



香港保險業聯會

The Hong Kong Federation of Insurers

Ref: Lv038/20

By Email only (clementcheung@ia.org.hk)

7 August 2020

Mr Clement Cheung
Chief Executive Officer
Insurance Authority

Dear Clement

Proposed Technical Adjustments to RBC Framework for Long Term Business in Hong Kong

Thank you for engaging the industry in the RBC QIS exercises.

Through the collaborative efforts from the Insurance Authority and the insurance industry, we are now in the last mile of this monumental project. And before finalizing the RBC Framework, we would like to propose some technical adjustments to improve Matching Adjustments and align overly conservative aspects with the ICS.

The adjustments outlined in the attached proposal are developed by ASHK and reviewed by HKFI's Life Insurance Members. Overwhelming support was received from the responding companies.

The RBC Framework will have fundamental and far-reaching impacts on the financial management and business strategy of Hong Kong insurers and on how they are supervised. As industry representative bodies, we are obligated to reflect the views of our members for your consideration. We hope that you will continue to find the input from our members helpful and constructive.

It is our common goal to help the Insurance Authority in developing a successful and sustainable RBC regime for Hong Kong insurers. In this connection, we look forward to setting up a virtual meeting and hearing your views on our proposal.

Yours sincerely

Peter Duran
President
Actuarial Society of Hong Kong

Edward Moncreiffe
Chairman
Life Insurance Council
The Hong Kong Federation of Insurers

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c.c. ASHK Council Members
LIC Councillors
Members, Task Force on RBC Framework under the LIC
HKFI's representatives of IFG members (Pillar 1 on Life Insurance)
Authorized Representatives of Life Insurance Members