.5	22,793.0	25,176.1
Underwriting Expenses¹	6,536.0	6,538.7	6,983.4	7,634.7	8,526.5
Net Claims Incurred	10,389.2	9,996.8	10,959.6	12,531.1	14,606.8
Underwriting Profit/(Loss)	1,284.8	2,407.5	2,518.5	2,627.2	2,042.8
	%	%	%	%	%
Growth of Gross Premiums	10.1	6.9	8.7	12.2	12.5
Retention Ratio	70.5	71.9	70.0	68.2	68.9
Commission Payable Ratio	19.5	17.9	18.0	17.2	17.5
Net Claims Incurred Ratio	57.1	52.8	53.6	55.0	58.0
Underwriting Margin²	7.1	12.7	12.3	11.5	8.1
Technical Reserve Ratio³	148.1	139.4	141.5	141.5	142.5

1 Underwriting Expenses - Total of Net Commissions Payable, Management Expenses and Unexpired Risks Adjustment

2 Underwriting Margin - Underwriting Profit/(Loss) expressed as a percentage of Earned Premiums

3 Technical Reserve Ratio - Technical Reserves expressed as a percentage of Net Premiums

Premium Incomes

Total gross premiums (comprising direct and reinsurance inward business) increased by 12.5% to \$39,205 million. The increase was mainly driven by the surge of premiums in General Liability business. Net premiums also recorded a growth of 13.6% to \$26,998 million. The retention ratio for 2012 was 68.9%, compared to 68.2% for 2011.

Figure 2.2 Growth of Premium Income for General Insurance Business

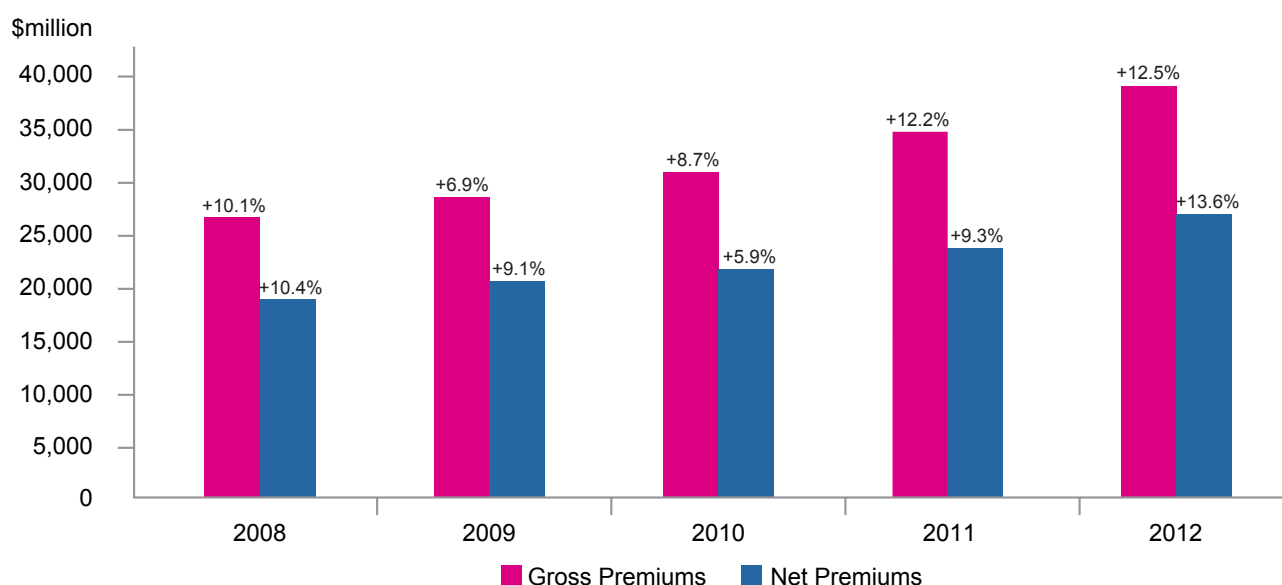
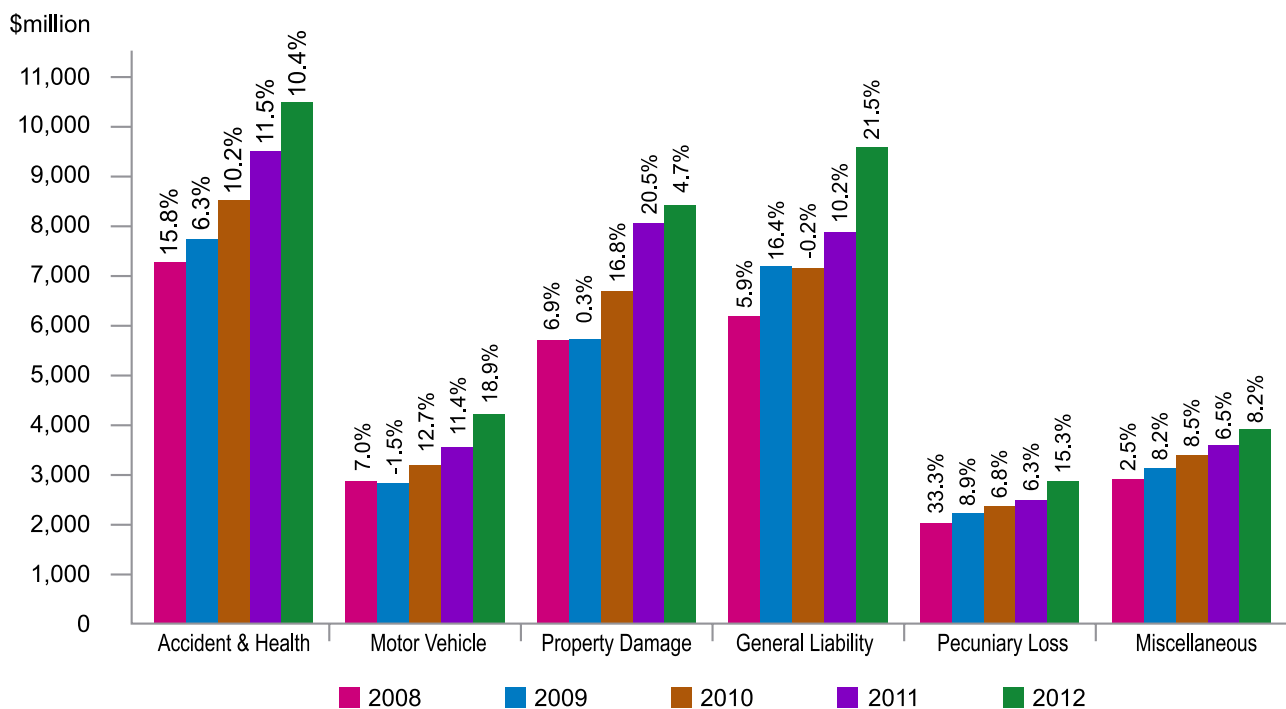


Figure 2.2 Growth of Premium Income for General Insurance Business (Accessible Version)

	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million
Gross Premiums	26,715.7	28,565.0	31,054.9	34,834.7	39,204.8
Net Premiums	18,825.3	20,529.5	21,735.6	23,760.8	26,998.0
	%	%	%	%	%
Growth of Gross Premiums	10.1	6.9	8.7	12.2	12.5
Growth of Net Premiums	10.4	9.1	5.9	9.3	13.6

The major classes of general insurance business showed an increase in gross premiums in 2012. The gross premiums of General Liability business surged by 21.5% to \$9,526 million. Motor Vehicle business increased by 18.9% to \$4,174 million. Pecuniary Loss business grew by 15.3% to \$2,848 million. Accident & Health business grew by 10.4% to \$10,415 million. Miscellaneous (comprising Aircraft, Ships, Goods in Transit and Treaty Reinsurance) and Property Damage businesses registered modest growth and reached \$3,863 million and \$8,379 million respectively.

Figure 2.3 Growth of Gross Premiums for Major Lines of Business



Miscellaneous Business mainly includes Ships and Goods In Transit Businesses

Figure 2.3 Growth of Gross Premiums for Major Lines of Business (Accessible Version)

Class of Business	2008		2009		2010		2011		2012	
	\$million	%	\$million	%	\$million	%	\$million	%	\$million	%
Accident & Health	7,225.5	15.8	7,684.3	6.3	8,464.9	10.2	9,438.1	11.5	10,415.2	10.4
Motor Vehicle	2,839.1	7.0	2,796.2	-1.5	3,152.0	12.7	3,511.0	11.4	4,173.7	18.9
Property Damage	5,670.1	6.9	5,689.0	0.3	6,645.4	16.8	8,004.6	20.5	8,378.5	4.7
General Liability	6,125.9	5.9	7,128.9	16.4	7,115.4	-0.2	7,839.8	10.2	9,526.4	21.5
Pecuniary Loss	1,999.6	33.3	2,177.1	8.9	2,324.4	6.8	2,470.0	6.3	2,848.4	15.3
Miscellaneous	2,855.5	2.5	3,089.5	8.2	3,352.8	8.5	3,571.2	6.5	3,862.6	8.2

Miscellaneous Business mainly includes Ships and Goods In Transit Business

Composition of Gross Premiums

Direct business and reinsurance inward business accounted for 73.8% and 26.2% respectively of total gross premiums in 2012, showing a similar composition as in 2011. Accident & Health, General Liability and Property Damage businesses topped the general insurance sector, constituted 26.6%, 24.3% and 21.4% respectively of the total gross premiums. Motor Vehicle business ranked fourth with its 10.6% share.

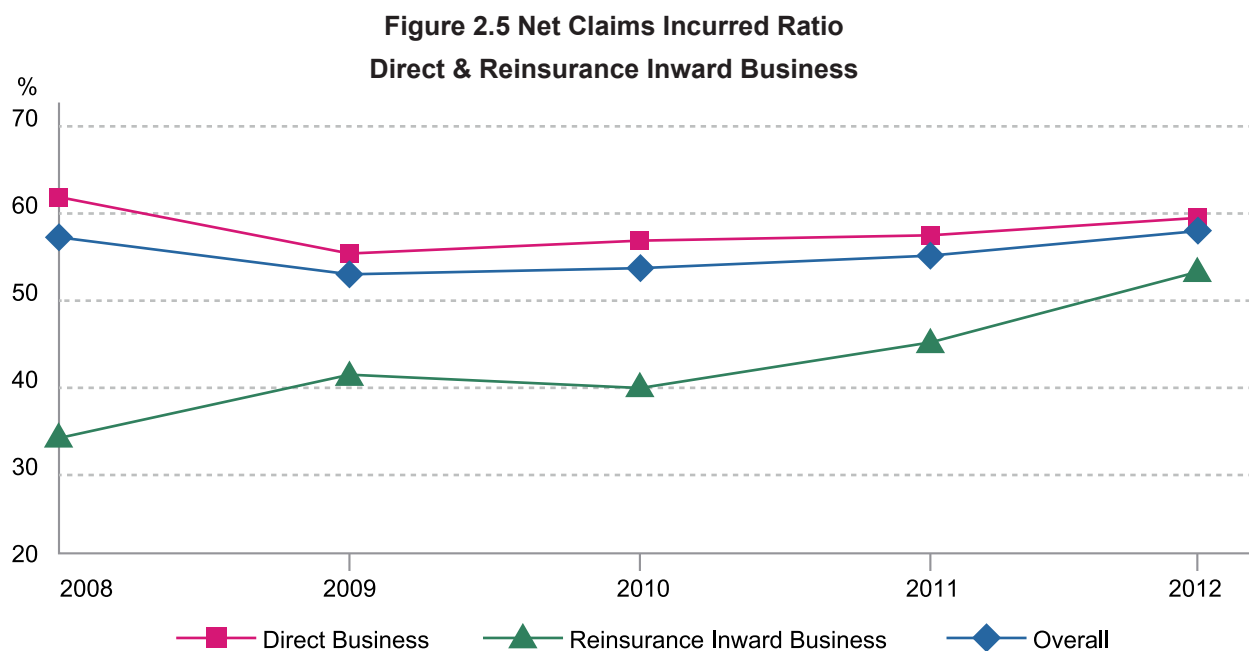
Figure 2.4 Composition of Gross Premiums

Class of Business	Direct & Reinsurance Inward Business		Direct Business		Reinsurance Inward Business	
	2011 %	2012 %	2011 %	2012 %	2011 %	2012 %
Accident & Health	27.1	26.6	34.6	34.1	5.9	5.3
Motor Vehicle	10.1	10.6	12.5	12.0	3.1	6.8
Property Damage	23.0	21.4	13.7	12.9	49.4	45.2
General Liability	22.5	24.3	25.6	28.3	13.8	12.9
Pecuniary Loss	7.1	7.3	5.8	5.6	10.8	12.0
Miscellaneous	10.2	9.8	7.8	7.1	17.0	17.8

Claims

The overall claims experience for general insurance business slightly deteriorated in 2012. Overall NCIR increased by 3.0 percentage point to 58.0%.

On direct business, overall NCIR increased from 57.4% to 59.3% in 2012. The star performer was Pecuniary Loss business which recorded the lowest NCIR, i.e. below 20%.



**Figure 2.5 Net Claims Incurred Ratio (Accessible Version)
Direct & Reinsurance Inward Business**

	2008	2009	2010	2011	2012
	%	%	%	%	%
Direct Business	61.9	55.2	56.8	57.4	59.3
Reinsurance Inward Business	33.5	40.9	39.4	44.7	53.0
Overall	57.1	52.8	53.6	55.0	58.0

Figure 2.5 Net Claims Incurred Ratio
Direct Business

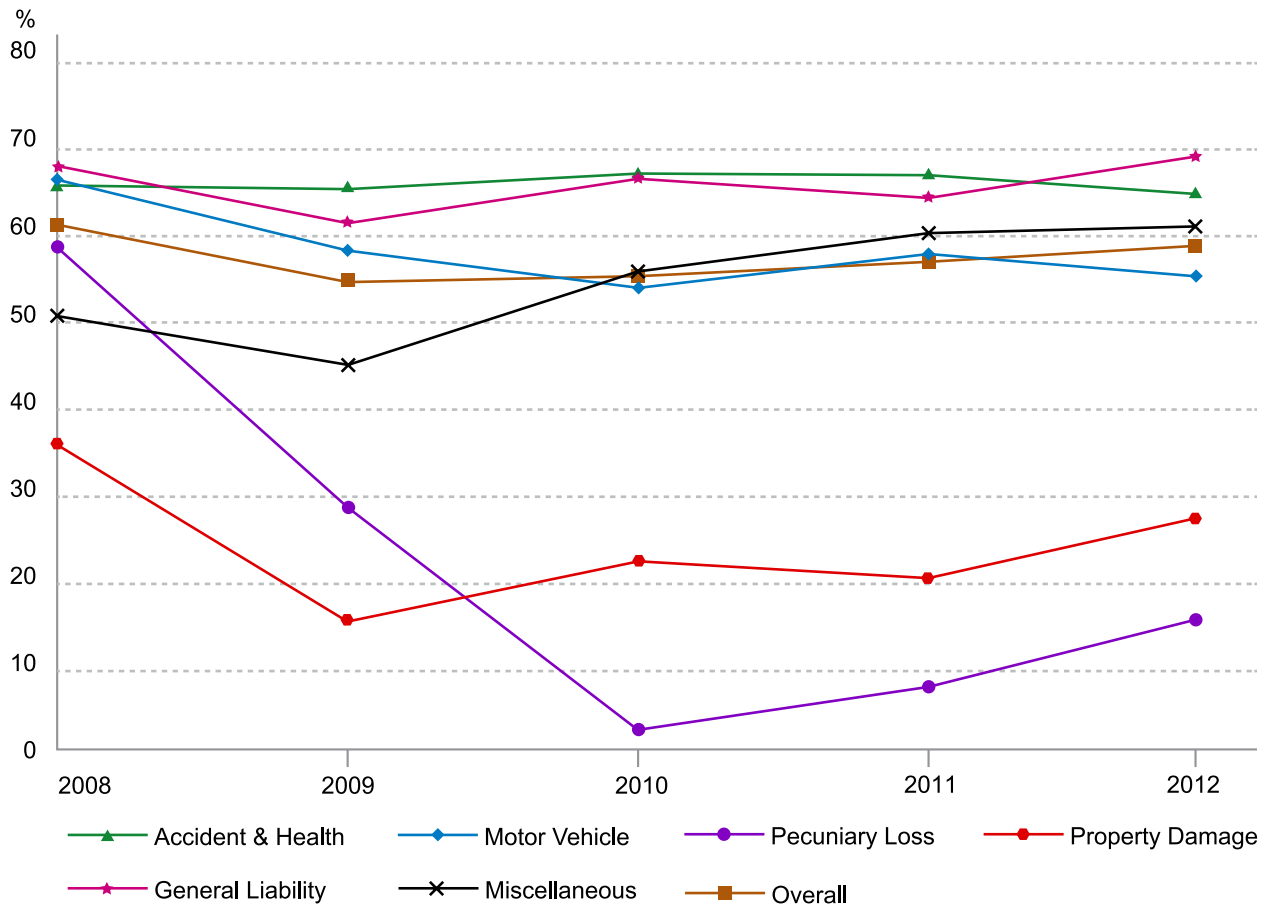


Figure 2.5 Net Claims Incurred Ratio (Accessible Version)
Direct Business

Class of Business	2008	2009	2010	2011	2012
	%	%	%	%	%
Accident & Health	65.9	66.3	67.1	67.0	65.4
Motor Vehicle	66.9	58.6	54.7	58.3	55.9
Pecuniary Loss	59.5	29.3	3.5	8.9	16.3
Property Damage	36.9	15.2	22.8	20.2	27.9
General Liability	68.7	61.8	66.8	66.6	69.5
Miscellaneous	50.7	44.5	56.8	60.1	61.1
Overall	61.9	55.2	56.8	57.4	59.3

Technical Reserves

Technical reserves, comprising outstanding claims provision (including provision for incurred but not reported claims), unearned premiums and unexpired risks provision, rose by 14.5% to \$38,478 million.

Overall technical reserve ratio (i.e. technical reserves expressed as a percentage of net premiums written) increased from 141.5% in 2011 to 142.5% in 2012. The technical reserve ratio of General Liability business remained the highest in 2012, albeit it reduced from 253.8% to 237.7%. Such ratio for Property Damage business grew from 121.4% to 137.8%, whilst that for Pecuniary Loss business decreased from 206.6% to 193.8%. As regards Motor Vehicle and Accident & Health businesses, the technical reserve ratio slightly decreased from 169.2% to 161.8% and from 52.0% to 48.2% respectively in 2012.

Figure 2.6 Technical Reserve Ratio

Class of Business	UPR & UER Ratio ¹		Outstanding Claims Provision Ratio ²		Technical Reserve Ratio ³	
	2011 %	2012 %	2011 %	2012 %	2011 %	2012 %
Accident & Health	35.2	29.0	16.8	19.2	52.0	48.2
Motor Vehicle	42.1	48.1	127.1	113.7	169.2	161.8
Property Damage	55.5	58.1	65.9	79.7	121.4	137.8
General Liability	64.7	62.1	189.1	175.6	253.8	237.7
Pecuniary Loss	154.3	137.1	52.3	56.7	206.6	193.8
Miscellaneous	21.8	22.5	113.3	129.7	135.1	152.2
Overall	51.1	49.5	90.4	93.0	141.5	142.5

1 UPR & UER Ratio – Aggregate of Unearned Premiums and Unexpired Risks Provision expressed as a percentage of Net Premiums

2 Outstanding Claims Provision Ratio – Outstanding Claims Provision expressed as a percentage of Net Premiums

3 Technical Reserve Ratio – Technical Reserves expressed as a percentage of Net Premiums

Underwriting Results

The overall underwriting profit decreased from \$2,627 million in 2011 to \$2,043 million in 2012, representing a drop of 22.2%.

With the exception of Motor Vehicle and Ships businesses that incurred respective underwriting loss of \$48 million and \$255 million, all other business classes recorded underwriting profits in 2012. Accident & Health business became the largest contributor to the overall underwriting profit of the general insurance business in 2012, achieving a profit of \$696 million. Property Damage and Pecuniary Loss businesses came next, registering \$563 million and \$490 million in underwriting profit respectively. General Liability business recorded an underwriting profit of \$217 million in 2012. However, a major component of General Liability business, i.e. EC business, sustained an underwriting loss.

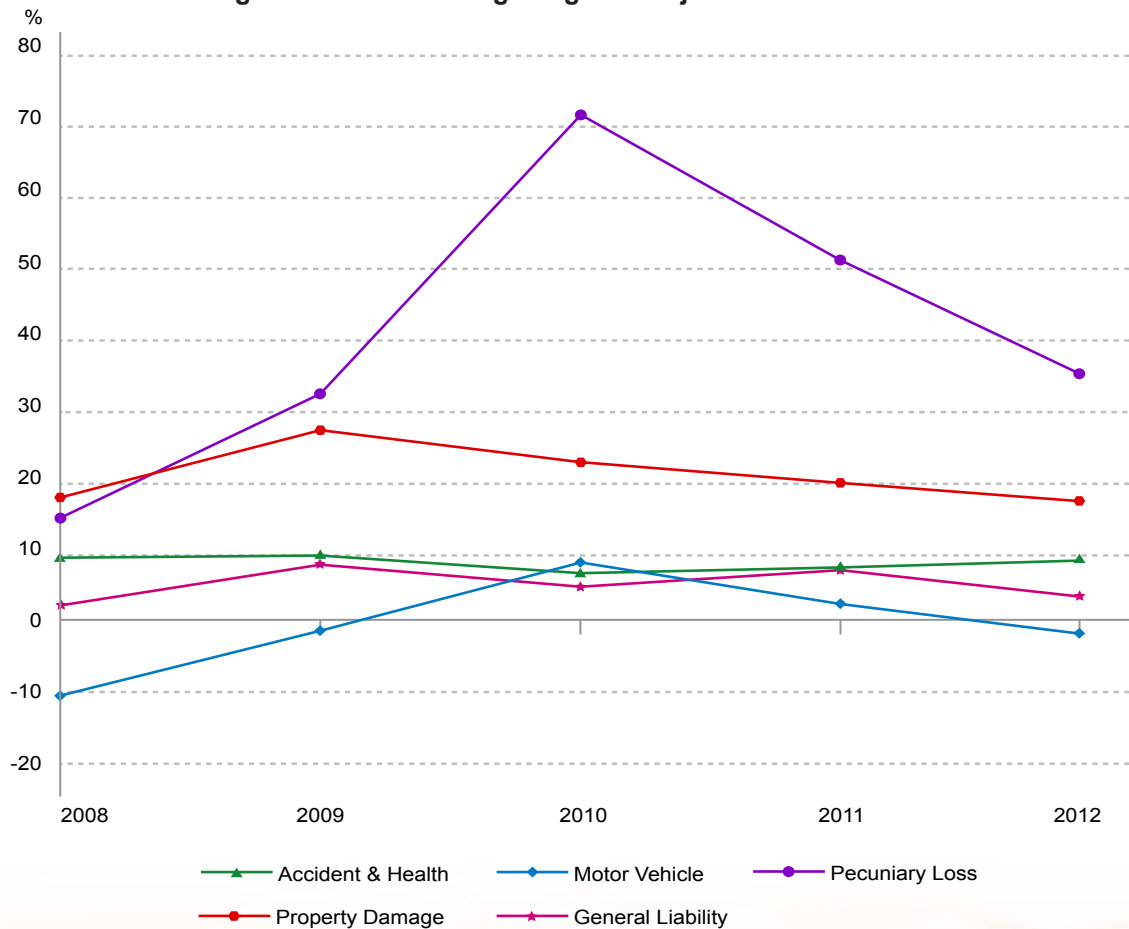
On direct business, the underwriting profit decreased from \$1,863 million to \$1,571 million. Accident & Health business reported the highest underwriting profit of \$657 million, followed by General Liability (non-EC) business of \$539 million, Property Damage business of \$420 million and Pecuniary Loss business of \$411 million. As for Goods in Transit business and Motor Vehicle business, underwriting profits of \$225 million and \$104 million were recorded respectively. On the other hand, EC business was the worst performer reporting an underwriting loss of \$649 million in 2012, followed by Ships business of \$132 million and Aircraft business of \$4 million.

On reinsurance inward business, the underwriting profit decreased from \$764 million to \$472 million. Except for Motor Vehicle, Ships and Goods in Transit businesses incurring underwriting losses of \$152 million, \$123 million and \$6 million respectively, all other classes of reinsurance business recorded underwriting profits. General Liability business was the best performer, reporting an underwriting profit of \$327 million, followed by Property Damage business of \$142 million.

Figure 2.7 Underwriting Results

	2010			2011			2012		
Underwriting Profit/(Loss)	Direct Business	Reinsurance Inward Business	Overall	Direct Business	Reinsurance Inward Business	Overall	Direct Business	Reinsurance Inward Business	Overall
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Accident & Health	502.2	(38.3)	463.9	510.2	52.0	562.2	656.5	39.3	695.8
Motor Vehicle	105.4	106.3	211.7	30.4	37.2	67.6	104.0	(151.8)	(47.8)
Property Damage	429.1	243.5	672.6	507.1	122.5	629.6	420.3	142.3	562.6
General Liability	(44.9)	258.3	213.4	41.2	334.3	375.5	(109.6)	326.6	217.0
Pecuniary Loss	645.9	165.9	811.8	669.4	43.4	712.8	410.5	79.6	490.1
Miscellaneous	105.4	39.7	145.1	104.6	174.9	279.5	89.6	35.5	125.1
Total	1,743.1	775.4	2,518.5	1,862.9	764.3	2,627.2	1,571.3	471.5	2,042.8

Figure 2.8 Underwriting Margin of Major Lines of Business



Underwriting Margin - Underwriting Profit or Loss expressed as a percentage of Earned Premiums.

Figure 2.8 Underwriting Margin of Major Lines of Business (Accessible Version)

Class of Business	2008	2009	2010	2011	2012
	%	%	%	%	%
Accident & Health	8.7	8.9	6.9	7.5	8.5
Motor Vehicle	-10.3	-1.5	8.2	2.4	-1.6
Pecuniary Loss	14.4	31.7	70.2	50.3	34.5
Property Damage	17.0	26.5	22.2	19.2	16.4
General Liability	2.0	7.7	4.5	7.0	3.4

Underwriting Margin - Underwriting Profit or Loss expressed as a percentage of Earned Premiums.

Statutory Business

Statutory business comprises three classes of direct business - Motor Vehicle, EC (classified as General Liability - Statutory business) and Local Vessel Liability (classified as Ships - Statutory business) businesses. In 2012, they altogether contributed \$9,062 million in gross premiums to the general insurance business market, representing 31.3% of total direct business gross premiums. EC business took second place in terms of gross premiums for direct business in 2012, while its market share in the direct business market increased from 15.8% in 2011 to 19.1% in 2012.

Motor Vehicle Business

Gross premiums for direct Motor Vehicle business increased by 7.7% to \$3,474 million in 2012, with the number of vehicles covered grew by 4.0% to 727,910. Due to improved claims experience with NCIR decreasing from 58.3% to 55.9%, the underwriting profit increased from \$30 million in 2011 to \$104 million in 2012.

Figure 2.9 Motor Vehicle Business

	Unit	2008	2009	2010	2011	2012
Gross Premiums	\$million	2,648.9	2,614.0	2,896.1	3,225.4	3,474.1
Underwriting Profit/(Loss)	\$million	(291.7)	(55.9)	105.4	30.4	104.0
Growth of Gross Premiums	%	6.6	-1.3	10.8	11.4	7.7
Net Claims Incurred Ratio	%	66.9	58.6	54.7	58.3	55.9
Underwriting Margin	%	-13.4	-2.7	4.5	1.2	3.8
Number of Vehicles Covered		621,009	615,759	645,882	699,923	727,910

Employees' Compensation Business

Gross premiums of EC business increased by 36.4% to \$5,540 million in 2012, with number of EC policies in force grew by 3.7% to 380,632. With deteriorated claims experience, the underwriting loss for EC business deepened from \$260 million in 2011 to \$649 million in 2012.

Figure 2.10 Employees' Compensation Business

	Unit	2008	2009	2010	2011	2012
Gross Premiums	\$million	3,024.2	4,037.0	3,730.9	4,063.1	5,540.3
Underwriting Profit/(Loss)	\$million	(489.3)	(125.2)	(323.8)	(260.0)	(649.0)
Growth of Gross Premiums	%	4.6	33.5	-7.6	8.9	36.4
Net Claims Incurred Ratio	%	85.2	71.4	79.7	77.5	85.3
Underwriting Margin	%	-19.8	-4.9	-11.1	-8.0	-16.3
Number of Policies in Force		350,899	364,156	364,719	367,228	380,632

Local Vessel Liability Business

Gross premiums of Local Vessel Liability business decreased by 11.2% to \$48 million in 2012, with the number of local vessels covered increased by 4.9% to 13,880. The underwriting profit of such business decreased from \$16 million in 2011 to \$11 million in 2012.

Figure 2.11 Local Vessel Liability Business

	Unit	2008	2009	2010	2011	2012
Gross Premiums	\$million	41.0	40.7	41.2	53.5	47.5
Underwriting Profit/(Loss)	\$million	21.0	14.2	13.1	16.3	10.8
Growth of Gross Premiums	%	5.4	-0.7	1.2	29.9	-11.2
Net Claims Incurred Ratio	%	-	11.2	16.7	19.1	33.5
Underwriting Margin	%	78.1	56.6	49.8	48.7	38.0
Number of Local Vessels Covered		11,115	10,867	10,738	13,236	13,880

Pure Reinsurers' Business

Pure reinsurers (i.e. insurers that are only authorised to carry on reinsurance business in or from Hong Kong) recorded an increase in gross premiums by 14.8% to \$2,475 million in 2012. Their total underwriting profit decreased from \$803 million in 2011 to \$538 million in 2012. The top 5 pure reinsurers captured an aggregate market share of 80.6% in terms of gross premiums, indicating that the continuing high concentration of business in the pure reinsurers' market persisted in 2012.

Figure 2.12 Pure Reinsurers' Business

	Unit	2008	2009	2010	2011	2012
Gross Premiums	\$million	1,436.4	1,544.5	1,970.5	2,154.6	2,474.5
Underwriting Profit/(Loss)	\$million	679.2	524.5	550.1	802.8	537.9
Growth of Gross Premiums	%	-1.2	7.5	27.6	9.3	14.8
Net Claims Incurred Ratio	%	6.7	21.1	22.9	17.9	38.2
Underwriting Margin	%	54.1	42.3	39.7	49.1	28.6

Figure 2.13 Top 5 Pure Reinsurers by Gross Premiums in 2012

Ranking of Reinsurers		Gross Premiums	Market Share
		\$million	%
1	Munich Reinsurance Company	489	19.8
2	Taiping Reinsurance Company Limited	465	18.8
3	Swiss Reinsurance Company Ltd	445	18.0
4	Asia Capital Reinsurance Group Pte. Ltd.	344	13.9
5	BC Reinsurance Limited	250	10.1
Total Gross Premiums Written by Top 5 Reinsurers in 2012		1,993	80.6
Corresponding Figure for 2011		1,716	79.6

Assets Maintained in Hong Kong

Pursuant to the local asset requirement under section 25A of the Insurance Companies Ordinance (Cap.41), insurers other than pure reinsurers and captive insurers carrying on general insurance business in or from Hong Kong are required to maintain assets in Hong Kong to match their local insurance liabilities. As at their financial year ended in 2012, assets maintained by these insurers in Hong Kong totalled \$115,041 million, a 6.2% increase over 2011. Deposits & Cash was the largest asset type, registering \$41,923 million or 36.4% of total local assets, followed by Fixed & Variable Interest Securities (19.2%) and Mortgage portfolio (18.2%).

Figure 2.14 Breakdown of Assets Maintained in Hong Kong

Category of Assets		2010		2011		2012	
		\$million	%	\$million	%	\$million	%
Deposits & Cash		29,277.2	28.6	33,634.3	31.1	41,922.7	36.4
Fixed & Variable Interest Securities		18,726.4	18.3	18,750.3	17.3	22,033.8	19.2
Insurance Debts		4,787.5	4.7	5,028.0	4.7	5,551.6	4.8
Letters of Credit		2,343.1	2.3	2,813.2	2.6	3,280.0	2.9
Investments in Associated/ Subsidiary Companies		5,612.3	5.5	7,732.0	7.1	6,984.5	6.1
Land & Buildings		5,479.3	5.3	6,103.6	5.6	6,800.7	5.9
Other Assets	- Mortgage Portfolio *	30,842.6	30.1	26,675.0	24.6	20,935.5	18.2
	- Others	5,344.5	5.2	7,593.9	7.0	7,531.9	6.5
Total		102,412.9	100.0	108,330.3	100.0	115,040.7	100.0

* Mortgage portfolio was owned by The Hong Kong Mortgage Corporation Limited

Market Analysis

A total of 112 insurers reported to the Insurance Authority on their Hong Kong general insurance business for 2012.

In 2012, gross premiums written by the top 10 and top 20 insurers amounted to \$16,077 million and \$24,301 million respectively. These premiums represented 40.9% and 61.8% of the market share, similar to the corresponding figures of 41.6% and 63.9% recorded in 2011. At the lower end of the scale, 20 insurers wrote gross premiums below \$1 million level in 2012.

Comparing with the market share of the top 10 general business insurers by overall gross premiums (40.9%), the market share of the top 10 insurers by gross premiums of individual major classes of general insurance business was higher, namely Accident & Health business (74.4%), Motor Vehicle business (63.1%), EC business (61.3%) and Property Damage business (51.7%).

Figure 2.15 Distribution of Insurers' Market Share

Ranking of Insurers		Range of Gross Premiums	Market Share
		\$million	%
1 - 10	2011	952 - 2,175	41.6
	2012	1,124 - 2,277	40.9
11 - 20	2011	541 - 952	22.3
	2012	531 - 1,038	20.9
21 - 50	2011	151 - 520	28.2
	2012	218 - 525	29.2
Remaining	2011	<151	7.9
	2012	<202	9.0

Figure 2.16 Top 10 Insurers by Overall Gross Premiums in 2012

Ranking of Insurers		Gross Premiums	Market Share
		\$million	%
1	Zurich Insurance Company Ltd	2,277	5.8
2	HSBC Insurance (Asia) Limited	2,120	5.4
3	AIG Insurance Hong Kong Limited	1,822	4.6
4	Bupa (Asia) Limited	1,811	4.6
5	Bank of China Group Insurance Company Limited	1,632	4.2
6	China Taiping Insurance (HK) Company Limited	1,468	3.7
7	CNOOC Insurance Limited	1,341	3.4
8	Asia Insurance Company, Limited	1,301	3.3
9	QBE Hongkong & Shanghai Insurance Limited	1,181	3.0
10	AXA General Insurance Hong Kong Limited	1,124	2.9
Total Gross Premiums Written by Top 10 Insurers in 2012		16,077	40.9
Corresponding Figure for 2011		14,509	41.6

Figure 2.17 Top 10 Insurers by Gross Premiums of Major Classes in 2012

Accident & Health Business		
Ranking of Insurers		Market Share
1	Bupa (Asia) Limited	17.4%
2	HSBC Insurance (Asia) Limited	13.4%
3	AIA International Limited	9.8%
4	AXA China Region Insurance Company Limited	8.9%
5	Blue Cross (Asia-Pacific) Insurance Limited	8.1%
6	AIG Insurance Hong Kong Limited	3.9%
7	The Prudential Assurance Company Limited	3.5%
8	Bank of China Group Insurance Company Limited	3.5%
9	AXA General Insurance Hong Kong Limited	3.2%
10	Liberty International Insurance Limited	2.7%
Top 10 Insurers' Market Share		74.4%
Number of Insurers : 72		

Motor Vehicle Business		
Ranking of Insurers		Market Share
1	China Taiping Insurance (HK) Company Limited	14.6%
2	Bank of China Group Insurance Company Limited	8.3%
3	Target Insurance Company, Limited	7.4%
4	AXA General Insurance Hong Kong Limited	7.0%
5	Zurich Insurance Company Ltd	6.3%
6	QBE Hongkong & Shanghai Insurance Limited	4.4%
7	China Ping An Insurance (Hong Kong) Company Limited	4.2%
8	Asia Insurance Company, Limited	4.1%
9	Allianz Global Corporate & Specialty AG	3.4%
10	Wing Lung Insurance Company Limited	3.4%
Top 10 Insurers' Market Share		63.1%
Number of Insurers : 63		

Property Damage Business		
Ranking of Insurers		Market Share
1	CNOOC Insurance Limited	13.3%
2	Zurich Insurance Company Ltd	8.9%
3	HSBC Insurance (Asia) Limited	4.5%
4	AIG Insurance Hong Kong Limited	4.2%
5	Asia Insurance Company, Limited	3.9%
6	ACE Insurance Limited	3.8%
7	Lloyd's Underwriters	3.8%
8	MSIG Insurance (Hong Kong) Limited	3.6%
9	Bank of China Group Insurance Company Limited	3.0%
10	China Taiping Insurance (HK) Company Limited	2.7%
Top 10 Insurers' Market Share		51.7%
Number of Insurers : 75		

Employees' Compensation Business

Ranking of Insurers		Market Share
1	QBE Hongkong & Shanghai Insurance Limited	9.1%
2	Bank of China Group Insurance Company Limited	8.1%
3	Wing Lung Insurance Company Limited	6.8%
4	AIG Insurance Hong Kong Limited	6.6%
5	Zurich Insurance Company Ltd	6.1%
6	Sun Hung Kai Properties Insurance Limited	5.6%
7	China Overseas Insurance Limited	5.1%
8	China Taiping Insurance (HK) Company Limited	5.1%
9	Asia Insurance Company, Limited	4.8%
10	MSIG Insurance (Hong Kong) Limited	4.0%
Top 10 Insurers' Market Share		61.3%
Number of Insurers : 52		

Market Performance for 2013

In 2013, gross and net premiums of general insurance business recorded a growth of 7.1% to \$42,120 million and 8.0% to \$29,179 million respectively compared with 2012. Overall underwriting profit also recorded an increase from \$2,215 million in 2012 to \$3,038 million in 2013.

On direct business, gross and net premiums increased by 7.4% to \$31,151 million and 7.6% to \$22,982 million respectively in 2013 compared with 2012, mainly driven by General Liability business and Accident & Health business. The former recorded gross and net premiums of \$9,581 million and \$7,391 million respectively, while the latter recorded \$10,340 million and \$8,363 million respectively.

The underwriting profit of direct business increased to \$2,218 million in 2013 from \$1,625 million in 2012. The underwriting performance of General Liability business showed a turnaround from a loss of \$132 million to a profit of \$125 million. The underwriting profit of Property Damage business and Accident & Health business also increased from \$429 million to \$562 million and from \$675 million to \$709 million respectively.

On reinsurance inward business, gross and net premiums increased from \$10,317 million to \$10,969 million and from \$5,652 million to \$6,197 million respectively in 2013 compared with 2012, primarily attributable to the premium growth for Property Damage, General Liability and Motor Vehicle businesses. Such premium growth also drove the underwriting profit up from \$590 million to \$820 million.



Long Term Insurance Business

3. Long Term Insurance Business



Long term insurance sector continued growing in 2012, with total in-force office premiums increased by 12.7% to \$224,124 million. A further growth in 2013 was also reported based on provisional statistics.

Overview

In-force Business

Total in-force office premiums of long term insurance business amounted to \$224,124 million in 2012, increased by 12.7% when compared with \$198,915 million in 2011. The driving force was Non-Linked Individual Life business.

Individual Life business remained the dominant line of long term insurance business, representing 93.3% of the market total in 2012. Related in-force office premiums increased by 12.0% from \$186,696 million in 2011 to \$209,041 million in 2012. Non-Linked and Linked businesses accounted for 69.7% and 30.3% of in-force Individual Life business respectively. As at 31 December 2012, there were more than 10 million in-force Individual Life policies, with net liabilities of \$988,045 million.

For Group Life business, in-force office premiums also recorded a growth by 7.1% to \$1,978 million in 2012. The number of in-force policies increased by 6.8% to 18,255 and net liabilities by 8.7% to \$795 million as at 31 December 2012.

Yearly contributions of Retirement Scheme contracts administered by insurers rose by 14.9% to \$9,330 million in 2012. There were 54,795 Retirement Scheme contracts with net liabilities of \$95,345 million at the end of 2012.

Regarding Annuity and other businesses (comprising mainly Permanent Health business), in-force office premiums also increased by 67.6% to \$3,774 million in 2012 and the number of in-force policies by 5.3% to 241,743 at the end of 2012.

New Business

Office premiums of new Individual Life business reached \$75,278 million in 2012, up 7.7% from \$69,864 million in 2011. Non-Linked Individual Life business grew by 18.9% whereas Linked Individual Life business dropped by 18.3%. Non-Linked and Linked businesses accounted for 77.3% and 22.7% of the new Individual Life business respectively in 2012.

Figure 3.1 Long Term Insurance Business

Type of Insurance	Number of Policies				Office Premiums				Net Liabilities			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
					\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Individual Life												
Non-Linked	6,929,601	7,299,705	7,814,141	8,310,460	90,832.1	105,651.9	126,450.6	145,782.0	412,343.9	497,626.1	602,600.7	734,287.6
	5.3%	5.3%	7.0%	6.4%	10.3%	16.3%	19.7%	15.3%	16.4%	20.7%	21.1%	21.9%
Linked	1,641,933	1,687,733	1,737,409	1,719,910	45,360.4	54,587.3	60,245.9	63,259.1	211,685.7	245,108.4	223,773.6	253,757.4
	2.9%	2.8%	2.9%	-1.0%	-24.3%	20.3%	10.4%	5.0%	46.9%	15.8%	-8.7%	13.4%
Sub-total	8,571,534	8,987,438	9,551,550	10,030,370	136,192.5	160,239.2	186,696.5	209,041.1	624,029.6	742,734.5	826,374.3	988,045.0
	4.8%	4.9%	6.3%	5.0%	-4.3%	17.7%	16.5%	12.0%	25.2%	19.0%	11.3%	19.6%
Group Life	16,079	16,263	17,090	18,255	1,439.2	1,568.8	1,847.9	1,978.4	641.8	660.9	731.7	795.3
	-1.7%	1.1%	5.1%	6.8%	0.4%	9.0%	17.8%	7.1%	10.0%	3.0%	10.7%	8.7%
Retirement Scheme	61,382	59,005	50,769	54,795	15,610.5	10,006.9	8,119.1	9,330.3	151,607.5	105,484.2	96,229.6	95,345.4
	-18.3%	-3.9%	-14.0%	7.9%	-1.2%	-35.9%	-18.9%	14.9%	21.4%	-30.4%	-8.8%	-0.9%
Annuity and Others	255,855	251,037	229,676	241,743	2,838.5	2,091.3	2,251.6	3,774.4	7,532.3	8,209.6	8,919.4	11,792.6
	-0.9%	-1.9%	-8.5%	5.3%	18.4%	-26.3%	7.7%	67.6%	33.1%	9.0%	8.6%	32.2%
Total	8,904,850	9,313,743	9,849,085	10,345,163	156,080.7	173,906.2	198,915.1	224,124.2	783,811.2	857,089.2	932,255.0	1,095,978.3
	4.5%	4.6%	5.7%	5.0%	-3.6%	11.4%	14.4%	12.7%	24.5%	9.3%	8.8%	17.6%

Figures in percentage denote percentage changes over the prior year

In-Force Individual Life Business

Non-Linked Business

Office premiums of Non-Linked business grew by 15.3% to \$145,782 million in 2012, representing 69.7% of the office premiums of in-force Individual Life business. The number of in-force Non-Linked policies stood at around 8.3 million at the end of 2012, up 6.4% from 2011. Total sums assured increased by 8.4% to \$3,156,448 million and net liabilities by 21.9% to \$734,288 million as at 31 December 2012.

In terms of in-force office premiums, Whole Life and Endowment insurances accounted for 68.0% of Non-Linked business and Term and Other insurances for the remaining 32.0%.

Non-Linked business may be classified into with-profits business and without-profits business. Under this classification, with-profits business took up 73.9% of the in-force office premiums while without-profits business the remaining 26.1%.

Linked Business

Office premiums of Linked business grew in 2012 by 5.0% to \$63,259 million, accounting for 30.3% of the office premiums of in-force Individual Life business. The number of in-force policies slightly dropped by 1.0% to 1,719,910 whereas net liabilities rose by 13.4% to \$253,757 million as at 31 December 2012.

**Figure 3.2 In-Force Individual Life Business
Office Premiums**

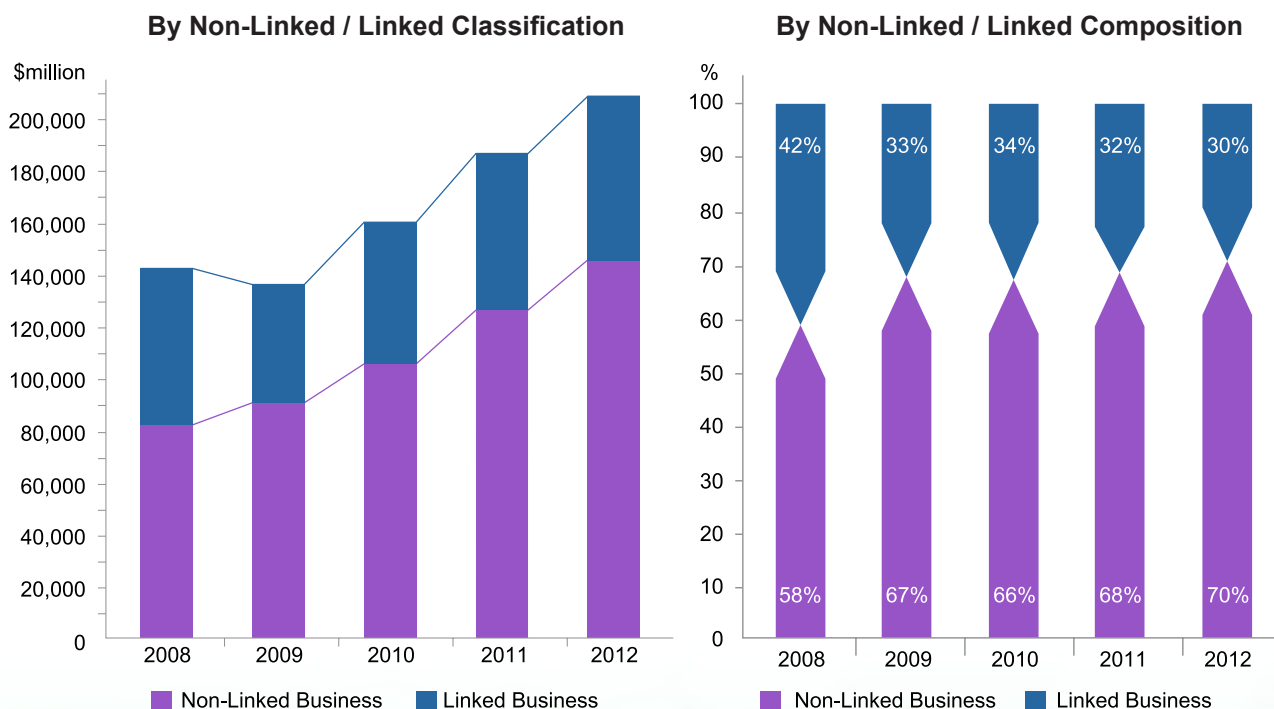


Figure 3.2 In-Force Individual Life Business (Accessible Version)
Office Premiums

By Non-Linked / Linked Classification	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million
Non-Linked Business	82,373.4	90,832.1	105,651.9	126,450.5	145,782.1
Linked Business	59,940.4	45,360.4	54,587.3	60,245.9	63,259.1
By Non-Linked / Linked Composition	2008	2009	2010	2011	2012
	%	%	%	%	%
Non-Linked Business	58	67	66	68	70
Linked Business	42	33	34	32	30

Figure 3.2 In-Force Individual Life Business
Office Premiums of Non-Linked Business

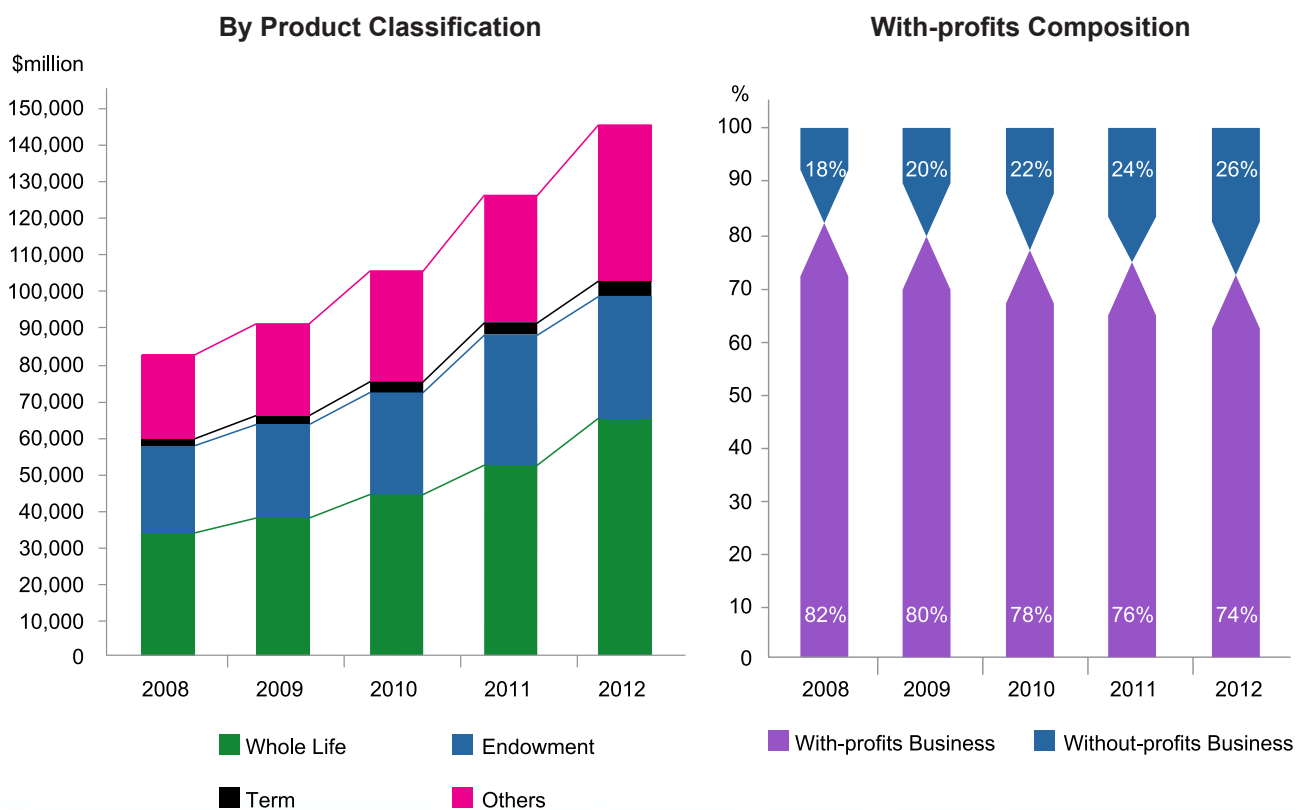


Figure 3.2 In-Force Individual Life Business (Accessible Version)
Office Premiums of Non-Linked Business

By Product Classification	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million
Whole Life	33,678.2	37,813.0	43,867.8	51,894.7	64,538.5
Endowment	24,143.8	25,880.7	28,518.3	36,495.2	34,601.0
Term	1,827.1	2,218.9	2,515.3	3,307.5	3,764.0
Others	22,724.3	24,919.5	30,750.4	34,753.1	42,878.6
With-profits Composition	2008	2009	2010	2011	2012
	%	%	%	%	%
With-profits Business	82	80	78	76	74
Without-profits Business	18	20	22	24	26

New Individual Life Business

Office premiums of new Individual Life business gained by 7.7% to \$75,278 million whereas the number of new policies slightly decreased by 0.9% to 1,069,548 in 2012. Non-Linked business accounted for 77.3% of the new total office premiums and Linked business for the remaining 22.7%.

Non-Linked Business

For new Non-Linked business, office premiums recorded an increase of 18.9% to \$58,177 million in 2012, with single premium business increased by 24.7% and regular premium business by 14.4%. The number of policies also rose by 3.8% to 954,449 in 2012.

Non-Linked business may be classified into with-profits and without-profits business, representing 67.4% and 32.6% of the related new office premiums respectively.

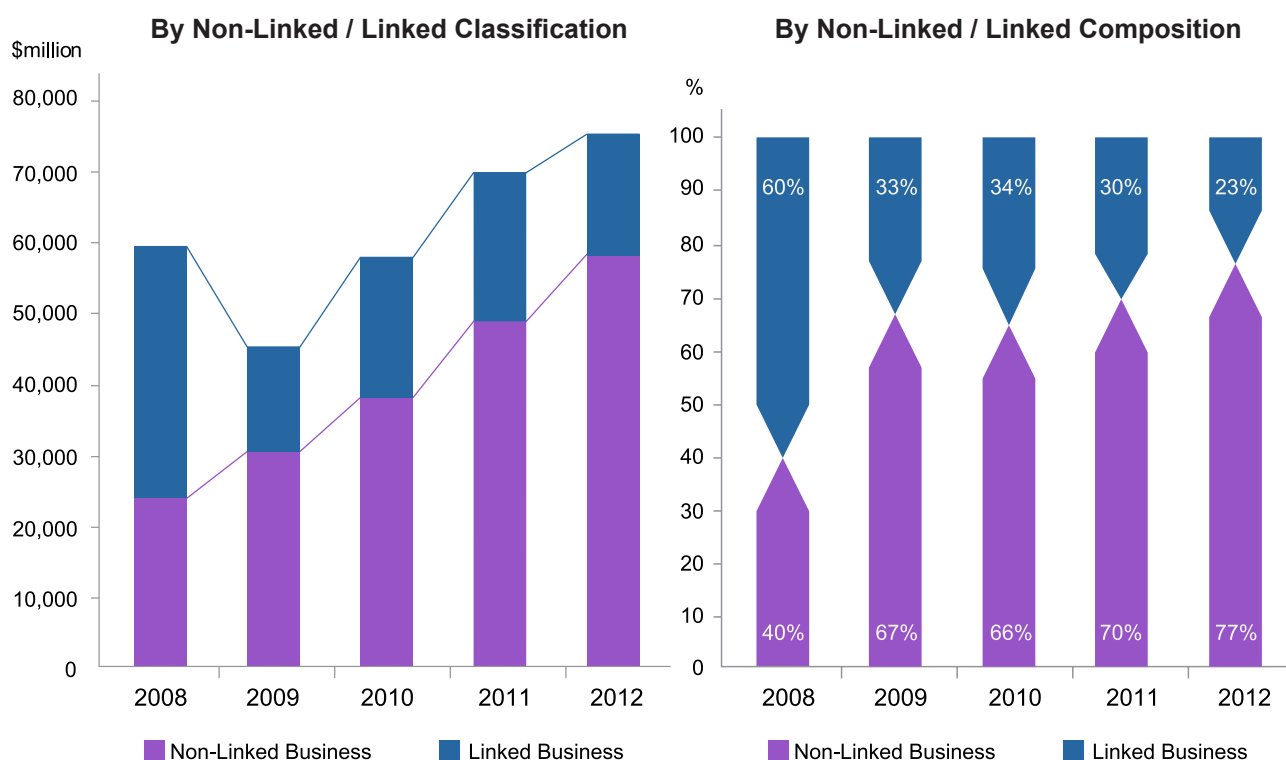
Linked Business

For new Linked business, both office premiums and the number of new policies recorded a drop by 18.3% and 28.0% respectively in 2012. The number of new policies in single payment mode and the related office premiums fell by 47.6% and 23.3% respectively. The number of new policies in regular payment mode and the related office premiums also decreased by 26.5% and 14.0% respectively.

New Business Index

New Business Index, defined as total office premiums for all regular premium products plus one-tenth of single premiums, increased by 6.5% in 2012. The rise in New Business Index was attributable to increases in new premiums of both regular and single premium businesses at a rate of 6.2% and 9.7% respectively. During the year, the New Business Index for Non-Linked business increased by 15.2% whereas that for Linked business decreased by 14.7%.

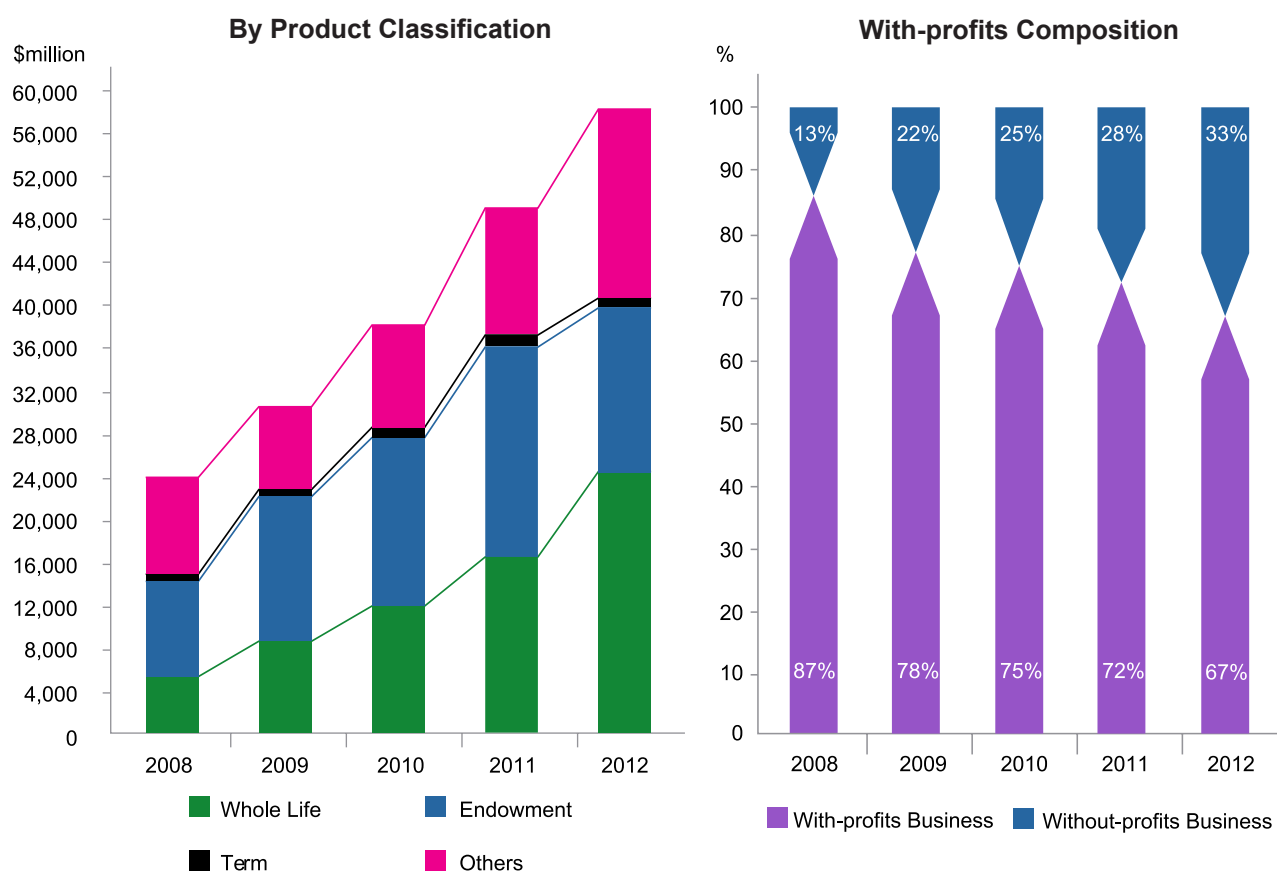
**Figure 3.3 New Individual Life Business
Office Premiums**



**Figure 3.3 New Individual Life Business (Accessible Version)
Office Premiums**

By Non-Linked / Linked Classification	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million
Non-Linked Business	23,762.0	30,394.5	38,023.3	48,937.9	58,177.3
Linked Business	35,675.0	14,789.8	19,923.9	20,926.4	17,100.6
By Non-Linked / Linked Composition	2008	2009	2010	2011	2012
	%	%	%	%	%
Non-Linked Business	40	67	66	70	77
Linked Business	60	33	34	30	23

**Figure 3.3 New Individual Life Business
Office Premiums of Non-Linked Business**



**Figure 3.3 New Individual Life Business (Accessible Version)
Office Premiums of Non-Linked Business**

By Product Classification	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million
Whole Life	5,116.6	8,413.8	11,730.5	16,251.8	24,141.0
Endowment	9,056.4	13,683.2	15,852.2	19,870.2	15,658.8
Term	522.6	597.8	828.7	1,047.9	792.3
Others	9,066.3	7,699.7	9,611.9	11,768.0	17,585.2
With-profits Composition	2008	2009	2010	2011	2012
	%	%	%	%	%
With-profits Business	87	78	75	72	67
Without-profits Business	13	22	25	28	33

Figure 3.4 New Individual Life Business
(Number of Policies and New Business Index)

Type of Insurance	Number of Policies											
	Single Payment				Regular Payment				Total			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
Non-Linked:												
Whole Life	2,840	4,440	4,540	5,702	344,780	331,237	363,261	439,246	347,620	335,677	367,801	444,948
Endowment	38,201	23,472	24,959	21,703	104,375	118,512	135,631	114,892	142,576	141,984	160,590	136,595
Term	475	991	1,066	858	176,546	187,026	183,703	173,165	177,021	188,017	184,769	174,023
Others	6,212	6,964	6,866	7,901	137,686	176,372	199,912	190,982	143,898	183,336	206,778	198,883
	47,728	35,867	37,431	36,164	763,387	813,147	882,507	918,285	811,115	849,014	919,938	954,449
Linked:	11,954	13,827	11,010	5,769	136,957	151,768	148,742	109,330	148,911	165,595	159,752	115,099
Total	59,682	49,694	48,441	41,933	900,344	964,915	1,031,249	1,027,615	960,026	1,014,609	1,079,690	1,069,548
Type of Insurance	Office Premiums											
	Single Payment				Regular Payment				New Business Index*			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Non-Linked:												
Whole Life	3,100.9	5,749.3	8,373.7	12,896.4	5,312.9	5,981.2	7,878.2	11,244.6	5,623.0	6,556.1	8,715.6	12,534.2
Endowment	9,766.3	6,362.2	7,867.2	6,555.6	3,916.9	9,490.0	12,003.0	9,103.2	4,893.5	10,126.2	12,789.7	9,758.8
Term	16.2	48.3	55.1	54.5	581.6	780.4	992.8	737.8	583.2	785.2	998.3	743.3
Others	3,056.9	3,756.3	4,955.4	6,984.3	4,642.8	5,855.6	6,812.7	10,601.0	4,948.5	6,231.2	7,308.2	11,299.4
	15,940.3	15,916.1	21,251.4	26,490.8	14,454.2	22,107.2	27,686.7	31,686.6	16,048.2	23,698.7	29,811.8	34,335.7
Linked:	7,306.7	9,725.6	9,626.9	7,380.6	7,483.1	10,198.3	11,299.5	9,720.1	8,213.8	11,170.9	12,262.2	10,458.2
Total	23,247.0	25,641.7	30,878.3	33,871.4	21,937.3	32,305.5	38,986.2	41,406.7	24,262.0	34,869.6	42,074.0	44,793.9

*New Business Index = 10% Single Premiums + Regular Premiums

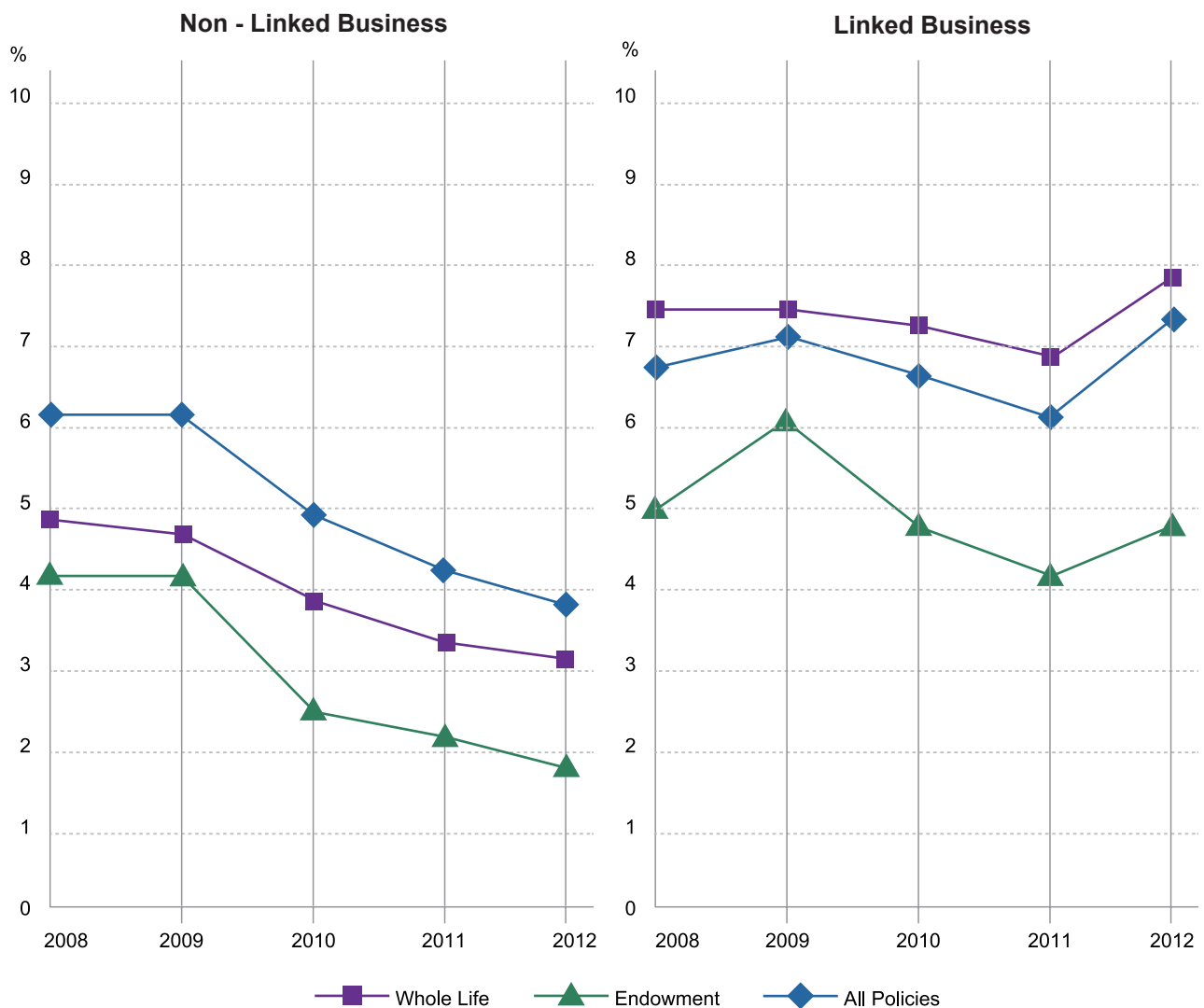
Individual Life Voluntary Termination Rate (Lapses and Surrenders)

Voluntary termination rate is the ratio of the number of policies lapsed or surrendered during the year to the average number of policies in-force and is a measure of the persistency of business.

For Non-Linked Individual Life business, the overall voluntary termination rate improved from 4.2% in 2011 to 3.8% in 2012.

For Linked Individual Life business, the overall voluntary termination rate deteriorated from 6.1% in 2011 to 7.3% in 2012.

Figure 3.5 Individual Life Voluntary Termination Rate



All Policies include term policies and others.

Figure 3.5 Individual Life Voluntary Termination Rate (Accessible Version)

Non-Linked Business	2008	2009	2010	2011	2012
	%	%	%	%	%
Whole Life	4.8	4.6	3.8	3.3	3.1
Endowment	4.1	4.1	2.4	2.1	1.7
All Policies	6.1	6.1	4.9	4.2	3.8
Linked Business	2008	2009	2010	2011	2012
	%	%	%	%	%
Whole Life	7.4	7.4	7.2	6.8	7.8
Endowment	4.9	6.0	4.7	4.1	4.7
All Policies	6.7	7.1	6.6	6.1	7.3

All Policies include term policies and others.

Group Life Business

Group Life business comprises Class A business (non-employer group business) and Class I business (employer group business).

For Class A business, office premiums in 2012 were \$102 million, representing 5.2% of Group Life business. At the end of 2012, there were 236 Class A in-force policies covering 113,280 lives. Total sums assured and net liabilities were \$17,290 million and \$186 million respectively.

For Class I business, office premiums stood at \$1,876 million, representing 94.8% of Group Life business. At the end of 2012, there were 18,018 Class I in-force policies covering 1,107,488 lives. Total sums assured and net liabilities were \$636,828 million and \$583 million respectively.

Figure 3.6 In-Force Group Life Business

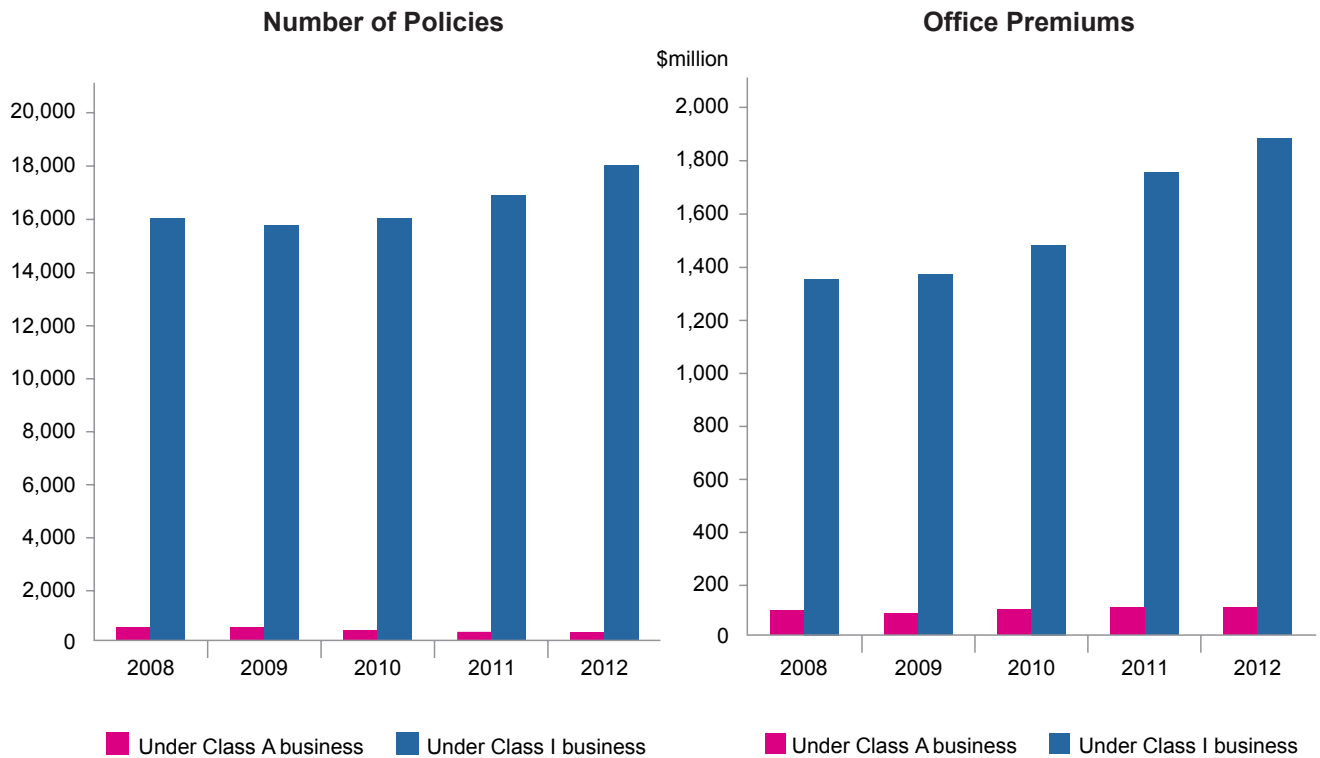


Figure 3.6 In-Force Group Life Business (Accessible Version)

Number of Policies	2008	2009	2010	2011	2012
Under Class A business	380	384	284	225	236
Under Class I business	15,981	15,694	15,978	16,864	18,018
Office Premiums	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million
Under Class A business	89.7	79.4	94.3	99.2	102.1
Under Class I business	1,344.4	1,359.8	1,474.5	1,748.7	1,876.3

Retirement Scheme Business

Retirement Scheme business consists of Class G business which provides for a guaranteed capital or return and Class H business which does not provide for such a guarantee.

Class G contributions amounted to \$8,208 million in 2012, representing 88.0% of overall contributions of Retirement Scheme business. As at 31 December 2012, the related net liabilities amounted to \$82,157 million. Net liabilities may be classified into unit (unitised) and non-unit liabilities. The related unit and non-unit liabilities were \$64,674 million and \$17,483 million respectively.

Following the conversion of some non-guaranteed Retirement Schemes contracts into unit trust structures in 2010, Class H contributions continued decreasing from \$1,189 million in 2011 to \$1,122 million in 2012, representing 12.0% of overall contributions in 2012. As at 31 December 2012, the related net liabilities stood at \$13,189 million, of which unit and non-unit liabilities were \$8,638 million and \$4,551 million respectively.

Figure 3.7 In-Force Retirement Scheme Business

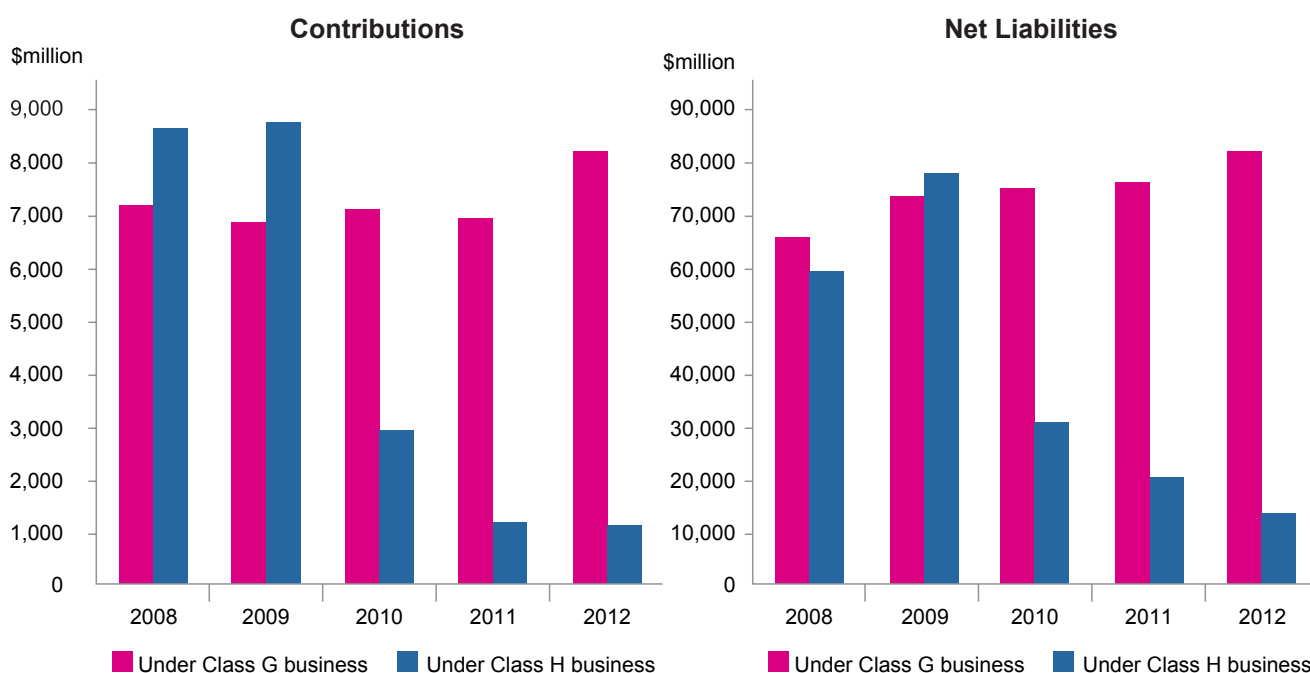


Figure 3.7 In-Force Retirement Scheme Business (Accessible Version)

Contributions	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million
Under Class G business	7,171.2	6,854.0	7,091.2	6,930.6	8,208.2
Under Class H business	8,628.9	8,756.5	2,915.7	1,188.5	1,122.1
Net Liabilities	2008	2009	2010	2011	2012
	\$million	\$million	\$million	\$million	\$million
Under Class G business	65,742.3	73,587.7	75,069.9	76,248.5	82,156.6
Under Class H business	59,162.5	78,019.8	30,414.3	19,981.1	13,188.8

Annuity and Other Business

For Annuity business, there were 63,420 in-force policies at the end of 2012. Its office premiums surged by 96.1% to \$2,951 million and net liabilities increased by 40.2% to \$8,005 million in 2012. During the year, a total of 11,321 new Annuity policies were effected with office premiums of \$1,816 million.

Other business comprises Permanent Health, Tontines and Capital Redemption businesses. For Permanent Health business, the number of in-force policies and office premiums increased by 2.6% to 178,316 and 10.3% to \$823 million respectively and net liabilities increased by 18.1% to \$3,784 million in 2012. For Tontines and Capital Redemption businesses, their total office premiums were about \$0.1 million in 2012.

In terms of premiums, Annuity and Other business only accounted for 1.7% of the market total of the long term insurance business in 2012.

Market Analysis

At as 31 December 2012, there were 63 authorised long term business insurers. Excluding Lloyd's and 7 pure reinsurers, 8 insurers reported in-force office premiums of more than \$10 billion and took up a total of 71.7% of the long term insurance market. The other 47 insurers with office premiums of less than \$10 billion represented the remaining 28.3% of the market total.

Figure 3.8 Grouping of Long Term Business Insurers
According to the Level of Office Premiums of In-Force Business in 2012

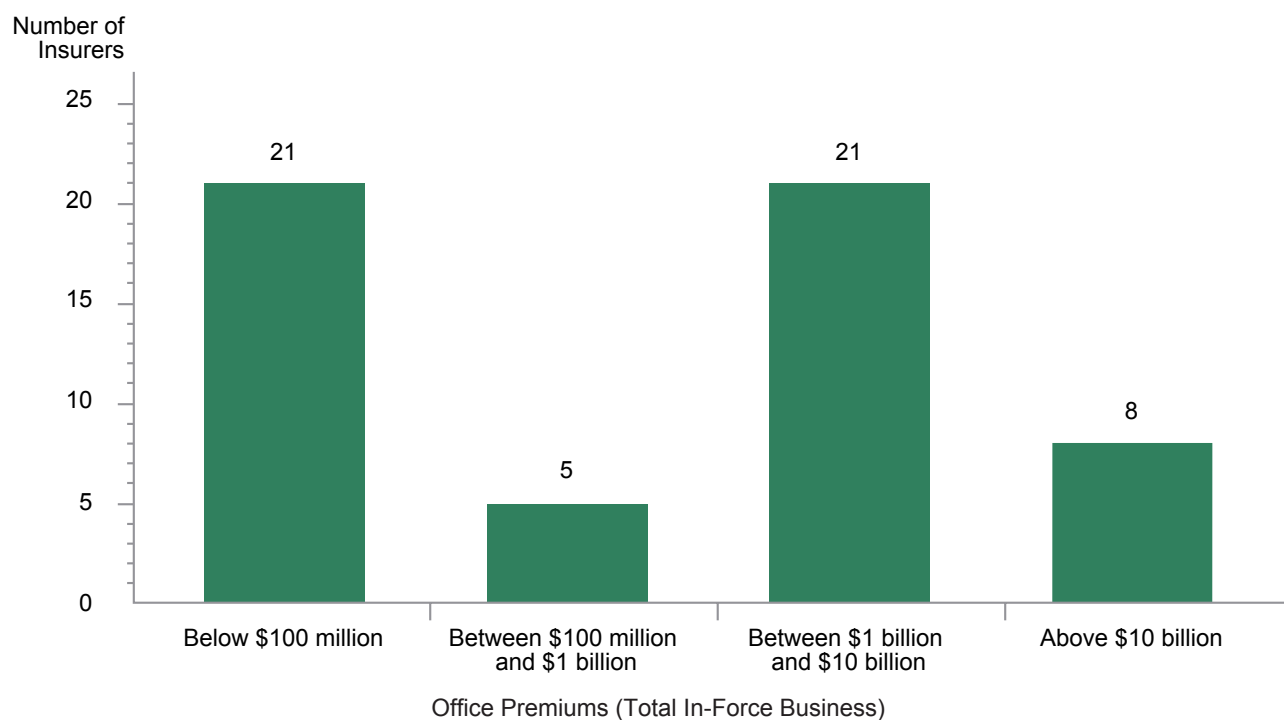


Figure 3.8 Grouping of Long Term Business Insurers
According to the Level of Office Premiums of In-Force Business in 2012 (Accessible Version)

Office Premiums (Total In-Force Business)	Number of Insurers
Below \$100 million	21
Between \$100 million and \$1 billion	5
Between \$1 billion and \$10 billion	21
Above \$10 billion	8

In terms of new Individual Life business, 33 insurers wrote new business in 2012. Among these insurers, 13 reported new office premiums of more than \$1 billion and took up 89.7% of the total business. The other 20 insurers, with new office premiums of less than \$1 billion, shared the remaining 10.3% of the market total.

Figure 3.9 Grouping of Long Term Business Insurers
According to the Level of Office Premiums of New Individual Life Business in 2012

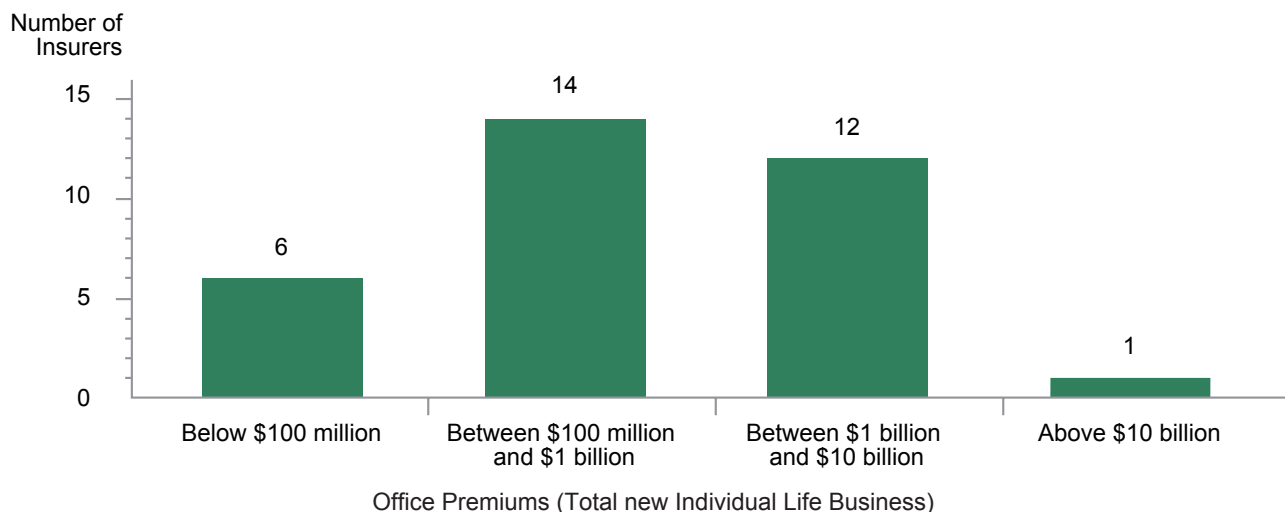


Figure 3.9 Grouping of Long Term Business Insurers
According to the Level of Office Premiums of New Individual Life Business in 2012
(Accessible Version)

Office Premiums (Total New Individual Life Business)	Number of Insurers
Below \$100 million	6
Between \$100 million and \$1 billion	14
Between \$1 billion and \$10 billion	12
Above \$10 billion	1

Market Performance for 2013

Based on provisional statistics, total revenue premiums of in-force long term insurance business amounted to \$248,649 million in 2013, representing a rise of 15.2%.

For Individual Life and Annuity business, revenue premiums increased by 16.1% to \$227,975 million, in which Non-Linked and Linked businesses accounted for \$173,295 million and \$54,680 million respectively. Contributions of Retirement Scheme business also increased by 2.3% to \$17,097 million.

In respect of new business, the office premiums of long term insurance business (excluding Retirement Scheme business) increased by 18.9% to \$92,588 million in 2013. For Individual Life and Annuity business, Non-Linked business grew by 21.0% to \$73,015 million and Linked business by 11.7% to \$19,132 million.

During 2013, over 100,000 new policies were issued to Mainland visitors. Office premiums generated from these new policies amounted to \$14,864 million, representing 16.1% of the total new Individual Life business in 2013.



Supervisory Developments for Insurance Intermediaries



4. Supervisory Developments for Insurance Intermediaries



The Office of the Commissioner of Insurance (“OCI”) is committed as ever to enhancing the professionalism of insurance intermediaries to meet public expectation. We have been working closely with other financial services regulators to maximise cross-sectoral cooperation.

Insurance Intermediaries Quality Assurance Scheme (“IIQAS”)

Introduced in 2000, the IIQAS aims to enhance professionalism of insurance intermediaries in Hong Kong. All insurance agents and brokers, their responsible officers/chief executives and technical representatives (collectively referred to as “insurance intermediaries”) are subject to the Insurance Intermediaries Qualifying Examination (“IIQE”) and the Continuing Professional Development (“CPD”) Programme requirements under the IIQAS.

The IIQE

In addition to other prerequisites, a prospective insurance intermediary is required to meet the IIQE requirements in order to be eligible for registration/authorisation. The IIQE originally consisted of six examination papers: the basic paper on Principles and Practice of Insurance, three qualifying papers (viz. General Insurance, Long Term Insurance, and Investment-linked Long Term Insurance), the Travel Insurance Agents Examination as well as the independent paper on Mandatory Provident Fund (“MPF”) Schemes. On 2 May 2013, upon the request of the Mandatory Provident Fund Schemes Authority (“MPFA”) together with the endorsement of the IIQAS Steering Committee, the MPF Schemes Examination ceased to be part of the IIQE, and the MPFA has since become the appointment authority for this paper.

Examinations are offered throughout the year in both pen-and-paper mode and computer screen mode. The cumulative statistics on the IIQE as at 31 December 2013 are shown in Figure 4.1 below.

Figure 4.1 The IIQE (Cumulative Statistics as at 31 December 2013)

Examination Paper	Number of Sitzings	Passing Rate
Basic Examination Paper – Principles and Practice of Insurance	470,277	52%
Qualifying Examination Papers –		
General Insurance	224,954	45%
Long Term Insurance	416,159	58%
Investment-linked Long Term Insurance	242,323*	56%*
Travel Insurance Agents Examination Paper	14,817	40%
Independent Examination Paper- Mandatory Provident Fund Schemes	160,912**	66%**

*As at 31 December 2013, there were a total of about 242,323 candidates sitting for the Investment-linked Long Term Insurance Paper ("IL Paper"), comprising 166,578 candidates sitting for the previous IL Paper and 75,745 for the enhanced version. The passing rates were about 58% and 53% respectively.

**The figures reported for the MPF Schemes Examination are cumulative figures as at 30 April 2013 and also included the number of sittings for the MPF Intermediaries Examination conducted by the Hong Kong Securities and Investment Institute. Both examinations were recognised by the MPFA for meeting the MPF intermediary examination requirement prior to 2 May 2013.

The Vocational Training Council is the examination body of the IIQE. It regularly reviews and updates the study notes and examination questions for each of the IIQE examination papers, taking account of the latest regulatory and market developments.

The CPD Programme

The CPD Programme aims at ensuring that insurance intermediaries constantly keep abreast of the industry knowledge and maintain their professional competence. By requiring them to earn a minimum of 10 CPD hours every year, the Programme encourages insurance intermediaries to pursue lifelong learning, enhance professionalism and deliver excellent services to the insuring public. As for travel insurance agents, they are also subject to the CPD requirement of 3 CPD hours per year.

For quality assurance, the Hong Kong Council for Accreditation of Academic and Vocational Qualification is appointed as the assessment authority for the CPD Programme to provide assessment services for CPD activities. A list of the approved CPD activities and their respective CPD hours is regularly updated and posted on its website (<http://www.hkcaavq.edu.hk>).



Monitoring of Insurance Intermediaries

The OCI continues to monitor the insurance intermediaries under its regime to ensure their compliance with the requirements of the Insurance Companies Ordinance (Cap. 41). The OCI also conducts on-site inspections to these intermediaries and ensures that irregularities identified are followed up properly.

Monitoring of MPF Intermediaries

Prior to 1 November 2012, the regulation of MPF intermediaries was under an administrative regulatory regime. With the introduction of Employee Choice Arrangement, the Mandatory Provident Fund Schemes Ordinance (Cap. 485) (“MPFSO”) was amended to, inter alia, put in place a statutory framework for the regulation of registered MPF intermediaries with effect from 1 November 2012. Under the new statutory regime for regulation of MPF intermediaries, the Insurance Authority (“IA”) is given the statutory role as the frontline regulator under the MPFSO for monitoring compliance of registered MPF intermediaries from the insurance sector with the conduct requirements stipulated in MPFSO and the relevant Guidelines on Conduct Requirements for Registered Intermediaries issued thereunder.

Under the MPFSO, the IA may exercise the inspection powers for ascertaining the registered MPF intermediaries’ compliance with the statutory conduct requirements. Where the IA has reasonable cause to believe that any registered MPF intermediaries may have failed to comply with the statutory conduct requirements, the IA may exercise the investigation powers under the MPFSO for investigating the suspected non-compliance.

Cross-sectoral Cooperation

The OCI continues to work closely with the Hong Kong Monetary Authority, the MPFA, the Securities and Futures Commission, and other law enforcement agencies on cross-sectoral issues. The OCI and these regulators also hold regular meetings to discuss issues of common supervisory concerns.



Consumer Protection



5. Consumer Protection



Insurance involves the delivery of a promise in the future. It is essential to build up consumers' confidence in the insurance industry through continuous education and protection. The Office of the Commissioner of Insurance ("OCI") is committed to working hand-in-hand with various parties for promoting market transparency and good industry practices which result in win-win situation for the insuring public and the insurance industry.

Market Transparency

Policyholders and insurance industry need timely access to statistical information to assist them in appraising market performance and making financial decisions. To enhance market transparency, the OCI regularly publishes insurance statistics on its homepage, newsletters and annual reports.

Every year, the OCI compiles statistics on the underwriting performance of Hong Kong general insurance business based on the audited Hong Kong General Business Returns of insurers. Extensive data covering premiums, underwriting expenses, claims experiences as well as underwriting result for each class of business, distinguished between direct business and reinsurance inward business, are published. Key business figures of individual insurers are also released.

To better assist general business insurers in their assessment of the claims cost of two compulsory lines of insurance business, namely, employees' compensation ("EC") business and motor vehicle business, the OCI also publishes additional statistics for this purpose. These include annual statistics on the gross premiums, gross claims paid and gross outstanding claims development data, broken down by trade occupation for EC business, and by type of vehicle, type of coverage, and nature of claims for motor vehicle business on an aggregate basis.

Every quarter, the OCI publishes provisional general insurance business statistics on the underwriting performance for each class of direct and reinsurance inward business, under which direct Accident & Health business is further broken down into “medical” and “non-medical” business. The provisional statistics on the underwriting performance of motor vehicle business broken down by type of vehicle are also published quarterly.

To further enhance the transparency and quality of insurance statistics, the OCI also publishes quarterly statistics on the underwriting performance of new sub-classes of direct Motor Vehicle, Ships, Property Damage, General Liability and Pecuniary Loss businesses as well as that of EC insurance business by trade occupation.

In respect of long term insurance business, annual statistics are compiled based on the Hong Kong Long Term Business Returns certified by appointed actuaries of long term business insurers. The published statistics cover extensive information for both new and in-force businesses, such as number of policies, premiums, net liabilities and voluntary termination rates under various classes of business or types of insurance products.

Quarterly provisional long term insurance business statistics are also compiled based on the information reported by insurers in the Hong Kong Long Term Business Quarterly Returns. The statistics cover areas such as new business, in-force business, terminated policies, reinsurance business, policy replacements and individual policies issued to Mainland visitors. In 2013, the OCI revised these quarterly returns by collecting additional information on currency, on-shore/off-shore, premium term and distribution channel in respect of new individual business for its release in 2014. The quarterly and annual long term insurance business statistical data are released on both aggregate and individual insurer bases.

Newsletter “ILens”

The OCI’s newsletter “ILens” aims at promoting regulatory transparency and consumer education. It is a channel for the OCI to communicate to the public and the industry about insurance topical issues, market performance and development. It has a wide-reach readership of the general public, insurance practitioners, academics, professionals, mass media and other financial services regulators.

Professionals and market experts are invited to write feature articles for the “ILens”, catching the industry developments as well as sharing important points to note for consumers in procurement of insurance products. General topics like corporate governance, prevention of money laundering, professionalism, customer service and insurance product developments all aim at promoting consumer education. Latest performance of the local insurance market, industry initiatives and regulatory news are also reported to enhance the public’s understanding about the local insurance market and the regulatory regime.

Published copies of “ILens” are available free of charge from the OCI, the District Offices of the Home Affairs Department and the Consumer Council. The electronic version of “ILens” is accessible on the OCI’s website.



Public Educational Campaign

To promote consumer education, including drawing the attention of consumers to the important points that they should take note of when considering to procure insurance products, the OCI publishes booklets on insurance intermediaries and educational pamphlets on a variety of topics, including “Buying Insurance – What you need to know”, “Life Insurance Policy Replacement – What you need to know” and “Travel Insurance – What you need to know”. Electronic versions of these educational pamphlets are available in the OCI’s website and hyperlinked with the Consumer Council’s website.

To promote public’s awareness in travel insurance, the announcements of public interests – Travel Insurance Means Travel Reassurance TV announcement prepared by the Information Services Department has also been linked to and is available for viewing on the OCI’s website since July 2007.

In the areas of promoting professional ethics and corruption prevention, the OCI rendered its support to The Independent Commission Against Corruption (“ICAC”) which worked with industry bodies in the “Professional Ethics Programme for the Insurance Sector”. Training filmlet, “The Noble Means”, together with case studies, guidebooks, enhancement of anti-corruption contents in courses for Continuing Professional Development assessment and ICAC seminars on managing staff integrity and corruption prevention were produced and conducted for insurance practitioners. These materials contain guidelines and examples for good market practices which enhance professionalism and ethics.



Other Measures for Consumer Protection

The OCI and the insurance industry have continued to take joint efforts to promote consumer protection measures. These measures include:

- **Consumer Protection Declaration Form (“CPDF”)**

The CPDF is introduced under the Code of Practice for Life Insurance Replacement (“Code”) issued by the insurance industry as a self-regulatory measure to prevent twisting of life policies. It should be completed and signed to evidence that an insurance intermediary has clearly explained to a life policyholder the consequences and potential disadvantages of replacing an existing policy. A life policy applicant is also required to declare in the CPDF that he/she has received a copy of the OCI’s educational pamphlet “Life Insurance Policy Replacement – What you need to know”. In 2008, the Code was revised to keep pace with market developments and to clarify the responsibility of claim payment under the circumstance of twisting being proven.

- **Cooling-Off Period for Long Term Insurance Policies**

Policyholders are given a cooling-off period to review the terms and conditions of their long term insurance policies. The arrangement was first introduced in 1996 and would from time to time be revised to take into consideration of market developments. The cooling-off period aims to give policyholders of new life insurance policies a chance to re-consider within a reasonable period of time their decision to purchase a life insurance product. Policyholders have the right to cancel new policies within the cooling-off period and request for a refund of the premium(s) paid. In 2009, the Life Insurance Council of The Hong Kong Federation of Insurers (“HKFI”) decided to extend the cooling-off period. With effect from 1 February 2010, the cooling-off period is 21 days after the delivery of the policy or issue of a notice (informing the policyholder of the availability of the policy and the expiry date of the cooling-off period) to the policyholder or the policyholder’s representative, whichever is the earlier.

- **Illustration Standards for Long Term Insurance Policies**

The insurance industry works with the relevant regulatory authorities in developing illustration standards to enhance the transparency of life policies. The standards provide prospective policyholders with a summary of insurance benefits, investment returns and surrender values. This illustration will not only reduce potential market malpractice, but also enable prospective policyholders to make informed decisions.

In December 2012, enhancement of the illustration standards for investment-linked insurance products was also made by implementing new illustration rates with effect from 1 January 2014.

- **Code of Conduct and Code of Practice**

As part of the self-regulatory initiatives taken by the industry, the HKFI has published the Code of Conduct for Insurers and the Code of Practice for the Administration of Insurance Agents. These Codes aim to promote good practice among insurers in the conduct of their insurance business and the administration of their insurance agents.

- **Strengthening of Investment-Linked Assurance Schemes (“ILAS”) Regulation**

To strengthen the regulation of ILAS, the OCI has worked in collaboration with the HKFI to draw up a package of measures for strengthening the regulation of ILAS products.

To ensure that consumers purchase products that are suitable for them and consistent with their needs and risk appetite, a suitability test comprising the enhanced Financial Needs Analysis, Risk Profile Questionnaire, Applicant's Declarations and post-sale telephone confirmation for vulnerable groups has been rolled out in phases from October to December 2009.

To also ensure that insurance intermediaries possess adequate knowledge of the ILAS products available in the market place before introducing them to prospective clients, the examination and training requirements for insurance intermediaries selling ILAS products have been upgraded with effect from 1 March 2010.

In parallel, consumer education has continuously been stepped up, including the updating of the information pamphlet on ILAS (by the HKFI in January 2010) and the enhancing of publicity through different media. Since 1 February 2011, a pamphlet entitled “Questions you need to ask before taking out an ILAS product” has been distributed to potential policyholders of ILAS products at the point of sale. This pamphlet is prepared by the HKFI under the support of the OCI for the purpose of facilitating easy and clear understanding by the consumers before taking out an ILAS product. The pamphlet contains seven key questions that consumers may need to consider before taking out an ILAS product. These key questions help consumers to understand the nature and characteristics of the ILAS products they intend to buy. The pamphlet was revised in June 2013 to reflect the updated requirements to enhance customer protection for ILAS products. It is available for downloading from the website of the HKFI (<http://www.hkfi.org.hk>).

In December 2012, the HKFI, in consultation with the OCI, issued the Guidance Note on ILAS Illustration to change the existing illustration from two illustration rates (9% and 5%) to three (9%, 6% and 3%) with effect from 1 January 2014. The revised illustration rates are to ensure that customers receive proper information and disclosure and that the rates of illustration are more appropriate to the current investment environment.

In April 2013, the HKFI, after consulting the OCI, issued the Updated Requirements Relating to the Sale of Investment Linked Assurance Scheme to Enhance Customer Protection. The new enhanced measures include (1) the need for a policyholder to complete an Important Facts Statement cum Applicant's Declaration Form which contains key features of the ILAS product for customers' information at the point of sale, including cooling-off period, upfront and early surrender charges and intermediaries' remuneration disclosure and (2) the extension of audio-recorded post-sale telephone calls to all customers purchasing ILAS products. Insurers selling ILAS products had implemented these new requirements since 30 June 2013.

- **Disclosure of Commission by Insurance Brokers**

The Hong Kong Confederation of Insurance Brokers ("CIB"), Professional Insurance Brokers Association ("PIBA") and the HKFI reached a consensus on the commission disclosure requirements, under which insurance brokers are required to disclose to their clients that they are remunerated by insurers for their services. When asked by clients about the extent of remuneration, it is incumbent upon insurance brokers to provide that information either in a maximum percentage of the premium or in a maximum dollar amount. Such requirements have been codified in the rules and regulations of CIB and PIBA. The HKFI has also released a position paper to its member companies setting out the requisite practice for them to make similar disclosure in the insurers' own documents provided to clients. The new disclosure requirements have been implemented since 15 April 2013.

- **Prohibition of Gift Incentives**

In order to encourage customers to focus on the nature and risks associated with their chosen insurance products, the HKFI, in collaboration with the OCI, issued the Guidance Note on Gifts in May 2011 to govern the offering of gifts in relation to the promotion of investment-linked insurance products.



To extend the guidance to other insurance products with saving component, the HKFI issued in January 2012 the Guidance Note on Gifts, Promotions and Incentives for Class A and Class C Products. This Guidance Note was revised in 2013 and has taken effect from 1 January 2014.

The above Guidance Notes restrict insurers from offering any gift (other than a discount of fees or charges) when promoting insurance investment or saving products to policyholders or prospective policyholders.

Enquiries and Complaints

Members of the public may contact the following organisations for enquiries and complaints:

Subject Matter	Name of Organisation
<ul style="list-style-type: none">• Insurers• Insurance brokers authorised by the Insurance Authority• Other matters relating to the supervision of the insurance industry	<ul style="list-style-type: none">• Office of the Commissioner of Insurance (Insurance Authority) Address : 21/F., Queensway Government Offices, 66 Queensway, Hong Kong Telephone : 2867 2565 Fax : 2869 0252 E-mail : iamail@oci.gov.hk Website : http://www.oci.gov.hk
<ul style="list-style-type: none">• Insurance agents	<ul style="list-style-type: none">• Insurance Agents Registration Board Address : 29/F., Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong Telephone : 2520 1868 Fax : 2520 1967 E-mail : hkfi@hkfi.org.hk Website : http://www.hkfi.org.hk • The insurers concerned

Subject Matter	Name of Organisation
<ul style="list-style-type: none"> Insurance brokers who are members of approved bodies of insurance brokers 	<ul style="list-style-type: none"> The Hong Kong Confederation of Insurance Brokers <p> Address : Room 3407, AIA Tower, 183 Electric Road, Fortress Hill, Hong Kong Telephone : 2882 9943 Fax : 2890 2137 E-mail : info@hkcib.org Website : http://www.hkcib.org </p>  Professional Insurance Brokers Association <p> Address : Room 2507-2508, 25/F., China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong Telephone : 2869 8515 Fax : 2770 2372 E-mail : info@piba.org.hk Website : http://www.piba.org.hk </p> 

Subject Matter	Name of Organisation
<ul style="list-style-type: none"> Registered MPF intermediaries 	<ul style="list-style-type: none"> For complaints relating to conduct of registered MPF intermediaries, of whom the IA has been assigned as the frontline regulator, the OCI will handle such complaints in accordance with the relevant provisions of the Mandatory Provident Fund Schemes Ordinance (see the OCI's contacts above). If you have any enquiries relating to MPF matters, you may contact the Mandatory Provident Fund Schemes Authority: <p>Mandatory Provident Fund Schemes Authority</p> <p>Address : Units 1501A and 1508, Level 15, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong</p> <p>Telephone : 2918 0102</p> <p>Fax : 2259 8806</p> <p>E-mail : mpfa@mpfa.org.hk</p> <p>Website : http://www.mpfa.org.hk</p>
<ul style="list-style-type: none"> Claims dispute arising from personal insurance policies (with dispute amount not exceeding \$800,000, with effect from 1 February 2006) 	<ul style="list-style-type: none"> The Insurance Claims Complaints Bureau <p>Address : 29/F., Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong</p> <p>Telephone : 2520 2728</p> <p>Fax : 2520 1967</p> <p>E-mail : iccb@iccb.org.hk</p> <p>Website : http://www.iccb.org.hk</p>



Organisation and Management



6. Organisation and Management



The Office of the Commissioner of Insurance (“OCI”) with its high performing professional team is dedicated to meeting new regulatory challenges with enhanced knowledge in the increasingly sophisticated insurance market amid the tide of new global supervisory standards.

Establishment of the OCI

Established on 8 June 1990, the OCI is headed by the Commissioner of Insurance, who is appointed as the Insurance Authority (“IA”) responsible for regulation and supervision of the insurance industry in Hong Kong. The OCI is an establishment under the Financial Services and the Treasury Bureau of the Hong Kong Special Administrative Region Government.

Organisation Structure and Staffing

The OCI comprises four divisions, namely General Business Division, Long Term Business Division, Enforcement Division, and Policy and Development Division, each headed by an officer at the rank of Assistant Commissioner. Regulatory duties are assigned to 16 professional teams operating under these four divisions, each led by a Senior Insurance Officer/Senior Manager. Furthermore, there were 40 general grade staff members as at end of December 2013 providing administrative and clerical support to 106 professional officers. An organisational chart of the OCI is shown below:





Establishment of an Independent IA

To meet with the rapid development in the insurance market and align with international practices, the Government proposes to establish an independent IA. Taking into account the recommendations of the consultancy studies, the Government prepared a broad framework for the proposed independent IA for public consultation from 12 July to 11 October 2010. Following the release of the consultation conclusions and the detailed proposals on 24 June 2011, the Government consulted the Legislative Council Panel on Financial Affairs on 4 July 2011. Feedback from the consultation exercise indicates general public support for the proposed independent IA. Based on the comments received, the consultation document on the key legislative proposals for the establishment of independent IA was issued in October 2012 for a 3-month public consultation. Taking into account the comments and views received in the consultation exercise, the Government has refined the proposals and released the Consultation Conclusions on 26 June 2013.

The Government will continue to engage stakeholders and have established a working group with The Hong Kong Federation of Insurers, three existing Self-regulatory Organisations and insurance intermediaries to prepare for a smooth transition from the existing self-regulatory regime to the statutory licensing regime for insurance intermediaries.

The Government has introduced the Insurance Companies (Amendment) Bill 2014 into the Legislative Council in April 2014.

Staff Training and Development

The OCI recognises that continuing professional development for its staff is important to ensure the effective supervision of the insurance industry. To keep staff abreast of the latest developments in their professions and update their supervisory skills, the OCI arranges seminars and courses on insurance, accounting, actuarial science, finance, risk management, law, information technology, anti-money laundering, etc. for them. In recognition of the importance of international cooperation, staff are also given opportunities to participate in overseas training activities to exchange views with overseas counterparts. A total of 12 officers participated in conferences and seminars held in India, Japan, Singapore, Taiwan, the United Kingdom as well as the Mainland during the year.

To facilitate its staff to attain professional membership, the OCI has been registered as an Authorised Employer of the Hong Kong Institute of Certified Public Accountants since 2005. The OCI's comprehensive training and development programmes also enable it to become the first government office to be awarded the Approved Employer - Trainee Development (Silver Level) and Professional Development status of the Association of Chartered Certified Accountants.

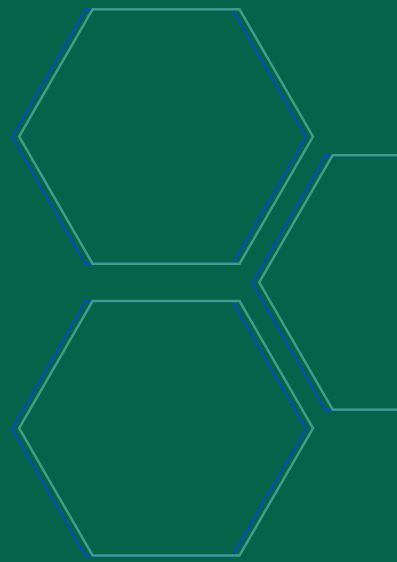
OCI Website

The OCI website continues to function as an effective channel to disseminate regulatory information and statistical data. It also contains the OCI publications, circulars, speeches and hyperlinks to official websites of insurers authorised in Hong Kong. Adopting the Common Look and Feel of government websites and conforming to the World Wide Web Consortium (“W3C”) Web Content Accessibility Guidelines (“WCAG”) 2.0 Level AA requirements to the maximum extent possible, the OCI website provides a familiar interface with user-friendly navigation.

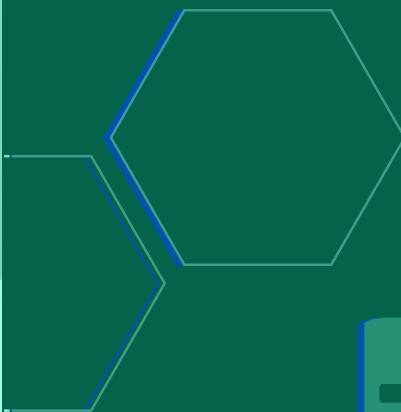


24-hour Enquiry Hotline

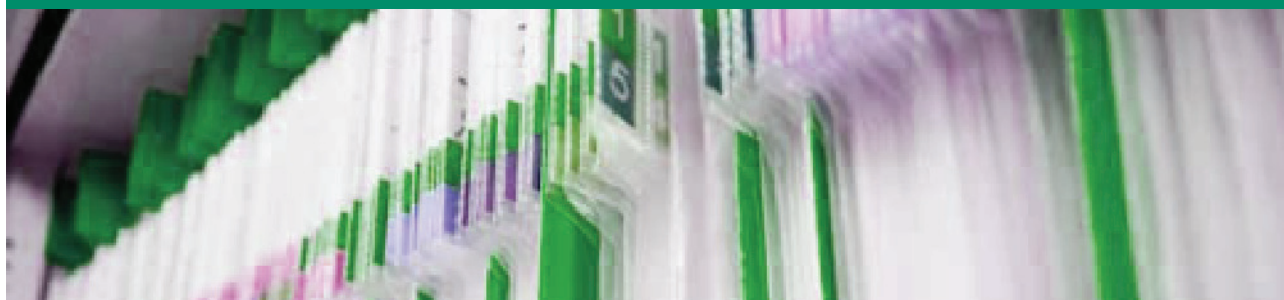
The OCI hotline provides round the clock services through a trilingual (Cantonese, Mandarin and English) interactive telephone system. It is capable of supplying general information on topics including authorisation status of insurers, regulation of insurance intermediaries, Insurance Intermediaries Quality Assurance Scheme as well as complaints against insurers and insurance intermediaries. A total of 2,525 enquiries were handled through this hotline in 2013.



Appendices



Appendices



- Appendix 1** Regulatory Framework of the Insurance Industry
- Appendix 2** Insurance Advisory Committee Membership as at 31 December 2013
- Appendix 3** List of Authorised Insurers as at 31 December 2013
- Appendix 4** Changes of Authorised Insurers from 1 January 2013 to 31 December 2013
- Appendix 5** Number of Authorised Insurers by Place of Incorporation as at 31 December 2013
- Appendix 6** Number of Authorised Insurers by Class of Insurance Business as at 31 December 2013
- Appendix 7** Number of Insurance Intermediaries as at 31 December 2013
- Appendix 8** List of Guidance Notes Promulgated as at 31 December 2013
- Appendix 9** List of Circulars Issued from 1 January 2013 to 31 December 2013

Appendix 1

Regulatory Framework of the Insurance Industry

The **Insurance Companies Ordinance** (Cap. 41) (“ICO”) provides a legal framework for the prudential supervision of the insurance industry in Hong Kong. The objectives of the ICO are to protect the interests of the insuring public and to promote the general stability of the insurance industry. The Commissioner of Insurance is appointed the Insurance Authority (“IA”) to administer the ICO.

Regulatory Framework of Insurers

Authorisation Requirements – Any company wishing to carry on insurance business in or from Hong Kong must obtain authorisation from the IA. The minimum requirements for authorisation include those on capital and solvency, fitness and properness of directors and controllers and adequacy of reinsurance arrangements. Applicants for authorisation must also meet the conditions set out in the Authorisation Guidelines promulgated by the IA.

Minimum Capital and Solvency Margin Requirements – An insurer is required to have a minimum amount of paid-up capital and to maintain a surplus of assets over its liabilities of an amount not less than a specified margin of solvency.

Minimum Amounts of Paid-up Capital and Solvency Margin				
Type of Insurance Business		Minimum Paid-up Capital (\$)	Minimum Solvency Margin (\$)	
General	<u>Without</u> Statutory Business	10 million	10 million	
	<u>With</u> Statutory Business	20 million	20 million	
Long Term		10 million	2 million	
Composite	<u>Without</u> Statutory Business	20 million	General: 10 million	Long Term: 2 million
	<u>With</u> Statutory Business	20 million	General: 20 million	
Captive		2 million	2 million	

Local Asset Requirement - With the exception of pure reinsurers and captive insurers, an insurer carrying on general insurance business is required to maintain assets in Hong Kong of an amount which is not less than the aggregate of 80% of its net liabilities and the solvency margin applicable to its Hong Kong general insurance business.

Financial Reporting Requirements – An insurer is required to submit annually to the IA the following financial documents:

	Insurers carrying on General business	Insurers carrying on Long Term business
Audited financial statements	✓	✓
	(In accordance with the requirements of the Third Schedule to the ICO)	
In respect of general insurance business carried on in or from Hong Kong		
• Audited General Business Returns	✓	—
• Audited Statement of Assets & Liabilities	✓ (Except captive insurer & pure reinsurer)	—
Actuarial Investigation Report	—	✓
In respect of long term insurance business carried on in or from Hong Kong		
• Audited revenue account(s), together with the supplementary information	—	✓
• Valuation Summary	—	✓
• Valuation Balance Sheet, together with the supplementary information	—	✓

Regulatory Framework of Insurance Intermediaries

Insurance intermediaries operate under a self-regulatory system which is specified under Part X of the ICO.

	Insurance Agent	Insurance Broker
Registration	<p>A person is required to be appointed by an insurer and registered with the Insurance Agents Registration Board ("IARB") established under The Hong Kong Federation of Insurers ("HKFI") in order to act as an insurance agent. The responsible officer and technical representative of an insurance agent are also required to be registered with the IARB.</p> <p>An appointed insurance agent shall not represent more than four insurers, of whom no more than two shall be long term business insurers. In addition, he shall not be an authorised insurance broker at the same time.</p>	<p>A person is required to be authorised by the IA or become a member of a body of insurance brokers approved by the IA in order to act as an insurance broker. The chief executive and technical representative of an insurance broker are also required to be registered with the IA or the relevant approved body, as the case may be.</p> <p>An authorised insurance broker shall not be an appointed insurance agent at the same time.</p>
Administration	<p>An insurance agent, his responsible officer and technical representative have to satisfy the IARB that they are fit and proper and fulfil all the requirements specified under the Code of Practice for the Administration of Insurance Agents ("Code of Practice") issued by the HKFI.</p> <p>An insurer has to comply with the Code of Practice in its administration of insurance agents. An insurer is held responsible for the actions of its appointed insurance agents in their dealings of insurance contracts.</p>	<p>An insurance broker, its chief executive and technical representative must be fit and proper. Besides, the insurance broker must satisfy the minimum requirements specified by the IA with regard to:</p> <ul style="list-style-type: none"> • qualifications and experience; • capital and net assets; • professional indemnity insurance; • keeping of separate client accounts; and • keeping of proper books and accounts. <p>An insurance broker is required to submit annually to the IA or the relevant approved body of insurance brokers, as appropriate, its audited financial statements together with an auditor's report certifying the broker's continued compliance with the minimum requirements.</p> <p>An approved body of insurance brokers is also required to submit annually to the IA an auditor's report on the continued compliance with the minimum requirements by all its members.</p>

Insurance Companies Ordinance and Subsidiary Legislation

Insurance Companies Ordinance and Subsidiary Legislation
Insurance Companies Ordinance (Cap. 41)
Insurance Companies (Actuaries' Qualifications) Regulations (Cap. 41 sub. leg. A)
Insurance Companies (Register of Insurers) (Prescribed Fee) Regulations (Cap. 41 sub. leg. B)
Insurance Companies (Authorisation and Annual Fees) Regulation (Cap. 41 sub. leg. C)
Insurance Companies (Miscellaneous Fees) Regulation (Cap. 41 sub. leg. D)
Insurance Companies (Determination of Long Term Liabilities) Regulation (Cap. 41 sub. leg. E)
Insurance Companies (Margin of Solvency) Regulation (Cap. 41 sub. leg. F)
Insurance Companies (General Business) (Valuation) Regulation (Cap. 41 sub. leg. G)
Insurance Companies (Actuaries' Standards) Regulation (Cap. 41 sub. leg. H)

Appendix 2

Insurance Advisory Committee Membership as at 31 December 2013

Chairman	Professor K C CHAN, GBS, JP, Secretary for Financial Services and the Treasury
Members	Ms Annie CHOI, JP, Commissioner of Insurance
	The Honourable CHAN Kin-por, BBS, JP
	Ms Agnes CHOI Heung-kwan
	Mr Michael Edward HUDDART
	Mrs Agnes KOON WOO Kam-oi
	Mr Davey LEE Kwun-kwan
	The Honourable Starry LEE Wai-king, JP
	Ms Amanda LIU Lai-yun
	Mr LIU Ting-an
	Mr Jeremy Robert PORTER
	Dr Michael TSUI Fuk-sun
	Professor WONG Tak-jun
	Mr Jason YEUNG Chi-wai
Secretary	Miss Lily CHAN

The Insurance Advisory Committee is established under section 54 of the Insurance Companies Ordinance (Cap.41) ("ICO"). Its function is to advise the Chief Executive on matters relating to the administration of the ICO and the carrying on of insurance business in Hong Kong.

Appendix 3

List of Authorised Insurers as at 31 December 2013

N.B.: This list includes insurers which were authorised as at 31 December 2013 but had ceased writing insurance business in or from Hong Kong thereafter. Reference should be made to the Register of Authorised Insurers kept by the Insurance Authority regarding the authorisation status of individual insurers.

Name of Insurer	Place of Incorporation *	Type of Business Authorised #
ABCI Insurance Company Limited	HK	General
ACE Insurance Limited	HK	General
ACE Life Insurance Company Ltd.	Bermuda	Long Term
Ageas Insurance Company (Asia) Limited	Bermuda	Long Term
AIA Company Limited	HK	Composite
AIA International Limited	Bermuda	Composite
AIG Insurance Hong Kong Limited	HK	General
AIG United Guaranty Insurance (Asia) Limited	HK	General
Allianz Global Corporate & Specialty AG	Germany	General
Allied World Assurance Company, Ltd	Bermuda	General
American Family Life Assurance Company of Columbus	USA	Long Term
Asia Capital Reinsurance Group Pte. Ltd.	Singapore	General (R)
Asia Insurance Company, Limited	HK	Composite
Assicurazioni Generali Società per Azioni	Italy	Composite
Assuranceforeningen Gard-gjensidig-	Norway	General
Atradius Credit Insurance N.V.	Netherlands	General
Aviva Life Insurance Company Limited	HK	Long Term
AXA China Region Insurance Company (Bermuda) Limited	Bermuda	Composite

Name of Insurer	Place of Incorporation *	Type of Business Authorised #
AXA China Region Insurance Company Limited	HK	Composite
AXA Corporate Solutions Assurance	France	General
AXA General Insurance China Limited	HK	General
AXA General Insurance Hong Kong Limited	HK	General
AXA (Hong Kong) Life Insurance Company Limited	HK	Long Term
AXA Life Insurance Company Limited	HK	Composite
AXA Wealth Management (HK) Limited	HK	Long Term
Bank of China Group Insurance Company Limited	HK	General
BC Reinsurance Limited	HK	General (R)
BEA Life Limited	HK	Long Term
Berkley Insurance Company	USA	General (R)
Blue Cross (Asia-Pacific) Insurance Limited	HK	Composite
BOC Group Life Assurance Company Limited	HK	Long Term
Bupa (Asia) Limited	HK	General
California Insurance Company, Limited	HK	General
Canada Life Assurance Company - The	Canada	Long Term
Canada Life Limited	UK	Long Term
Canadian Insurance Company Limited	HK	General
Chevalier Insurance Company Limited	HK	General
China BOCOM Insurance Company Limited	HK	General
China Life Insurance (Overseas) Company Limited	China	Long Term
China Merchants Insurance Company Limited	HK	General

Name of Insurer	Place of Incorporation *	Type of Business Authorised #
China Overseas Insurance Limited	HK	General
China Pacific Insurance Co., (H.K.) Limited	HK	General
China Ping An Insurance (Hong Kong) Company Limited	HK	General
China Taiping Insurance (HK) Company Limited	HK	General
Chong Hing Insurance Company Limited	HK	General
CIGNA Worldwide General Insurance Company Limited	HK	General
CIGNA Worldwide Life Insurance Company Limited	HK	Long Term
Clerical Medical Investment Group Limited	UK	Long Term
CMI Insurance Company Limited	Isle of Man	Long Term
CNOOC Insurance Limited	HK	General (C)
Compagnie Française d'Assurance pour le Commerce Extérieur	France	General
Concord Insurance Company Limited	HK	General
Dah Sing Insurance Company (1976) Limited	HK	General
Dah Sing Life Assurance Company Limited	Bermuda	Long Term
Desjardins Sécurité Financière, Compagnie d'Assurance Vie (Desjardins Financial Security Life Assurance Company)	Canada	Long Term
Direct Asia Insurance (Hong Kong) Limited	HK	General
East Point Reinsurance Company of Hong Kong Limited	HK	General (R)
Euler Hermes Deutschland Aktiengesellschaft	Germany	General
FAI First Pacific Insurance Company Limited (in provisional liquidation)	HK	General

Name of Insurer	Place of Incorporation *	Type of Business Authorised #
Falcon Insurance Company (Hong Kong) Limited	HK	General
Federal Insurance Company	USA	General
First American Title Insurance Company	USA	General
FM Insurance Company Limited	UK	General
Friends Provident International Limited	Isle of Man	Long Term
FWD General Insurance Company Limited	HK	General
FWD Life Insurance Company (Bermuda) Limited	Bermuda	Long Term
GAN Assurances	France	General
General Reinsurance AG	Germany	Composite (R)
Generali International Limited	Guernsey	Long Term
Hang Seng Insurance Company Limited	HK	Composite
Hang Seng Life Limited	HK	Long Term
Hannover Rück SE	Germany	Composite (R)
HDI-Gerling Industrie Versicherung AG	Germany	General
HIH Casualty and General Insurance (Asia) Limited (in provisional liquidation)	HK	General
HIH Insurance (Asia) Limited (in provisional liquidation)	HK	General
Hong Kong Life Insurance Limited	HK	Long Term
Hong Kong Mortgage Corporation Limited - The	HK	General
Hong Kong Printers Association - The	HK	General
Hong Kong Reinsurance Company Limited	HK	General (R)

Name of Insurer	Place of Incorporation *	Type of Business Authorised #
Hong Leong Insurance (Asia) Limited	HK	General
HSBC Insurance (Asia) Limited	HK	Composite
HSBC Life (International) Limited	Bermuda	Long Term
Kono Insurance Limited	HK	General
Liberty International Insurance Limited	HK	Composite
Liberty Mutual Insurance Europe Limited	UK	General
Lloyd's Underwriters	UK	Composite
London Steam-Ship Owners' Mutual Insurance Association Limited - The	UK	General
Malayan Insurance Company (Hong Kong) Limited	HK	General (R)
Malayan International Insurance Corporation Limited	Bahama Islands	General
Manufacturers Life Insurance Company - The	Canada	Long Term
Manulife (International) Limited	Bermuda	Long Term
Massachusetts Mutual Life Insurance Company	USA	Long Term
MassMutual Asia Limited	HK	Long Term
MetLife Limited	HK	Long Term
Metropolitan Life Insurance Company of Hong Kong Limited	HK	Long Term
Min Xin Insurance Company Limited	HK	General
Minan Property And Casualty Insurance Company Limited	China	General
Mitsui Sumitomo Insurance Company, Limited	Japan	General
MSIG Insurance (Hong Kong) Limited	HK	General

Name of Insurer	Place of Incorporation *	Type of Business Authorised #
Münchener Rückversicherungs-Gesellschaft (Munich Reinsurance Company)	Germany	Composite (R)
New India Assurance Company, Limited - The	India	General
Nipponkoa Insurance Company (Asia) Limited	HK	General
Old Mutual Life Assurance Company (South Africa) Limited	South Africa	Long Term
Pacific Insurance Company, Limited - The	HK	General
Pacific Life Assurance Company, Limited - The	HK	Long Term
Paofoong Insurance Company (Hong Kong) Limited	HK	General
Partner Reinsurance Europe SE	Ireland	General (R)
Peak Reinsurance Company Limited	HK	General (R)
People's Insurance Company of China (Hong Kong), Limited - The	HK	General
Phoenix Life Limited	UK	Long Term
Pioneer Insurance and Surety Corporation	Philippines	General
Principal Insurance Company (Hong Kong) Limited	HK	Long Term
Prudential Assurance Company Limited - The	UK	Composite
Prudential General Insurance Hong Kong Limited	HK	General
Prudential Hong Kong Limited	HK	Long Term
Prudential Insurance Company of America - The	USA	Long Term
QBE General Insurance (Hong Kong) Limited	HK	General
QBE Hongkong & Shanghai Insurance Limited	HK	General
QBE Mortgage Insurance (Asia) Limited	HK	General

Name of Insurer	Place of Incorporation *	Type of Business Authorised #
Radian Insurance Inc.	USA	General
RGA Reinsurance Company	USA	Long Term (R)
RL360 Insurance Company Limited	Isle of Man	Long Term
Royal & Sun Alliance Insurance plc	UK	General
Royal Skandia Life Assurance Limited	Isle of Man	Long Term
Schweizerische Rückversicherungs-Gesellschaft AG (Swiss Reinsurance Company Ltd)	Switzerland	Composite (R)
SCOR Reinsurance Company (Asia) Limited	HK	Composite (R)
Shipowners' Mutual Protection and Indemnity Association (Luxembourg) - The	Luxembourg	General
Sincere Insurance & Investment Company, Limited - The	HK	General
Sincere Life Assurance Company Limited - The	HK	Long Term
Sinopec Insurance Limited	HK	General (C)
Sompo Japan Insurance Inc.	Japan	General
Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited	HK	General
Sompo Japan Nipponkoa Reinsurance Company Limited	HK	General (R)
Standard Life (Asia) Limited	HK	Long Term
Starr International Insurance (Asia) Limited	HK	General
Sun Hung Kai Properties Insurance Limited	HK	General
Sun Life Hong Kong Limited	Bermuda	Long Term
Taiping Reinsurance Company Limited	HK	Composite (R)
Target Insurance Company, Limited	HK	General

Name of Insurer	Place of Incorporation *	Type of Business Authorised #
Toa Reinsurance Company, Limited - The	Japan	General (R)
Tokio Marine and Fire Insurance Company (Hong Kong) Limited - The	HK	General
Transamerica Life (Bermuda) Ltd.	Bermuda	Long Term
Transatlantic Reinsurance Company	USA	General (R)
Trinity General Insurance Company Limited	HK	General
TT Club Mutual Insurance Limited	UK	General
Tugu Insurance Company, Limited	HK	General
United Builders Insurance Company, Limited	HK	General
United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited - The	Bermuda	General
West of England Ship Owners Mutual Insurance Association (Luxembourg) - The	Luxembourg	General
Wing Lung Insurance Company Limited	HK	General
XL Insurance Company Plc	UK	General
Zurich Assurance Ltd	UK	Long Term
Zurich International Life Limited	Isle of Man	Long Term
Zürich Lebensversicherungs-Gesellschaft AG (Zurich Life Insurance Company Ltd)	Switzerland	Long Term
Zürich Versicherungs-Gesellschaft AG (Zurich Insurance Company Ltd)	Switzerland	General

(C) denotes a captive insurer
(R) denotes a pure reinsurer

* Place of Incorporation:
HK - Hong Kong, China
UK - United Kingdom
USA - United States of America

Appendix 4

Changes of Authorised Insurers from 1 January 2013 to 31 December 2013

Name of Insurer	Place of Incorporation *	Type of Business Authorised #
New Authorisations		
Prudential General Insurance Hong Kong Limited	HK	General
Prudential Hong Kong Limited	HK	Long Term
Sinopec Insurance Limited	HK	General (C)
Withdrawal of Authorisations		
COLISEE RE	France	General (R)
Transamerica Life Insurance Company	USA	Long Term
UOB Insurance (H.K.) Limited	HK	General
Change of Names of Insurers		
American International Assurance Company (Bermuda) Limited to AIA International Limited	Bermuda	Composite
American International Assurance Company, Limited to AIA Company Limited	HK	Composite
Chartis Insurance Hong Kong Limited to AIG Insurance Hong Kong Limited	HK	General
Crown Life Insurance Company to Canada Life Assurance Company - The	Canada	Long Term
Hannover Rückversicherung AG to Hannover Rück SE	Germany	Composite (R)

Name of Insurer	Place of Incorporation *	Type of Business Authorised #
Change of Names of Insurers		
ING General Insurance Company Limited to FWD General Insurance Company Limited	HK	General
ING Life Insurance Company (Bermuda) Limited to FWD Life Insurance Company (Bermuda) Limited	Bermuda	Long Term
Partner Reinsurance Europe Public Limited Company to Partner Reinsurance Europe SE	Ireland	General (R)
Royal London 360 Insurance Company Limited to RL360 Insurance Company Limited	Isle of Man	Long Term
Sompo Japan Reinsurance Company Limited to Sompo Japan Nipponkoa Reinsurance Company Limited	HK	General (R)
XL Insurance Company Limited to XL Insurance Company Plc	UK	General

(C) denotes a captive insurer

(R) denotes a pure reinsurer

* Place of Incorporation:

HK - Hong Kong, China

UK - United Kingdom

USA - United States of America

Appendix 5

Number of Authorised Insurers by Place of Incorporation as at 31 December 2013

Place of Incorporation	Number of Authorised Insurers	Type of Business Authorised		
		Pure Long Term	Pure General	Composite
Bahama Islands	1	-	1	-
Bermuda	12	8	2	2
Canada	3	3	-	-
China #	2	1	1	-
France	3	-	3	-
Germany	6(3)	-	3	3(3)
Guernsey	1	1	-	-
India	1	-	1	-
Ireland	1(1)	-	1(1)	-
Isle of Man	5	5	-	-
Italy	1	-	-	1
Japan	3(1)	-	3(1)	-
Luxembourg	2	-	2	-
Netherlands	1	-	1	-
Norway	1	-	1	-
Philippines	1	-	1	-
Singapore	1(1)	-	1(1)	-
South Africa	1	1	-	-
Switzerland	3(1)	1	1	1(1)
United Kingdom	12	4	6	2
United States of America	9(3)	4(1)	5(2)	-
Non-Hong Kong	70(10)	28(1)	33(5)	9(4)
Hong Kong	85(8)	16	59(6)	10(2)
Total	155(18)	44(1)	92(11)	19(6)

Figures in brackets denote the number of authorised insurers which are pure reinsurers

Excluding insurers incorporated in Hong Kong

Appendix 6

Number of Authorised Insurers by Class of Insurance Business as at 31 December 2013

Class of Insurance Business Authorised		Number of Authorised Insurers		
		Hong Kong	Non-Hong Kong	Total
Long Term Insurance Business				
A	Life and annuity	26	34	60
B	Marriage and birth	1	4	5
C	Linked long term	14	30	44
D	Permanent health	11	22	33
E	Tontines	1	3	4
F	Capital redemption	1	4	5
G	Retirement scheme management category I	9	13	22
H	Retirement scheme management category II	8	9	17
I	Retirement scheme management category III	20	22	42
General Insurance Business				
1	Accident	60	32	92
2	Sickness	52	25	77
3	Land vehicles	51	25	76
4	Railway rolling stock	52	31	83
5	Aircraft	24	22	46
6	Ships	53	31	84
7	Goods in transit	55	33	88
8	Fire and natural forces	58	29	87
9	Damage to property	58	29	87
10	Motor vehicle liability	50	25	75
11	Aircraft liability	27	22	49
12	Liability for ships	53	30	83
13	General liability	57	31	88
14	Credit	43	26	69
15	Suretyship	55	31	86
16	Miscellaneous financial loss	56	35	91
17	Legal expenses	37	27	64

Appendix 7

Number of Insurance Intermediaries as at 31 December 2013

Number of Appointed Insurance Agents, their Responsible Officers and Technical Representatives registered with the Insurance Agents Registration Board¹

Type of Insurance Business		Number of Appointed Insurance Agents	Number of Responsible Officers and Technical Representatives of Appointed Insurance Agents
General ²		3,259	6,314
Long Term	excluding Linked Long Term	9,585	1,319
	including Linked Long Term	10,924	599
General and Long Term	excluding Linked Long Term	1,316	7,067
	including Linked Long Term	18,676	12,153
Total		43,760	27,452

Number of Authorised Insurance Brokers, their Chief Executives and Technical Representatives³

Type of Insurance Business		Number of Authorised Insurance Brokers by virtue of their Membership with Approved Bodies of Insurance Brokers		Number of Chief Executives and Technical Representatives of Authorised Insurance Brokers
		The Hong Kong Confederation of Insurance Brokers	Professional Insurance Brokers Association	
General		30	27	1,030
Long Term	excluding Linked Long Term	3	4	424
	including Linked Long Term	42	24	3,423
General and Long Term	excluding Linked Long Term	55	81	1,439
	including Linked Long Term	134	232	2,882
Total		264	368	9,198

1 Based on figures supplied by The Hong Kong Federation of Insurers.

2 The figures also include those travel agents who are registered for selling only restricted scope travel insurance.

3 Based on the figures supplied by the approved bodies of insurance brokers.

Appendix 8

List of Guidance Notes Promulgated as at 31 December 2013

Reference Number	Title of Guidance Note
GN1	Authorisation Guidelines
GN2	Guidance Note on Insurance Companies (General Business) (Valuation) Regulation
GN3	Guideline on Anti-Money Laundering and Counter-Terrorist Financing
GN3A	Guideline on Exercising Power to Impose Pecuniary Penalty
GN4	Guidance Note on “Fit and Proper” Criteria under the Insurance Companies Ordinance (Cap. 41)
GN5	Guidance Note on Application for Authorisation to Carry on Insurance Business in or from Hong Kong
GN6	Guidance Note on Reserving for Mortgage Guarantee Business
GN7	Guidance Note on the Reserve Provision for Class G of Long Term Business
GN8	Guidance Note on the Use of Internet for Insurance Activities
GN9	Guidance Note on Actuarial Review of Insurance Liabilities in respect of Employees’ Compensation and Motor Insurance Businesses
GN10	Guidance Note on the Corporate Governance of Authorised Insurers
GN11	Guidance Note on Classification of Class C - Linked Long Term Business
GN12	Guidance Note on Reinsurance with Related Companies
GN13	Guidance Note on Asset Management by Authorised Insurers
GN14	Guidance Note on Outsourcing

Appendix 9

List of Circulars Issued from 1 January 2013 to 31 December 2013

Date	Addressee	Subject Matter
4 January 2013	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Afghanistan) Regulation 2012 & United States Executive Order 13224
16 January 2013	Chief Executives of all authorised insurers to carry on direct insurance business	Quarterly Register of Complaint Figures for Person-to-Person Marketing Calls
18 January 2013	Chief Executives of all authorised insurers to carry on direct insurance business	Quarterly Register of Complaint Figures for Person-to-Person Marketing Calls
28 January 2013	Chief Executives of all authorised long term business insurers	Insurance Intermediaries Quality Assurance Scheme -- Study Notes for Mandatory Provident Fund Schemes Examination (Eighth Edition)
8 February 2013	Chief Executives of all authorised insurers	United Nations Sanctions (Iran) Regulation, United Nations Sanctions (Democratic People's Republic of Korea) Regulation & United States Executive Order 13224
1 March 2013	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Afghanistan) Regulation 2012 & United States Executive Order 13224
8 March 2013	Chief Executives of all authorised insurers carrying on long term insurance business	Statements issued by the Financial Action Task Force on Money Laundering
15 March 2013	Chief Executives of all authorised insurers	Release of Provisional Statistics on the Hong Kong General and Long Term Insurance Business for the Year of 2012
22 March 2013	Chief Executives of all authorised insurers	United Nations Sanctions (Democratic Republic of the Congo) Regulation 2013, United Nations Sanctions (Liberia) Regulation 2013 & United Nations Sanctions (Liberia) Regulation 2012 (Repeal) Regulation

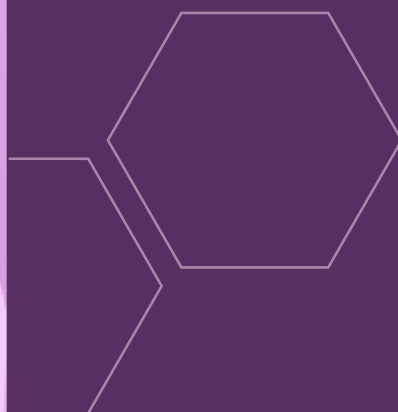
Date	Addressee	Subject Matter
26 March 2013	Chief Executives of authorised insurers carrying on long term insurance business	Insurance Companies Ordinance (Cap. 41) -- New Electronic Input Templates for Hong Kong Long Term Business Quarterly Returns
28 March 2013	Chief Executives of all authorised insurers	United Nations Sanctions (Democratic Republic of the Congo) Regulation 2013, United Nations Sanctions (Liberia) Regulation 2013 & United States Executive Order 13224
15 April 2013	Chief Executives of authorised insurers carrying on general insurance business	Employees' Compensation Insurance Statistics (Direct Business) & Motor Vehicle Insurance Statistics (Direct Business)
19 April 2013	Chief Executives of all authorised insurers	United Nations Sanctions (Democratic People's Republic of Korea) (Amendment) Regulation 2013
26 April 2013	Chief Executives of all authorised insurers	United Nations Sanctions (Democratic People's Republic of Korea) Regulation & United States Executive Order 13224
3 May 2013	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Afghanistan) Regulation 2012, United Nations Sanctions (Libya) Regulation 2011 & United Nations Sanctions (Sudan) Regulation
31 May 2013	Chief Executives of all authorised insurers	Release of Provisional Statistics on the Hong Kong General and Long Term Insurance Business for the First Quarter of 2013
5 July 2013	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Iran) (Amendment) Regulation 2013, United Nations Sanctions (Afghanistan) Regulation 2012, United Nations Sanctions (Democratic Republic of the Congo) Regulation 2013 & United States Executive Order 13224

Date	Addressee	Subject Matter
10 July 2013	Chief Executives of all authorised insurers	Insurance Intermediaries Quality Assurance Scheme -- Study Notes for Principles and Practice of Insurance Examination (2013 Edition)
12 July 2013	Chief Executives of all authorised insurers carrying on long term insurance business	Statements issued by the Financial Action Task Force on Money Laundering
19 July 2013	Chief Executives of all authorised insurers	United Nations Sanctions (Côte d'Ivoire) Regulation 2013
26 July 2013	Chief Executives of all authorised insurers	United Nations Sanctions (Côte d'Ivoire) Regulation 2013 & United States Executive Order 13224
2 August 2013	Chief Executives of all authorised insurers	United Nations Sanctions (Eritrea) (Amendment) Regulation 2013 & United Nations Sanctions (Somalia) (Amendment) Regulation 2013
30 August 2013	Chief Executives of all authorised insurers	Release of Provisional Statistics on the Hong Kong General and Long Term Insurance Business for the First Half of 2013
6 September 2013	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Sudan) Regulation 2013, United Nations Sanctions (Sudan) Regulation (Repeal) Regulation, United Nations Sanctions (Libya) Regulation 2011 (Amendment) Regulation 2013, United Nations Sanctions (Libya) Regulation 2011, United Nations Sanctions (Afghanistan) Regulation 2012 & United States Executive Order 13224
13 September 2013	Chief Executives of all authorised insurers	United Nations Sanctions (Sudan) Regulation 2013
17 September 2013	Chief Executives of all authorised insurers	Gifts and Souvenirs

Date	Addressee	Subject Matter
18 September 2013	Chief Executives of all authorised insurers carrying on long term insurance business	Anti-Money Laundering Seminars for the Insurance Industry
30 September 2013	Chief Executives of all authorised insurers	Hong Kong Insurance Business Statistics for 2012
11 October 2013	Chief Executives of all authorised long term business insurers	Preparation for the Implementation of US Foreign Account Tax Compliance Act
15 October 2013	Chief Executives of authorised insurers carrying on general insurance business	Employees' Compensation Insurance (Direct Business) and Motor Vehicle Insurance (Direct Business) Statistics for 2012
1 November 2013	Chief Executives of all authorised insurers	United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions (Somalia) (Amendment) (No. 2) Regulation 2013, United Nations Sanctions (Afghanistan) Regulation 2012, United Nations Sanctions (Democratic People's Republic of Korea) Regulation, United Nations Sanctions (Libya) Regulation 2011, United Nations Sanctions (Sudan) Regulation 2013 & United States Executive Order 13224
8 November 2013	Chief Executives of all authorised insurers carrying on long term insurance business	Statements issued by the Financial Action Task Force on Money Laundering
11 November 2013	Chief Executives of all authorised insurers carrying on long term and composite business	Insurance Intermediaries Quality Assurance Scheme -- Study Notes for the Investment-linked Long Term Insurance Examination (2013 Edition)
29 November 2013	Chief Executives of all authorised insurers	Release of Provisional Statistics on the Hong Kong General and Long Term Insurance Business for the First Three Quarters of 2013
20 December 2013	Chairmen/Chief Executives of all active authorised insurers	Survey on Remuneration Policy and Practices



Calendar of Events 2013



Calendar of Events 2013



January – December 2013

Date	Event
9 January 2013	The OCI participated in two supervisory colleges convened by the Office of the Superintendent of Financial Institutions (“OSFI”) of Canada.
14-15 January 2013	<p>The OCI participated in the Asian Financial Forum 2013 held in Hong Kong.</p> 
19 February 2013	The Vice Chairman of the China Insurance Regulatory Commission (“CIRC”) paid a visit to the OCI.
12 April 2013	The OCI hosted a supervisory college.
17 April 2013	The OCI participated in a supervisory college convened by the Missouri Department of Insurance, Financial Institutions and Professional Registration (“DIFP”) of the United States.
28 May 2013	<p>The OCI and Hong Kong Monetary Authority, Securities and Futures Commission and Mandatory Provident Fund Schemes Authority concluded a Memorandum of Understanding concerning the Regulation of Regulated Persons with respect to Registered Schemes under the Mandatory Provident Fund Schemes Ordinance.</p> 

Date	Event
11 June 2013	A delegation of the CIRC attended a training course co-organised by the OCI.
11-12 June 2013	The OCI participated in a supervisory college convened by the Financial Services Agency of Japan in Tokyo.
5 July 2013	The OCI participated in the International Seminar on Solvency Regulation Reforms and Cooperation held in Beijing.
9-12 July 2013	The OCI participated in the 8th Asian Forum of Insurance Regulators held in India.
10 July 2013	The OCI participated in a supervisory college convened by the Swiss Financial Market Supervisory Authority ("FINMA") of Switzerland.
16 September 2013	The OCI Annual Report 2012 (E-version) was released.
19 September 2013	The OCI participated in two supervisory colleges convened by OSFI of Canada.
25 September 2013	The OCI participated in a supervisory college convened by the Missouri DIFP of the United States.
25-26 September 2013	The OCI participated in a supervisory college convened by Autorité de contrôle prudentiel et de résolution of France in Paris.
30 September 2013	Annual statistics on Hong Kong's insurance business for 2012, including statistics on individual insurers, were released.
12 October 2013	The OCI participated in the AR Symposium held in Milan.
15-16 October 2013	The OCI participated in a supervisory college convened by the New York State Department of Financial Services in New York City.
17 October 2013	The Financial Services and the Treasury Bureau ("FSTB"), the Joint Financial Intelligence Unit ("JFIU") and the OCI jointly organised anti-money laundering seminar for the insurance industry in Hong Kong.

Date	Event
17-19 October 2013	<p>The OCI participated in the 20th Annual Conference of the IAIS held in Taipei.</p> 
21-22 October 2013	<p>The OCI participated in the 2nd International Forum of Insurance Guarantee Schemes held in Taipei.</p>
22-23 October 2013	<p>The OCI participated in a supervisory college convened by the Massachusetts Division of Insurance in Massachusetts.</p>
25 October 2013	<p>The FSTB, JFIU and OCI jointly organised anti-money laundering seminar for the insurance industry in Hong Kong.</p> 
4-6 November 2013	<p>The OCI participated in a supervisory college convened by the Australian Prudential Regulation Authority in Sydney.</p>
5-6 November 2013	<p>The Commissioner of Insurance paid a visit to the CIRC.</p>
12 November 2013	<p>The OCI participated in a supervisory college convened by the Delaware Department of Insurance of the United States.</p>
22 November 2013	<p>The OCI participated in a supervisory college convened by FINMA of Switzerland.</p>
26 November 2013	<p>The OCI participated in a supervisory college convened by FINMA of Switzerland.</p>
27-28 November 2013	<p>The OCI participated in the 13th Joint Meeting of the Insurance Regulators of Guangdong, Hong Kong, Macao and Shenzhen held in Guangdong.</p> 
13 December 2013	<p>The OCI participated in a supervisory college convened by the Prudential Regulation Authority of the United Kingdom.</p>

