

# ACTUZINE 精誌

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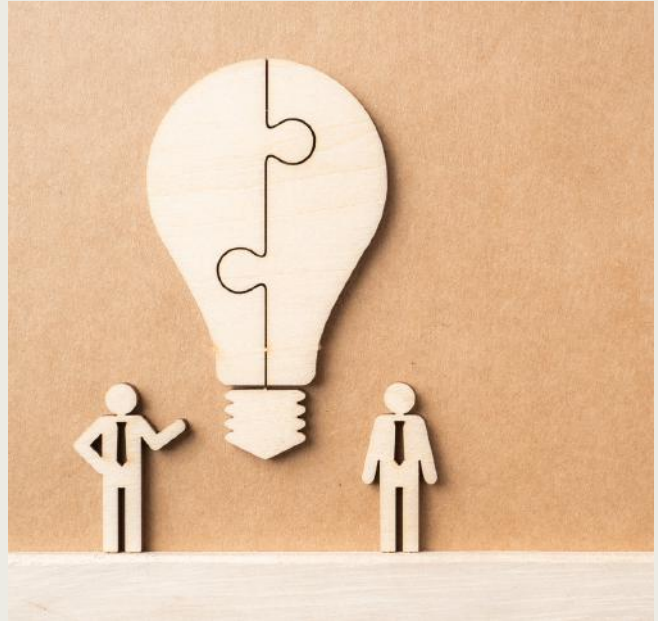


The official magazine of the Actuarial Society of Hong Kong  
[www.actuaries.org.hk](http://www.actuaries.org.hk)



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# Message from the editor



Dear readers,

Welcome to the fourth edition of ACTUZINE 精誌 in 2025!

The year 2025 marks a truly significant milestone for ASHK. This golden jubilee is both a moment of reflection of professional excellence and a reaffirmation of our enduring commitment to shaping Hong Kong's future through the actuarial profession.

Throughout this landmark year, we continued to promote and contribute to the actuarial profession through a diverse portfolio of high-impact initiatives. These included community-focused activities such as networking seminars, SSSG events and 3 signature ASHK conferences - all aimed at enhancing the profession's visibility and public appreciation.

We also recognised outstanding achievements through our awards programme, celebrating the excellence, innovation, and dedication that continue to drive the sector forward. Complementing these efforts, a range of professional development seminars and forums were delivered to support professional growth among our members.

As we conclude this milestone year and look towards 2026, let us carry forward the spirit of professionalism, collaboration, and resilience that defines ASHK.

All the best for the festive season! ■

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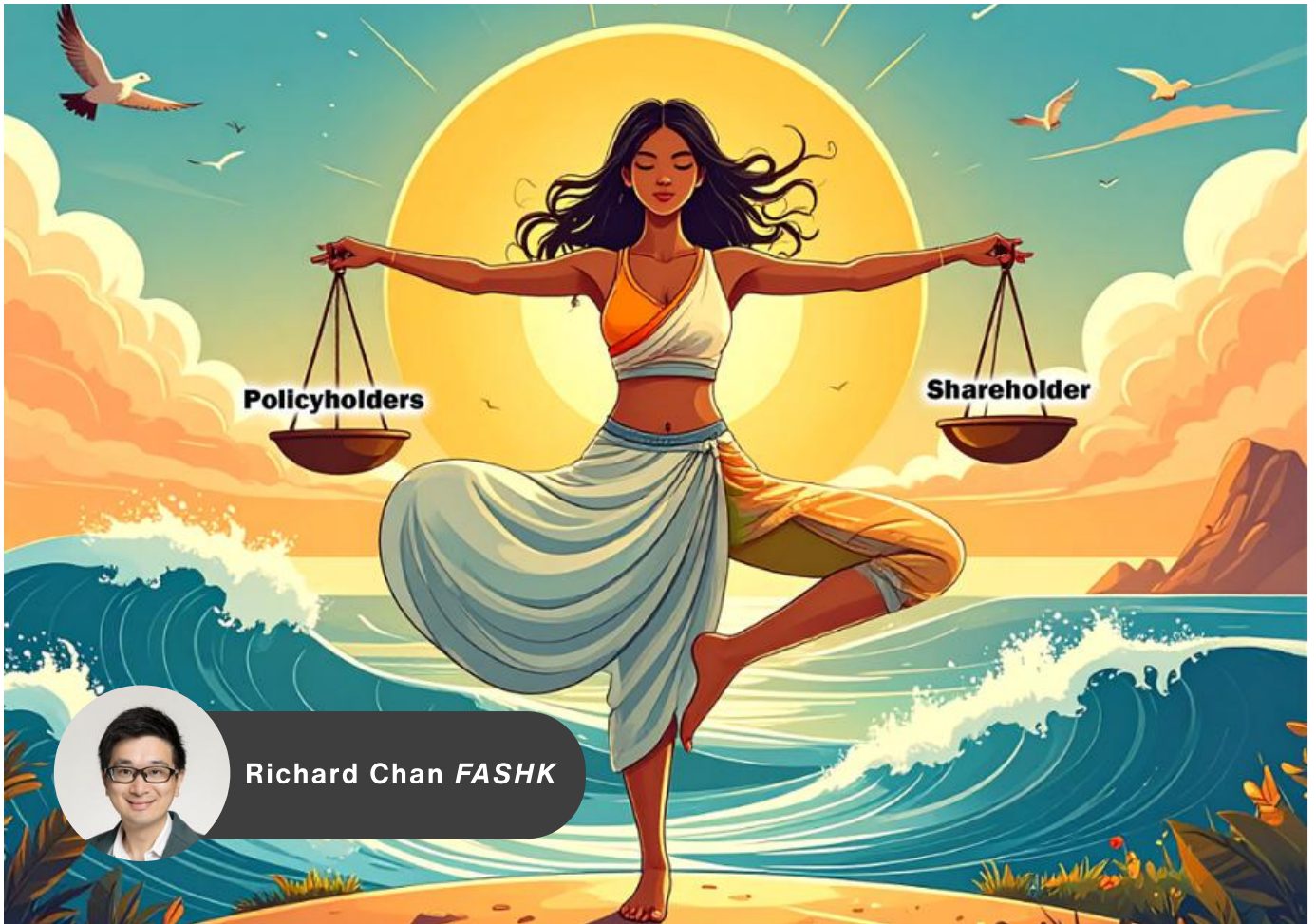
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While all articles are welcome, we would especially like to receive submissions for the Feature Articles and Knowledge Sharing sections. If you have written any inspiring articles or have read any interesting articles from other actuarial organisation(s), please feel free to let us know. We will try to reprint them in our magazine.

Welcome to email your articles or views at [info@actuaries.org.hk](mailto:info@actuaries.org.hk).





# HK PARTICIPATING PRODUCTS

## Asset-Liability Management Under an Economic Perspective (Part IV)

### (A) Introduction

We have finally arrived at the fourth and final article in this series, building on the foundation of the three previous ones to outline how practically a strategic asset allocation (“SAA”) or ALM analysis should be performed for participating (“Par”) products.

Different from a Non-Par product, the ALM analysis of a Par product consists of 2 steps:

1. Firstly, we need to determine the optimal strategy of the Asset Share (“AS”) funds, balancing the interest of the shareholder (“SH”) and Par policyholders (“PH”).
2. If there is any undesirable residual risk exposed by the shareholder from the first step, it can be further mitigated outside of the AS funds via a value-in-force (“VIF”) hedging.



**Figure 1: The Replicating Portfolio Approach does not Work for the SAA Analysis of the Par AS Funds due to Circularity**

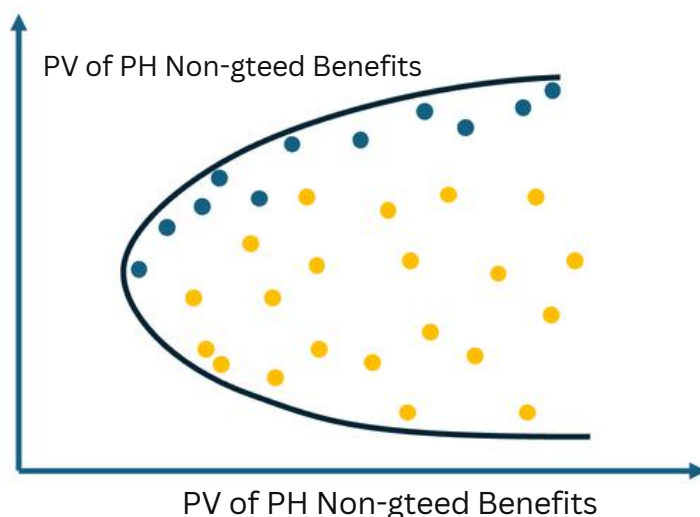
## (B) Formulating Investment Strategies for the AS Funds backing Par Products

There are at least 3 major complications that we need to address:

**1. The replicating portfolio approach does not work.** Under a Non-Par framework, the strategic asset allocation may be determined using a replicating portfolio approach, where liability cashflows are projected deterministically and modelled as bonds or swaps matching such cashflows. This gives a clear, static liability profile to optimize against.

However, in the case of a Par product, the liability cash flow is not static but a function (a “put option” if we recall from the previous article) of the assets in the AS fund.

In fact, that is the usual problem that an insurer faces if they try to outsource the SAA of the Par funds either to their internal investment team or to external asset managers, who maybe think in the “Non-Par way”, and asking for the projected cashflows for constructing such replicating bond or IRS portfolio, without understanding that the recursive effect that the cashflow itself is dependent on the SAA.



**2. Two parties are involved with potentially conflicting goals.** The SH are economically writing a put option on the AS fund and need to set aside capital to cover the short-term tailed risk and need to bear the guarantee risk, are naturally more risk adverse. The PH participate in upside returns through bonuses (a generally in-the-money call option on the AS fund) are more willing to take calculated and controlled long-term risks for better outcomes. Economically, this bonus participation can be viewed through an options lens: policyholders receive additional benefits when the fund performs well, but are protected when it performs poorly. The PH non-guaranteed benefit is therefore analogous to a call option on the AS fund.

**3. The “where” question matters.** In the case of Non-Par, whether an investment or hedging is made in liability-backing funds or capital funds has the same economic implication, due to the lack of profit sharing. For the case of Par, whether the investment takes place in the AS funds or in the Capital funds will have an implication to both the SH and PH risk-return profile.

As a result of the above differences, the suggested approach is:

- (i) To first establish the investment strategies for the AS funds under an approach like the EV approach for Non-Par, while addressing and biasing towards the PH objectives.
- (ii) And then use the value-in-force (“VIF”) hedging overlay in the Capital fund to address the residual risk concern from the SH perspective.

## Modification of the EV Approach for Par

Let's first refer to figure 2, which has already been shown in the previous article showing the cashflow between the PH, SH and the AS fund.

Focusing on the cashflow into and out the AS fund, we see that the fund can be split into a PV / fair value of the following three parts:

1. Fixed liabilities that consist of the guaranteed PH benefits and the expenses.
2. Non-guaranteed PH benefits (portion covered by the AS fund only).
3. Policy charge and profit-sharing.

And if we add the gross cost of guarantee and smoothing ("GCoGS"), i.e. the portion of future non-guaranteed PH benefits (in excess of the AS fund) to be paid by the SH into item 2, and deduct that into item 3, the AS fund can be split into:

1. Fixed liabilities.
2. Non-guarantee PH benefits (total).
3. VIF = Policy charge and Profit-Sharing, minus GCoGS = - NCoGS.

$$\begin{aligned}
 \text{AS} &= \text{Fixed Liabilities} \\
 &+ \text{Non-Guaranteed PH Benefits} \\
 &+ \text{SH VIF}
 \end{aligned}$$

In a standard Non-Par product, the Embedded Value ("EV") based efficient frontier ("EF") framework optimizes a single stakeholder objective – the SH risk adjusted return – because PH benefits are fixed and do not respond to investment performance. However, for Par products, the non-guaranteed benefits create a second economic stakeholder with a distinct return profile: the PH. As a result, the usual EV optimization is no longer sufficient, because it captures only the SH perspective. To properly reflect the Par structure, the framework must be extended to simultaneously measure both PH return outcomes and SH economic value under the same SAA.

This is done by translating the above items into metrics to be optimized using EF analysis:

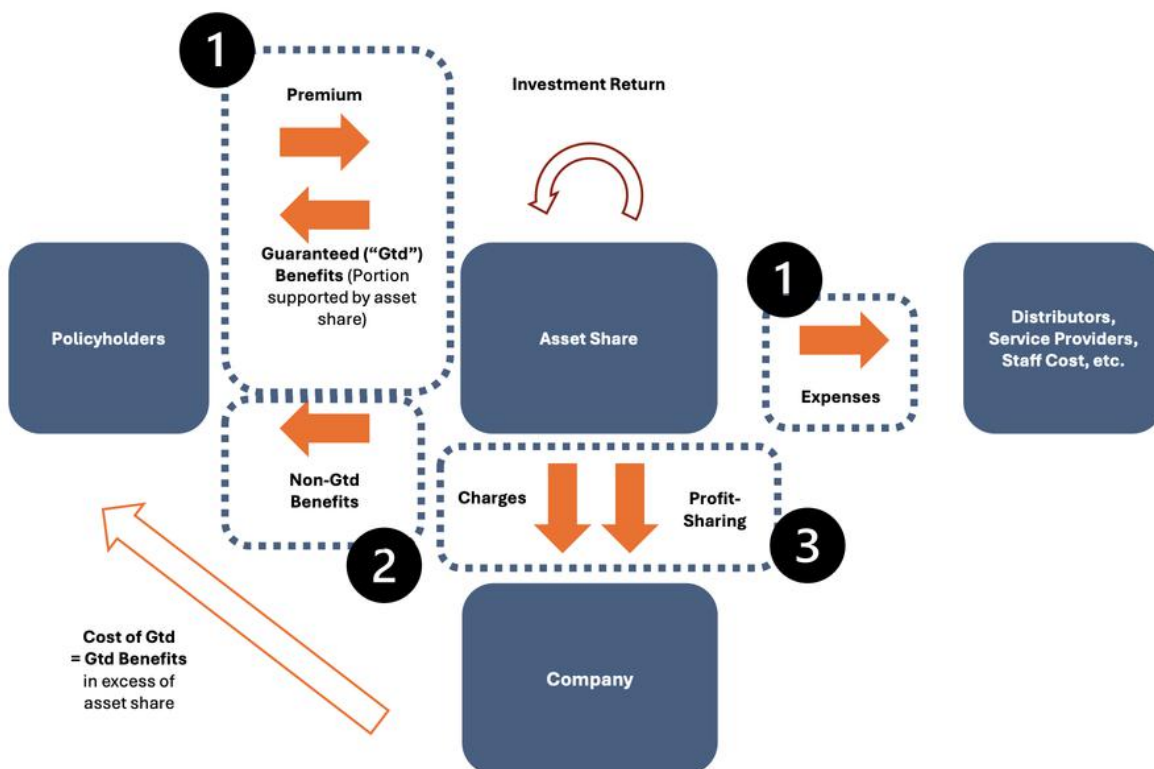


Figure 2: Cashflow between the PH, SH and the AS Fund

(a) The first item can be translated as a high-level risk constraint. That is, it is desirable to ensure that the market value of the AS fund is sufficient to cover the present value of future guaranteed PH benefits under a wide range of different scenarios.

(b) In the third item, if we add back the effect of delays in SH distribution due to amount to be set aside for the capital requirement, we arrive at the same EV metric used for the EF analysis of the Non-Par products.

(c) This brings us to the core extension: unlike in Non-Par analysis, the PH's expected non-guaranteed benefits must be treated as a parallel risk-return metric. What is new for Par is the second item. We may consider the present value of the non-guaranteed PH benefits are the policyholder's "embedded value", and perform an EF analysis on the expected value and uncertainty of such PH metrics.

Now, with both the SH EF (based on the EV) and PH EF (based on the non-guaranteed benefits) in place, we are facing an optimization issue with 4 moving variables. To further streamline the analysis:

With two stakeholders, the efficient frontier analysis produces not one optimal solution, but a set of potentially optimal strategies, each representing a different trade-off between PH upside participation and SH downside protection. Unlike the Non-Par case, there is no single mathematically dominant solution because improving the PH outcome may worsen the SH exposure, and vice-versa. Therefore, a decision rule is required to evaluate and rank these strategies in a way that reflects the company's philosophy, governance appetite, and regulatory or competitive constraints.

In case there are SAA candidates that are sufficiently efficient in both SH and PH EF, we should prioritize those candidates to simultaneously satisfy the SH and PH objectives. This usually happens if the level policy guarantee is low, and hence the PH and SH have a common interest due to the profit-sharing mechanism.

To understand why such an alignment may happen economically, let's go back to the analog using the options:

(a) The PH non-guarantee benefit is a call option on the AS Fund.

(b) The SH liability is the NCoGS, which is like selling a put option on the AS Fund, and receive the "option premium" which is a mix of the fixed fees and profit-sharing, the latter is like owning a call option on the AS Fund.

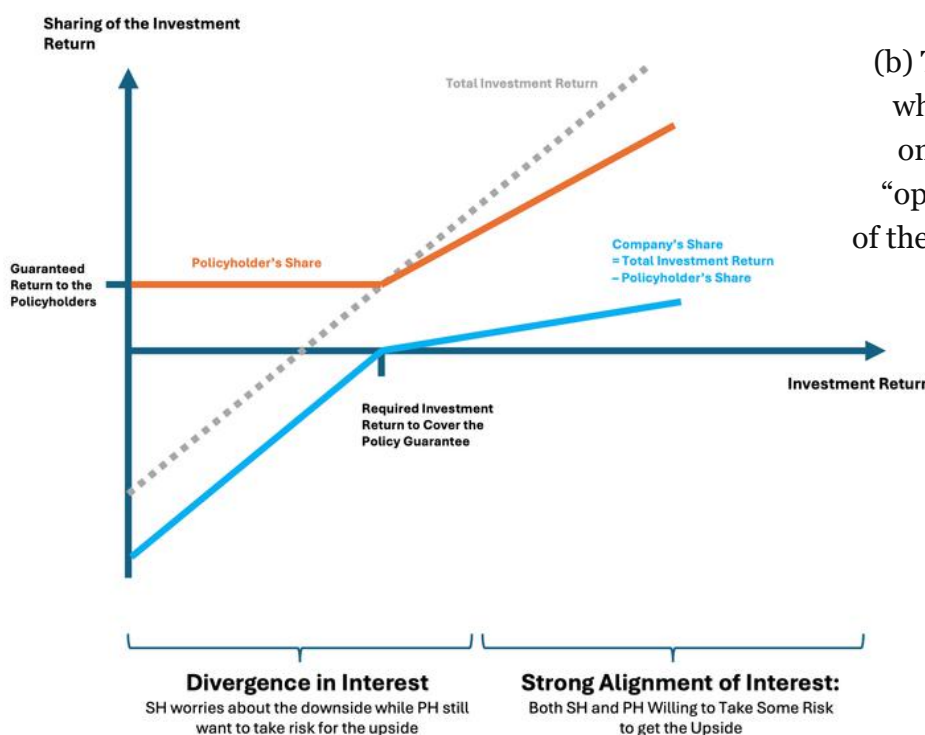


Figure 3: The Moneyness of Guarantee affects the Alignment of SH and PH Interest.

When the guarantee is low and deep out-of-money, the call option owned by the SH is more material than the put option sold by the SH. In this case, both the PH and SH own a call option on the AS fund and have more alignment in interest.

When the guarantee is high and less out-of-money, the PH owns a call option that benefits from the upside of the AS fund, while the SH sells a put option that suffers from the downside of the AS fund.

Now, in case the guarantee is high and there is a divergence in the SH and PH interests, we can adopt one of the two approaches below:

(i) **Balanced Approach:** To compare different potential SAA on a consistent basis, we need a common language that expresses each stakeholder’s preferences in terms of both expected reward and the uncertainty of achieving it. A practical way to do this is to convert the results of the stochastic simulations of the SH metrics (i.e. SH VIF mentioned before) and PH metrics (i.e. Non-Guaranteed PH Benefits mentioned before) into a risk-adjusted return metric, similar in spirit to a Sharpe ratio used in portfolio theory but in an ALM context.

Once we compute such Sharpe ratio for the SH and PH, we can have a combined EF with one axis showing the SH risk-adjusted return and the other showing the PH ones. And then we can pick the SAA candidates which are efficient in such combined EF and without too bias towards either the SH or the PH.

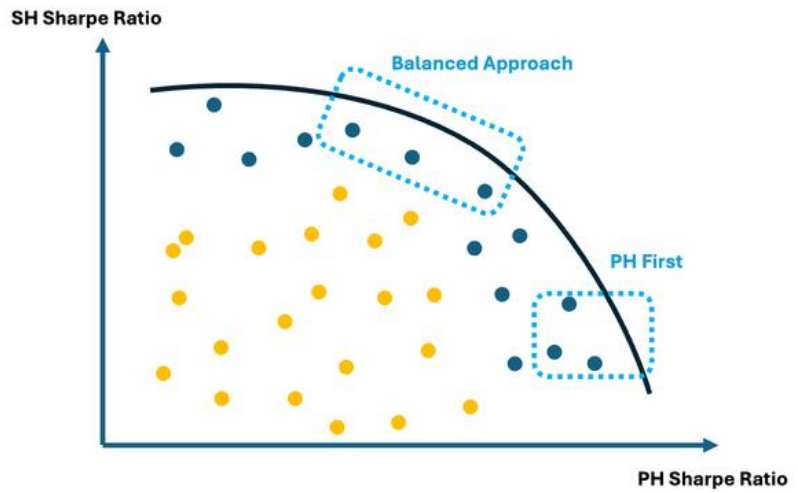
An example of such Sharpe Ratio is:

**SH Sharpe Ratio**

$$= (RW\ EV - MCEV) / (Uncertainty\ in\ RW\ EV)$$

**PH Sharpe Ratio**

$$= (PV\ PH\ Non-Guaranteed\ Benefits) / (Uncertainty\ in\ PV\ PH\ Non-Gtee\ Benefits)$$



It is worth noting that this optimization process is not about finding an absolute ‘right’ answer, but about creating a consistent and repeatable way to evaluate trade-offs across different SAA strategies.

(ii) **PH First Approach:** Similar to the above approach, but intentionally choosing a candidate that is biased towards the PH risk-adjusted returns. Or equivalently, completely ignore the SH EF and just optimize based on the PH EF. The argument supporting this approach is that SH can further optimize their risk-adjusted returns by entering additional VIF hedging overlays outside of the AS fund.

**(C) VIF Hedge Overlay**

Once the AS fund strategy is set, the remaining question is whether the resulting SH exposure is acceptable. In many cases, even an optimized AS allocation will still leave the SH with residual market, interest rate or guarantee risk beyond the SH’s risk appetite. These risks sit outside the asset share and are therefore do not influence the PH bonus outcome. To manage this remaining exposure, a second layer of risk management is needed, and be implemented through the VIF hedging overlay.

After repeating the process before and fixing the investment strategy of all the AS funds, we can examine the resulting risk-return profile of the SH. To reiterate, the SH return comes from the policy charges and the profit-sharing from the Par products, while the SH risk comes from the uncertainty of the policy charges and the profit-sharing, and the risk of supporting the guaranteed PH benefits in excess of the AS.

It is important to note that Par liabilities are generally [1] not dependent on the investment in the Capital funds. *With the lack of circularity and the immaterial SH-PH conflict, both the Replication Portfolio Approach and the EV Approach as discussed for the Non-Par products also work for the analysis of the VIF hedge overlay.*

At first glance, this hedge overlay resembles the approach used for Non-Par products, since both aim to stabilize SH economic outcomes and both rely on financial instruments rather than bonus mechanisms. However, the hedge overlay for Par products behaves differently because the underlying liability is not linear. Instead, it behaves much more like a financial option, with sensitivity not just linearly response to the level of markets (delta/duration) but with higher order sensitivities as well (gamma/convexity).

Having said that, there are three minor differences that need to be captured in the VIF hedging overlay analysis:

### 1. **Different Nature of the Replicating Portfolio:**

For Non-Par, the liability replicating portfolio is comprised of the bonds or IRS mirroring the liability cashflows. For the VIF hedge overlay, the liability is the NCoGS, or the BEL in excess of the AS, which are economically put options (or put collars). In the practical process of optimization, these complicated put options can either be re-valued at each time point in each economic scenario from the first principle using the actuarial ALM models, or simplified using a pre-calibrated lite model.

**2. Net Short Positions are Needed:** It is unusual for the investment strategy of the AS funds to have a net short position in risky asset classes. However, as the VIF are economically put options on risky assets, in order to offset the risk exposure from such put options, we may need to enter into net short positions in the capital funds in the VIF hedge overlay, for example, to sell an equity index forward. This does not imply speculative positioning, but rather a deliberate offset of exposure between the AS fund and the capital funds, to arrive at the lower net risk exposure at company level.

**3. Non-Linearity in the Liabilities (NCoGS):** For Non-Par products, the liability exposure is linear, i.e. can be represented by delta-one financial instruments like bonds and IRS. However, for the case of VIF hedge overlay, the liability is the put options which are highly non-linear (with both delta/duration and gamma/convexity risks). This non-linear risk needs to be addressed by:

(a) Imperfect hedging using a **static portfolio of delta one instrument**, knowing that the residual risk exposure may go up or down when the market moves (the gamma effect).

(b) **Dynamic hedging uses a portfolio of delta one instrument** and adjusts from time-to-time to match the dynamic delta from the VIF. This is similar to the dynamic replication of an option using delta one instrument.

(c) Supplement the dynamic hedging with **non-linear derivatives**, like equity index options or swaptions, to hedge the gamma and convexity risks.

In theory, a fully dynamic hedge (continuously adjusting exposure based on market movements) would neutralize most of this non-linear risk. However, in practice, operational limitations, model uncertainty, governance constraints, and transaction costs make a perfect hedge unrealistic.

Moreover, practically, it is quite difficult to set a long-term hedging strategy which would require a nested stochastic analysis as both the liability (the NCoGS) and the assets are options. Instead, the capital funds are usually managed based on the prevailing risk exposure. That is, to continuously monitor the net company exposure (VIF plus the capital fund assets and derivatives) via metrics like duration gap, convexity gap, net equity delta and gamma, etc., and compare against the desirable range. Once they exceed the threshold, additional derivatives with the most attractive cost (carry) will be entered to restore the exposure back to the pre-set range.

In summary, the VIF hedge overlay is an additional control mechanism designed to protect shareholder value against the asymmetric risks that remain after policyholder smoothing and bonus mechanisms have already absorbed part of the volatility. Should additional control allow the company not to solely rely on the AS to manage the SH risk, and hence increase the flexibility of the optimization of the AS SAA from the PH's perspective.

#### **(D) Conclusion**

Participating business requires a different way of thinking about asset-liability management, one that acknowledges multiple stakeholders, circular asset-liability interactions, and nonlinear risk in the liabilities.

We have finished the series of four articles that explain these asset share mechanism and economic nature of Par products (using options as an analog), as well as the additional considerations of setting the ALM and investment strategies of the Par products – addressing issues like circularity (liabilities depends on the assets), potential SH-PH misalignment, and non-linearity.

We introduced a 2-step approach to address such issues:

- Firstly, we use an EF approach for the Par AS fund that balances the SH and PH risk-adjusted returns, while favoring the PH.

- And secondly, we use a VIF hedging overlay to mitigate the unwanted risks exposure of the SH. Because of the non-linearity of the liability (NCoGS), such VIF hedging overlay normally requires dynamic rebalancing, or the use of non-linear derivatives like put options.

Each company's situation can be different, due to different liabilities profile, investment universe, financial strength, risk appetite and stakeholder preferences, such economic-based understanding and the 2-step optimization process will enable insurers to effectively manage the complex risks inherent in Par products and maintain financial stability in a dynamic market environment.

In a world where volatility is unavoidable, Par remains one of the few life insurance models where risk can be shared, thoughtfully rather than accidentally. ■

[1] There are some exceptions to this sentence but for simplicity we won't deep dive into the details. One exception is if the company has a policyholder dividend or dynamic SAA mechanism that links to the overall solvency of the company, in which case the capital fund can affect the policyholder benefits. Another example is if the capital fund is subject to a mechanism similar to the "Terminal Estate" of the UK-style with-profit products, in which the terminal surplus also needs to be shared between the Par PH and SH at a pre-defined ratio.



# ANALYSIS OF HKRBC: LIFE INSURANCE INDUSTRY SOLVENCY RATIO AS AT YEAR-END 2024

## Introduction

This is an abridged version of an original article published on the Milliman website. For the full article, please refer to this [link](#).

### REGULATORY BACKGROUND

In early 2025, the Insurance Authority (IA) released draft proposals for the Insurance Public Disclosure Rules (Disclosure Rules), including requirements for reporting the Hong Kong Risk-Based Capital (HKRBC) results, and subsequently published its conclusions on the draft Disclosure Rules in August 2025. These rules specify detailed requirements under Pillar 3 of the HKRBC regime regarding the type of information insurers must disclose to the public, as well as the manner and timing of such disclosures.

Required disclosures cover areas such as company profile, corporate governance framework, financial position, investments, insurance liabilities, financial performance, capital adequacy and risk management.

Although the full Disclosure Rules are expected to take effect in 2026, the IA requires insurers to disclose quantitative information for the first financial year under the HKRBC regime, applicable to financial years starting on or after 1 January 2024.

## ANALYSIS AND CONSTRUCTION OF THE INDUSTRY SOLVENCY RATIO

The HKRBC life industry solvency ratio (Industry Solvency Ratio) is constructed using public disclosures from the 10 largest life insurance companies in Hong Kong, with the top 10 being selected based on in-force premium as at year-end 2024 (after excluding two large insurers that are not disclosing HKRBC results as at year-end 2024).

For these insurers, the Industry Solvency Ratio aggregates the prescribed capital amount and available capital figures, as disclosed by the various companies. The Industry Solvency Ratio is then calculated by dividing: (i) the sum of the available capital; by (ii) the sum of the prescribed capital amount across these top 10 selected insurers.

$$\text{Industry Solvency Ratio} = \frac{\text{Aggregate available capital of the top ten life insurers}}{\text{Aggregate prescribed capital amount of the top ten life insurers}}$$

Figure 1: Industry Solvency Ratio Calculation

The analysis presented in this report is based on these aggregated amounts as at 2024 year-end, providing a proxy for the analysis of the Hong Kong life insurance industry capital adequacy.

## ANALYSIS OF HKRBC LIFE INDUSTRY SOLVENCY RATIO

The Industry Solvency Ratio encompasses Hong Kong life insurance companies that collectively represent a substantial portion of the market, over 80% of total in-force premium as at year-end 2024.

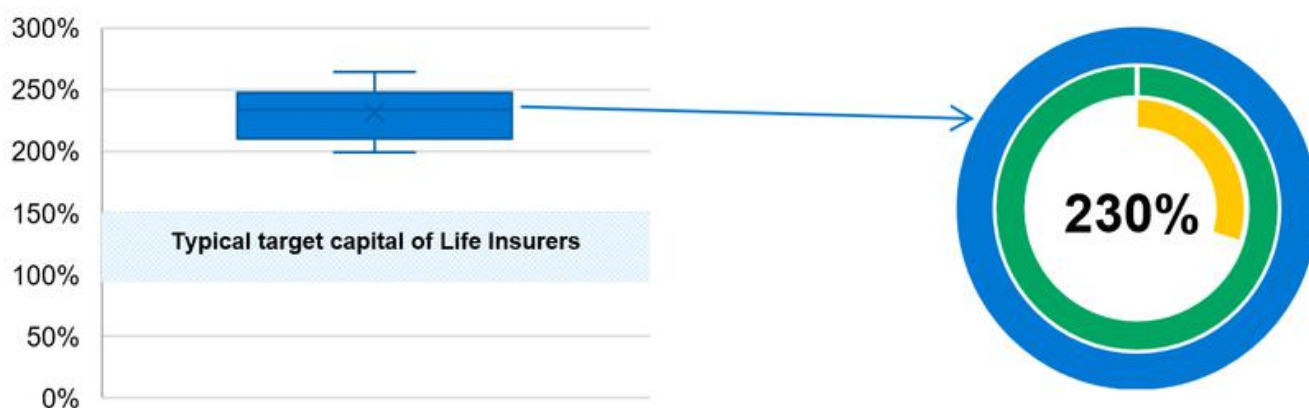


Figure 2: The Industry Solvency Ratio and Distribution of Company-Level Solvency Ratios

## ANALYSIS OF AGGREGATE RESULT

Based on our analysis, the HKRBC Industry Solvency Ratio is at 230%, providing a reasonable buffer above the minimum capital requirement of 100% and the target capital requirement typically considered by life insurers, which is in the range of 100% to 150%.[1] This indicates that the major players in the life insurance industry in Hong Kong are generally maintaining capital levels that adequately support regulatory requirements and internal operational targets, ensuring proper business continuity.

[1] Payne, R., Bonnet, C., & Lu, C. (3 May 2023). Survey of Hong Kong life and general insurers: Embedding RBC, Target Capital and ERM. Milliman. Retrieved 27 October 2025 from <https://www.milliman.com/en/insight/survey-hong-kong-insurers-rbc-target-capital-erm>.

## ANALYSIS OF INDIVIDUAL RESULTS

Among the top 10 selected life insurers considered in this analysis, solvency ratios range from 199% to 264%, with half of these companies reporting levels above the Industry Solvency Ratio of 230%. The box plot in Figure 2 illustrates the distribution of company-level solvency ratios, showing the minimum, 25th percentile, median, 75th percentile, and maximum, and reveals that most of the top 10 selected insurers' ratios are clustered between 210% and 250%. This shows that all insurers maintain a prudent buffer above the target capital requirement. Nevertheless, the magnitude of this buffer is shaped by each insurer's strategic priorities and risk appetite, and is particularly influenced by their individual risk management frameworks.

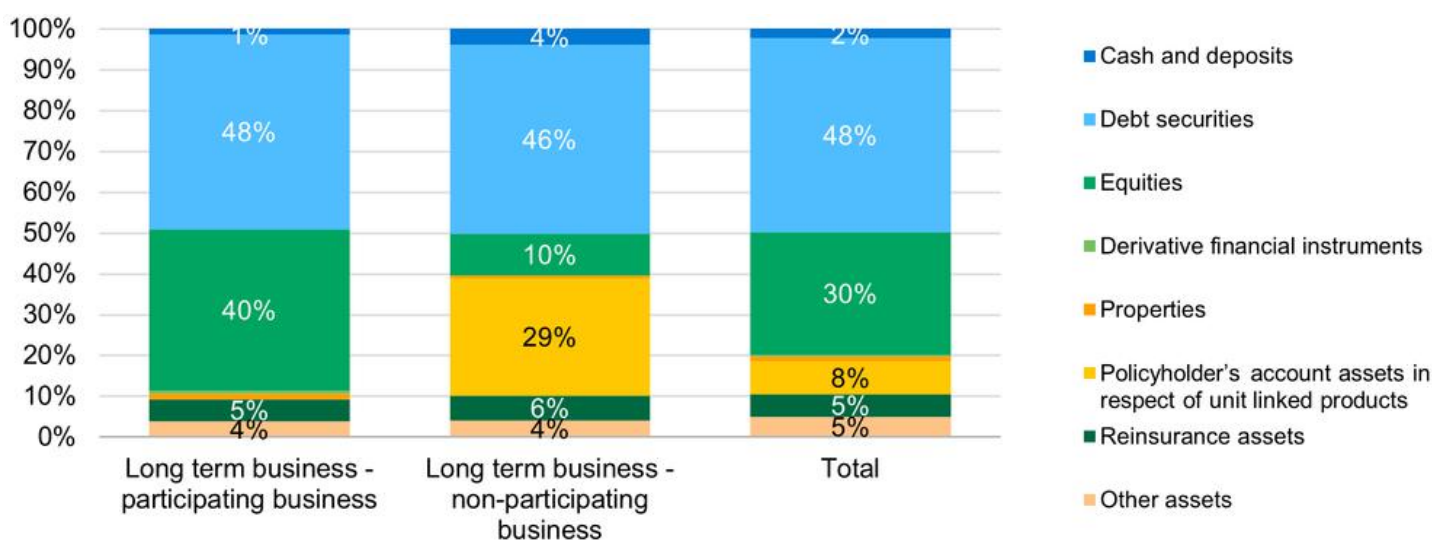
## Analysis of available capital

### ASSETS

The asset side of the balance sheet for the top 10 selected life insurers in Hong Kong as at year-end 2024 is primarily comprised of financial instruments. The breakdown of assets by business segment and by type of assets is shown in Figures 3 and 4 while Figures 5 highlights several key observations. Note that unit-linked assets are captured under the 'long term business - non-participating business' segment.



Figure 3: Asset Allocation By Business Segment As At 2024 Year-End



Note: The category of 'equities' includes portfolio investments. In this report, 'other assets' refer to all asset categories not explicitly listed in Figure 4. This classification encompasses any remaining asset items that are not individually identified or specified within Figure 4.

Figure 4: Asset Allocation By Key Categories As At 2024 Year-End

## PARTICIPATING LONG-TERM BUSINESS

- Limited proportion of debt securities:** Debt securities are used to match guaranteed liabilities, which are typically set at a low level for participating products in Hong Kong.
- High equity backing ratio:** Equities provide the potential for higher returns, thereby enhancing the value of policyholder bonuses and dividends over time. The equity backing ratio, defined as the proportion of equities to total assets, ranges from 23% to 55% across the top 10 selected life insurers. The proportion of equities has grown over time and will most likely continue to grow given the high equity backing ratio of more recently launched participating products.

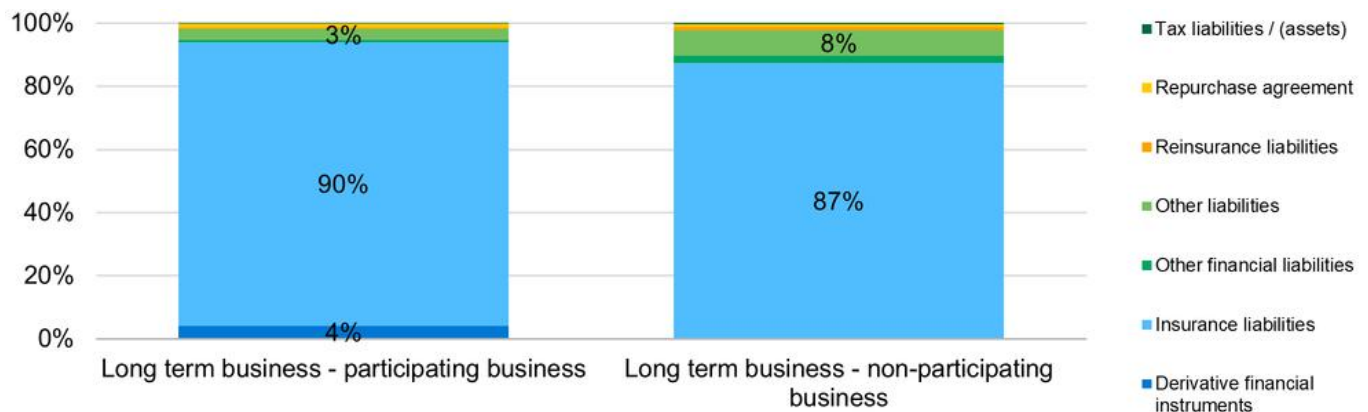
## NON-PARTICIPATING LONG-TERM BUSINESS

- Dominance of debt securities:** The bulk of assets are allocated to debt securities, such as government and high-quality corporate bonds, providing stable and predictable income to meet guaranteed obligations.
- More limited exposure to equities:** A smaller portion of assets is allocated to equities, with the equity backing ratio ranging from 2% to 20% among the selected insurers (the equity backing ratio excludes other assets, unit-linked assets and reinsurance assets). This more prudent allocation reflects a balanced approach, aiming to achieve moderate growth while mitigating market risk.

Figure 5: Participating Long-Term Business vs. Non-Participating Long-Term Business

## LIABILITIES

Liabilities for the top 10 selected life insurers in Hong Kong as at year-end 2024 are primarily comprised of insurance liabilities. The breakdowns of total liabilities by business segment are shown in Figure 6.



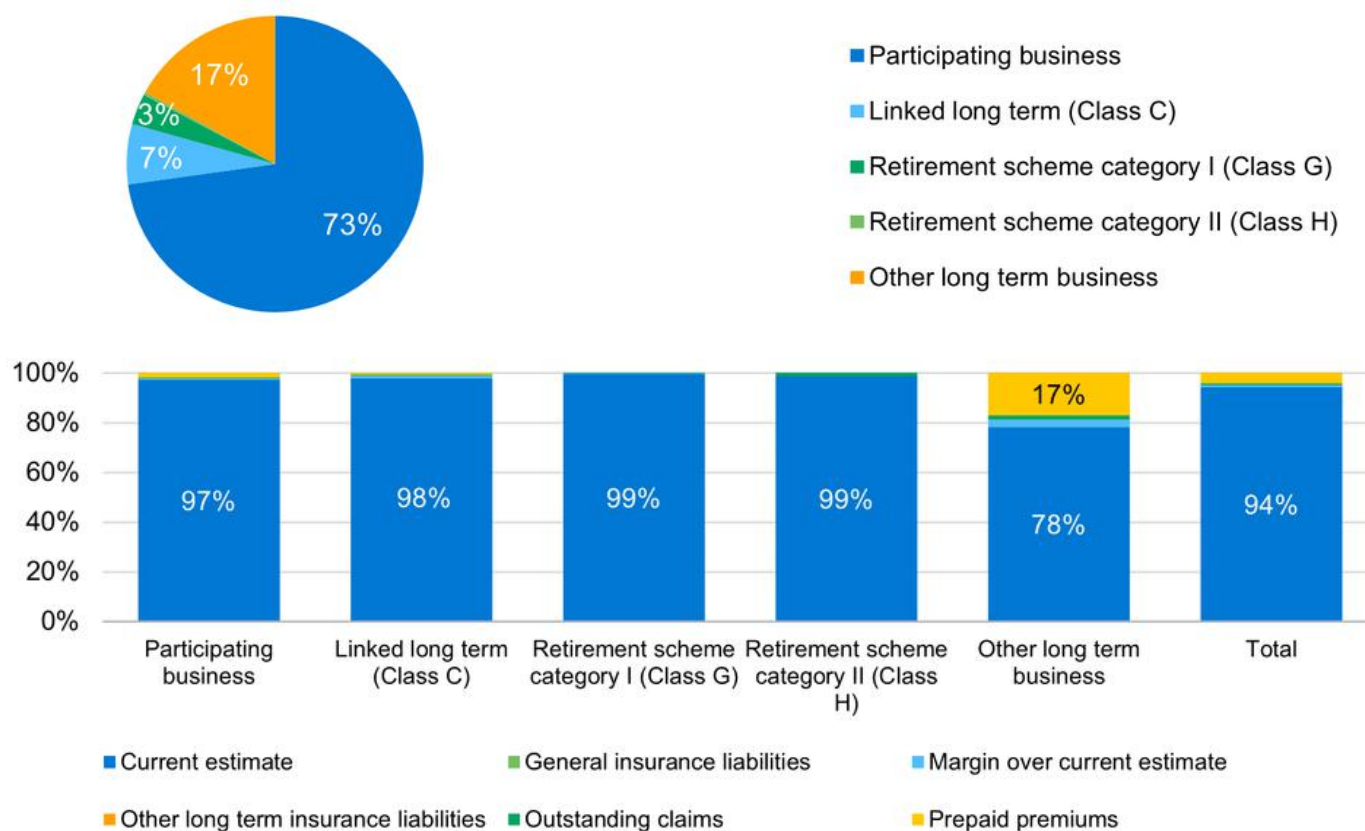
*Note: The figures presented for 'long term business - non-participating business' have been derived by subtracting the value of 'long term business - participating business' from the total 'long term business.'*

Figure 6: Long-Term Business Liability Structure As At 2024 Year-End

As expected, the insurance liabilities constitute the majority of total liabilities for both participating and non-participating business, with a detailed breakdown provided in Figure 7. Liabilities related to derivative financial instruments are primarily associated with the participating business, where they represent the second-largest category of total liabilities. In contrast, these liabilities are negligible within the non-participating business. For non-participating business, other liabilities constitute the second-largest group. Reinsurance liabilities remain insignificant compared to insurance liabilities, accounting for less than 1% of the latter.

## LONG-TERM BUSINESS INSURANCE LIABILITIES BREAKDOWN

The disclosures require a breakdown of insurance liabilities across five business segments, with the participating business accounting for the largest portion, representing nearly three-quarters of the total insurance liabilities for the top 10 selected life insurers in Hong Kong as at year-end 2024.



Note: Insurance liabilities refer to 'Total insurance liabilities (gross of reinsurance)' in Table 3 of the disclosure statement template prescribed by the IA.<sup>[2]</sup>

Figure 7: Insurance Liabilities By Business Segment As At 2024 Year-End

The disclosures require a detailed breakdown of the components of insurance liabilities for each of the five business segments. As anticipated, the current estimates represent the main component of insurance liabilities across all business segments, with the margin over current estimate (MOCE) contributing only approximately 1%.

Within the 'other long term business' segment, the MOCE increases to 4%, which is somewhat unexpected given that underlying products typically have a higher exposure to insurance risks. In addition, a higher level of prepaid premium liability has been identified within this segment, which is likely attributable to advance premium payments made through the use of dividends, bonuses or maturity proceeds, as well as cases in which customers choose to pay premiums in full prior to the commencement of the coverage period.

<sup>[2]</sup> Insurance Authority. (8 August 2025). Annex 1 Disclosure Statement Template. Retrieved 27 October 2025 from [https://www.ia.org.hk/en/legislative\\_framework/circulars/reg\\_matters/files/Circular\\_20250808\\_Annex\\_1.pdf](https://www.ia.org.hk/en/legislative_framework/circulars/reg_matters/files/Circular_20250808_Annex_1.pdf).

## Analysis of capital requirement

### CAPITAL REQUIREMENT BREAKDOWN

The waterfall chart in Figure 8 provides a visual breakdown of the aggregated capital requirement for the top 10 selected life insurers (assuming 100% of capital requirement):

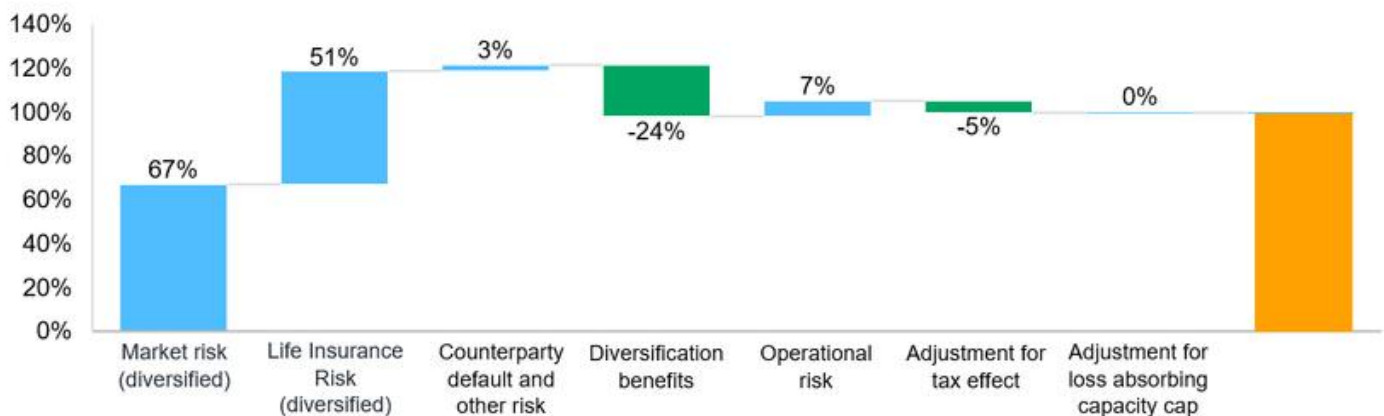


Figure 8: Breakdown of Aggregated Capital Requirement As At 2024 Year-End

Market life insurance risks are the predominant contributors to the overall capital requirement for the top 10 selected life insurers. Diversification benefits are significant, reducing the total risk capital by approximately one quarter. It is noteworthy that the adjustment for loss absorbing capacity is zero for all companies as none reach the loss absorbing capacity cap.

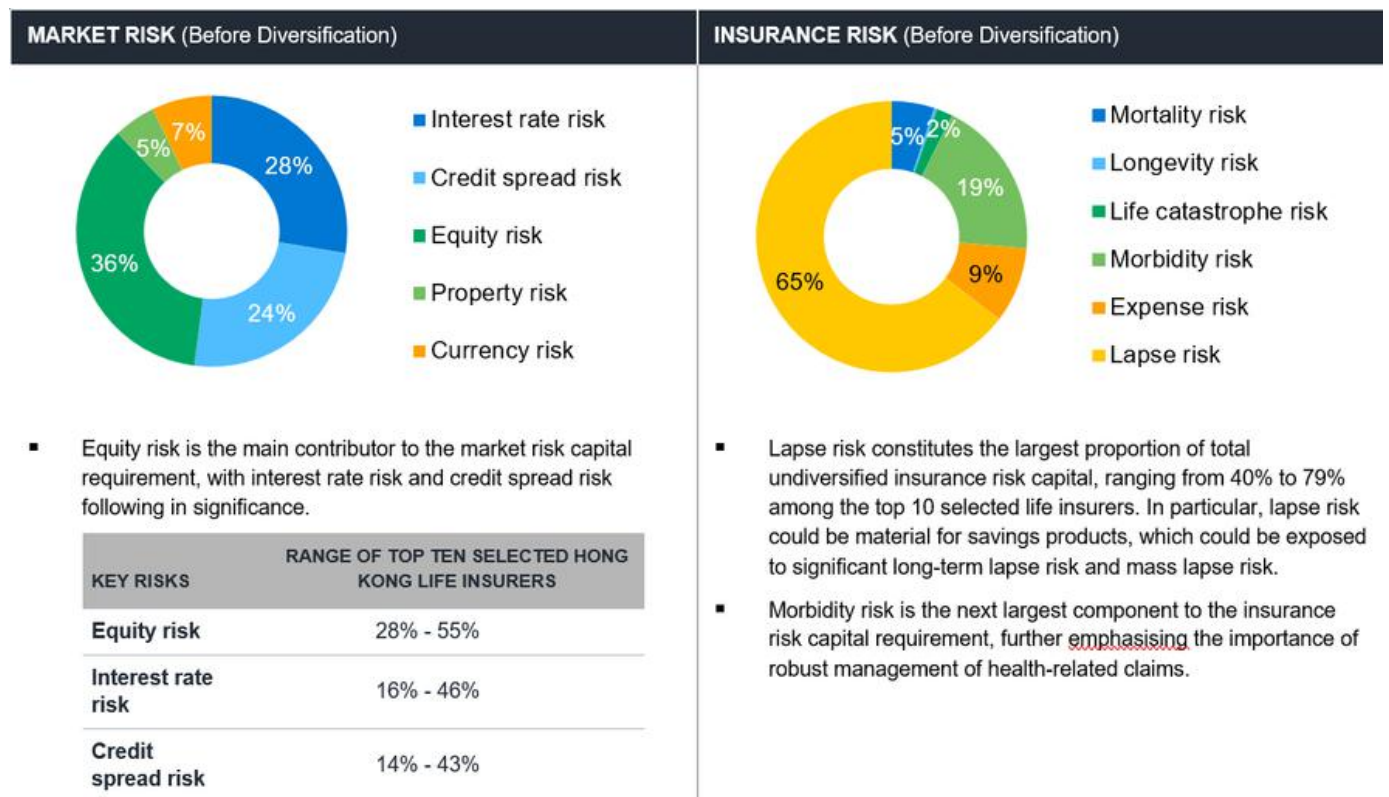


Figure 9: Market Risk vs. Insurance Risk

## Key takeaways

The top 10 selected life insurers in Hong Kong disclosed healthy solvency ratios as at year-end 2024, with an average solvency ratio of 230%. None of the 10 insurers had a solvency ratio of less than 199% as at that date.

Participating business is the main product category in Hong Kong, representing more than 70% of life insurance liabilities. The equity backing ratio for participating business is relatively high, at 40%, and may continue to grow in the future.

The most significant risks to Hong Kong life insurers are market risk (e.g., equity, interest rate and credit spread risks) and insurance risks (e.g. lapse risk and, to a lesser extent, disability risk). However the overall market risk capital requirements remain relatively low (approximately 5% of total assets) due to the significant impact of the loss absorbing capacity of reserves for participating business in Hong Kong. ■



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# BEYOND THE LAUNCH: A PRACTICAL GUIDE TO INDEXED UNIVERSAL LIFE (IUL) PRODUCT MANAGEMENT (PART 1 OF 2)

## I. Motivations

Indexed Universal Life (“IUL”) has moved to an emerging product proposition that offers a new set of returns and risk exposures for customers in Asia, via Hong Kong and Singapore. In fact, the IUL product was invented over three decades ago in North America (US, Canada, Bermuda). IUL has already established its position as one of the top selling products in those life insurance markets addressing both saving and protection needs.

The product has undergone significant development over the years and has become increasingly sophisticated and versatile to meet clients’ needs.

This article is the first of the two-part series to provide some first-hand observations on IUL product design and operational experience in North America. We hope that actuaries in Hong Kong may find these insights for driving sustainable product proposition and risk standards in this marketplace.

## II. Introduction of IUL

In a nutshell, IUL products allow the policyholders to participate in the positive returns of an underlying index, normally subject to a cap. The risk and reward profile of the IUL product falls between traditional Universal Life (UL) and Investment-linked Plan (ILP);

- UL products have stable returns of general account investments;
- ILP policyholders are exposed to the full volatility of the underlying mutual funds.
- IUL products provide higher upside potential than UL products while offering downside protection against unfavorable market returns.

Overall, IUL still shares some of the key risks associated with UL such as disintermediation and general account investment performance. In addition, there are more specific risks requiring actuaries' attention.

Some of the key components of IUL products are:

- **Index account:** Policyholders can choose to allocate their cash value to one or more index accounts that track market indices like the S&P 500, but they are not directly invested in the market. Different accounts offer varying parameters to suit different risk tolerances.
- **Segment:** This defines the investment period for the account value, typically one or two years. At maturity, the policyholder can choose a new index or re-invest in the existing one.
- **Floor:** This sets the minimum interest rate for the index account, often 0%, to protect against market downfalls.
- **Cap:** This sets the maximum interest rate that can be credited to the account during a specific period.
- **Participation rate:** This is a percentage that determines how much of the underlying index's gain is credited to the policy, subject to the cap.
- **Multiplier:** Some insurers add a multiplier to increase the interest credited for greater upside potential. It is common for US insurers to be able to provide multipliers in excess of 100% nowadays.

In summary, the IUL crediting formula can be expressed as below:

$$\text{Interest credited} = \text{multiplier} \times \min\{\text{participation rate} \times \max(\text{underlying index return, floor}), \text{cap}\}$$

Strategic considerations for insurers are outlined below:

- **Product design** is crucial for the insurer to differentiate its own product offering in a competitive market landscape.
- **Target operation model:** After sales volume becomes significant, insurers must establish a clear operating model to monitor the performance of their IUL products. The financial performance of IUL depends on operational excellence.

In the following section, we will explore the critical factors influencing the IUL product design and its operating model.

### **III. Product design trends in the US**

The maturity of the U.S. IUL market has been characterized by multiple product design iterations, resulting in heightened complexity to address varied customer needs. As insurers in Hong Kong, Singapore and wider Asia commence IUL product development, it is crucial to establish a balance between design complexities and customer's expectations. Sound product design is fundamentally built upon the following core components or principles:

- **Index Offerings:** In addition to widely adopted benchmarks such as the S&P 500, insurers may develop and launch proprietary, volatility-controlled indexes in collaboration with investment banks or distribution partners.

- **Index Parameters:** The configurable nature of index parameters allows for a diverse range of combinations to address varying policyholder requirements. This necessitates robust pricing capabilities within the insurance company to accurately value these parameters according to prevailing market conditions.
- **Index Performance Charge:** Certain index accounts may include an elective indexing charge, which is deducted from the cash value to provide opportunities for enhanced returns based on market index performance.
- **Loyalty/Persistency Bonus:** A loyalty/persistency bonus, often in the form of a fixed percentage, is deposited into a policy as an additional crediting rate after a long policy in-force period (e.g., 10 years). This incentivizes policyholders to maintain their coverage, thereby mitigating lapse risk and extending the duration of the insurer's liabilities.
- **Hedge budget:** An insurer's hedge budget is fundamentally tied to its general account investment performance and dictates index parameter pricing. When internal investment teams lack expertise to generate superior yields, insurers often partner with asset-intensive reinsurers to improve returns through outsourced investment management.
- **Index volatility:** The calibration of index parameters depends heavily on market volatility assumptions. It is therefore essential for insurers to use accurate market volatility forecasts and conduct rigorous stress tests to evaluate their exposure and sensitivity. While historical implied volatility often serves as a baseline assumption for current market conditions, this assumption requires periodic and thorough re-evaluation.
- **Stochastic modelling:** Insurers often initially adopt established universal life models to accelerate the development of IUL products. However, a full understanding of product profitability under diverse market scenarios requires the deployment of stochastic modelling. Insurers must determine the optimal timing for this more sophisticated implementation to ensure accurate and aligned IUL pricing and valuation.
- **Market value adjustments (MVA):** At the intersection of risk management and product design, in the North American context, IUL market participants have awareness of the market value adjustment concept, similar to the Fixed Index Annuities (FIA). The MVA product feature adjusts surrender values to reflect the likely difference between the book value and market value of the underlying fixed income assets. MVA features are common in the banking industry especially on mortgage refinancing. In North America, IUL often involves bancassurance channels and especially the High-Net-Worth (HNW) customer segment. Therefore, the level of sophistication in the IUL target client base may have contributed to the acceptance of this feature. In fact, in our experience of product development, the MVA charge is designed to renew after a predefined period, which means that the sophisticated buyer could intuit that the IUL's annual option budget derives from a long duration bond yield. Therefore, our IUL index participation promise would always be higher than the bank's index GIC product (a similar product with an option budget derived from short duration bond yield). With such context, the MVA may be seen as evidence of the insurer's sophisticated ALM strategy – which may have a positive signal for sophisticated clientele.

#### **IV. Asset liability management**

Asset-Liability Management (ALM) is a critical component of the pricing and management process for IUL products. The primary objectives of ALM are to optimize the returns on general account assets and to effectively manage duration mismatches between assets and liabilities for liquidity and financial reporting purposes.

##### **General Account asset returns**

General Account asset returns are a key determinant of IUL's index parameters. Large insurers with strong in-house investment capabilities rely on their professional investment teams to generate adequate returns. A target spread is first allocated to the insurer as profit, with the remaining investment return funding the hedge budget for the index accounts.

For insurers lacking investment expertise, partnering with asset-intensive reinsurers offers an opportunity for higher returns by ceding investment responsibilities. This trade-off, which involves a short-term reduction in profitability for expedited product time-to-market, requires careful consideration. Prior to such an agreement, insurers must conduct a thorough cost-benefit analysis and review their long-term strategy, including the potential for future recapture and internal asset management.

##### **Proactive product management**

Within the life insurance sector, establishing dedicated sub-funds for IUL products is a common and necessary practice for effective liability and hedging management. This structural separation of asset allocation from other product groups enables more accurate investment performance measurement. The distinct policyholder behaviors associated with IULs necessitate specialized management and the use of a sophisticated liability model for comprehensive business analysis. Insurers must diligently track and respond to evolving dynamic lapse trends, which are a primary determinant of IUL profitability and liability duration. Some companies mitigate interest rate risk exposures by initiating macro-hedging programs or utilizing asset overlays to appropriately extend the liability duration.

##### **Management of dynamic lapse as part of ALM**

The counter-intuitive concept here suggests that the magnitude of dynamic lapse in one's assumption set is indirectly proportional to the sophistication of proactive management of policy retention. The counter-intuition occurs because the ability to understand then to put in place the appropriate operating model to prevent policy lapsation (moving over to competitors) successfully would result in no evidence (namely no lapses). For example, a successful 15-year book of IUL business (and still ongoing) does not occur in a vacuum; an understanding of what "de-pressurizes" dynamic lapse will define success.

In our experience, there has been complex and deliberated strategy to manage insurer's discretions to mitigate dynamic lapse. The strategy typically takes reference to competitor rates and macro-economic variables, supported by a target operational model with proper governance and timely analytics.

We believe this is an important reference point for this market when considering reserving and capital requirements associated with the dynamic lapses.

## **V. Hedge model process**

Effective management of IUL requires a hedging strategy to offset the interest credited to policyholders. There are two primary hedging models used by insurers: static and dynamic.

### **Static hedging**

In the early stages of an IUL product's lifecycle, static hedging is often used because it is less complex to manage.

#### **How it works**

Insurers purchase call options to mirror the crediting formula of the IUL product.

- For products with an index cap, insurers use a bull call spread, which involves buying a call option and selling another with a higher strike price.
- For products without an index cap, insurers buy a plain vanilla call option.

Under the condition that the policy does not lapse prior to segment's maturity:

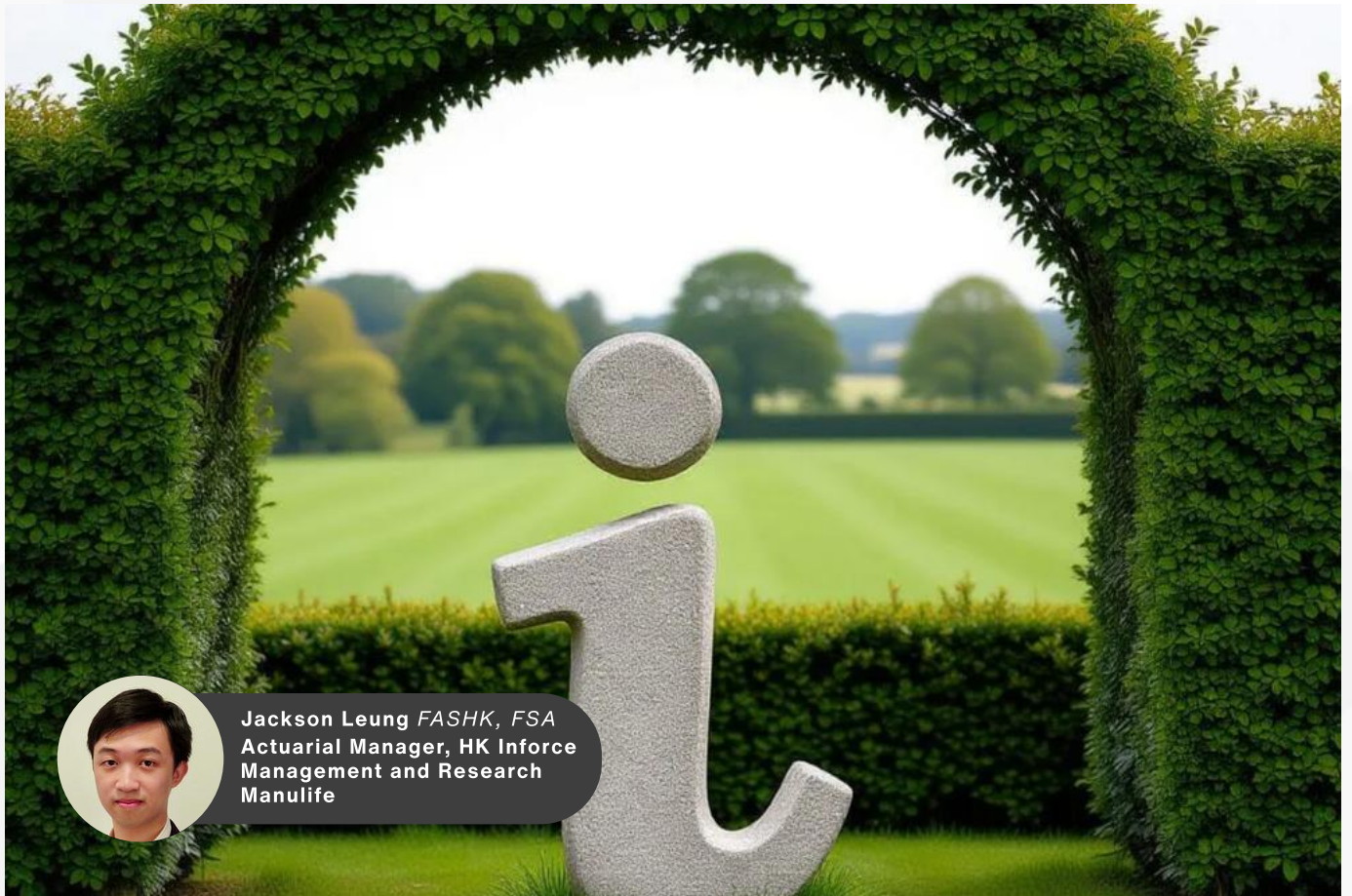
- A positive market return during the segment will result in the option payoff completely offsetting the crediting rate to the policyholder.
- A negative market return, however, will cause the options to mature worthless.

#### **The static hedging process**

- Order preparation: Before a new policy segment begins, there is a "lock-in" period where policyholders cannot change their index account allocations. A reliable policy administration system (PAS) is essential for providing timely exposure data to the hedging team.
- Order execution: The hedge orders are executed either by an internal trading team or by external investment banks. In both cases, the hedging team must verify the price quotes from the banks before executing the trades.
- Reporting: A regular Hedging Risk Report is created (e.g., monthly) to measure the hedging effectiveness and track costs against the budget.

## **VI. What's next?**

Insurers in North America have involved substantially from the static hedging process in the past decade. In the second part of the article series, we will discuss dynamic hedging and the target operating model for product management and governance. Stay tuned! ■



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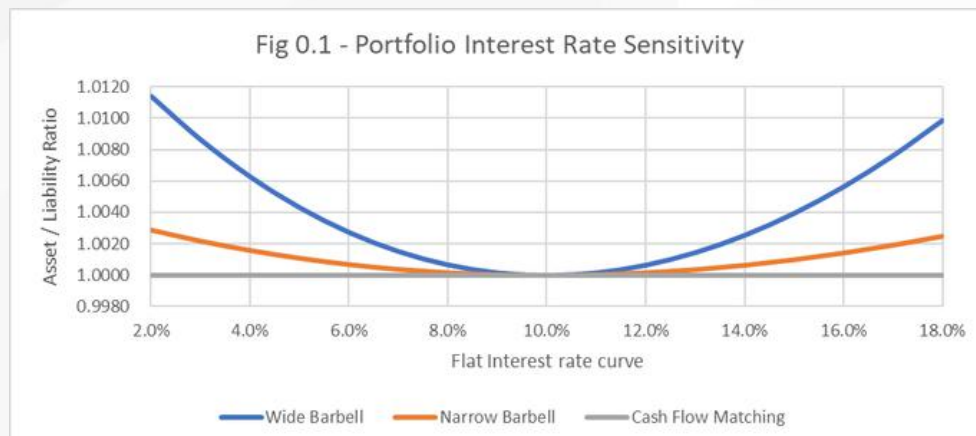
## INTEREST RATE HEDGING: THE HIDDEN PRICE OF CONVEXITY

With the implementation of Risk-Based Capital (RBC) framework, asset-liability management has become increasingly critical. Among market risks, interest rate risk stands out as one of the most significant drivers. A common way to mitigate it is through duration-based hedging strategies.

To evaluate such strategies, actuaries often use the asset-liability ratio sensitivity graph. In participating funds, this is equivalent to the dividend sensitivity graph. Let's explore three portfolios designed to support a liability of \$100 due at time 8, under a flat 10% interest rate curve:

- Wide barbell portfolio: duration hedged using 6-year and 10-year zero-coupon bonds
- Narrow barbell portfolio: duration hedged using 7-year and 9-year zero-coupon bonds
- Cash flow matching portfolio: hedged using an 8-year zero-coupon bond

In Figure 0.1, the cash flow matching portfolio produces a perfectly flat sensitivity curve, while both barbell portfolios show positive convexity—meaning they gain value when interest rates deviate from 10%. At first glance, it seems that widening the maturity gap creates portfolio value out of thin air. But as every actuary knows, there is no free lunch in financial markets. So, what's really happening?



This paradox was addressed by Barber & Copper<sup>[1]</sup> in their article “Is Bond Convexity a Free Lunch?” (1997). Building on their insights, let’s take a deeper dive into the mechanics of convexity.

### 1. What is convexity?

Convexity measures how duration changes when interest rates change. Positive convexity means that as interest rates fall, the bond’s price sensitivity increases, leading to larger gains from subsequent drops. Conversely, as rates rise, losses are cushioned.

A coupon bond inherently has a positive duration and convexity from its cash flows. A simple liability (negative cash flow) has a negative duration and convexity.

Traditional interest rate immunization (e.g., Reddington immunization) states that a portfolio is hedged against level interest rate movements when it has:

1. Zero net present value
2. Zero net duration
3. Positive net convexity

This can be achieved using a barbell portfolio, where the liability cash flow lies between the asset cash flows. The example portfolios satisfy these conditions.

Alternatively, one can perfectly hedge the liability by replicating its cash flow with an identical asset cash flow. This produces zero net duration and zero net convexity.

Here lies the paradox: barbell portfolios appear superior. From the sensitivity analysis above, they seem to always generate positive returns, potentially outperforming perfect cash flow matching without any downside. If true, one could short a bond and long a barbell portfolio to guarantee profit. But reality is more nuanced.

### Parallel Shift Model

So, what’s happening in our models? What we are seeing is perfectly correct, but we leave out one very important dimension - time. Our sensitivity test assumes the shock occurs at time zero, but what happens after 1 year? Will the return of the hedged portfolio be different?

[1] Barber, J. R., & Copper, M. L. (1997). Is bond convexity a free lunch? *The Journal of Portfolio Management*, 24(1), 113-119. <https://doi.org/10.3905/jpm.1997.113>.

Our first test will continue to assume a parallel shift model, where the yield curve shifts uniformly up or down, and the forward rate curve after one year mirrors time zero (Figure 1.1):

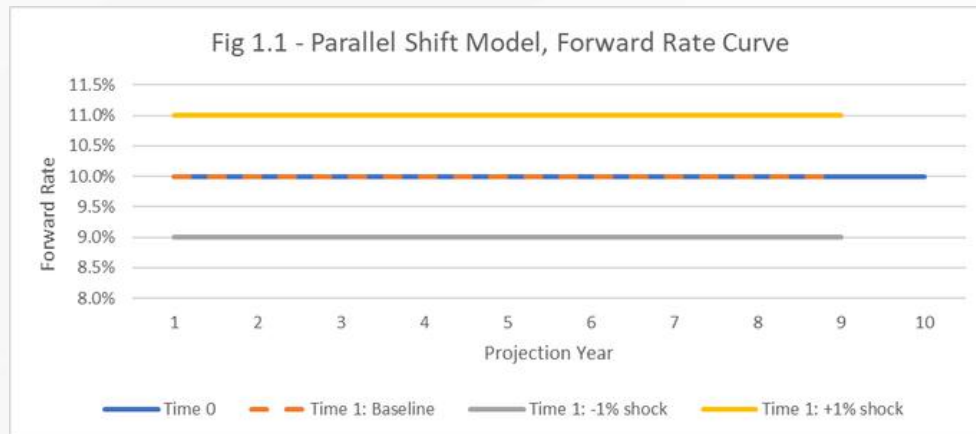


Figure 1.2 shows the asset/liability ratio of the wide barbell portfolio after 1 year, but it still seems to generate an arbitrage profit. Time factor has been included, but what is still missing?

### Unbiased expectation hypothesis

The parallel shift model focuses solely on the unexpected changes in interest rates and assumes that expected future spot rates equal current forward rates—an assumption known as the **unbiased expectation hypothesis**. However, this fails to capture the full picture. To maintain consistency, expected changes in future spot rates must also be considered.

### 2. No-arbitrage interpretation on yield curves

To include the no-arbitrage principle, we must consider the future development of the interest rate structure. There are two common ways of doing so:

- **Short rate model:** describes the evolution of the instantaneous money-market interest rate.
- **Heath-Jarrow-Morton (HJM) framework:** leads to the widely used LIBOR Market Model (LMM) in risk-neutral settings.

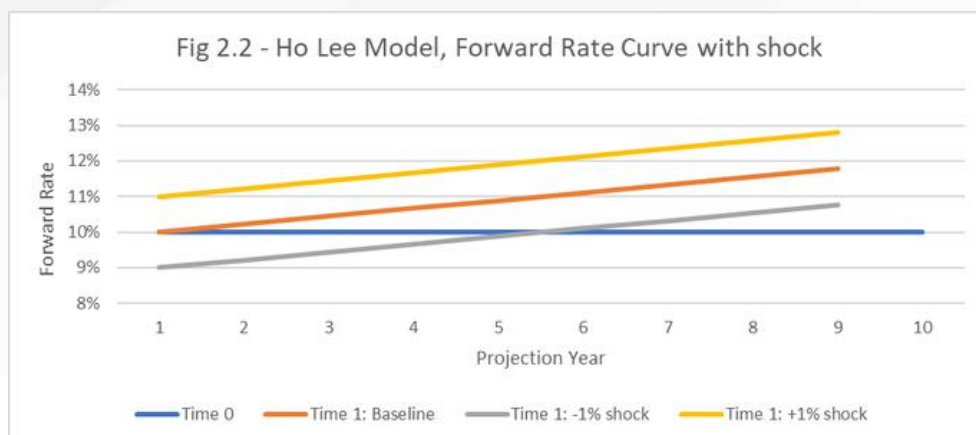
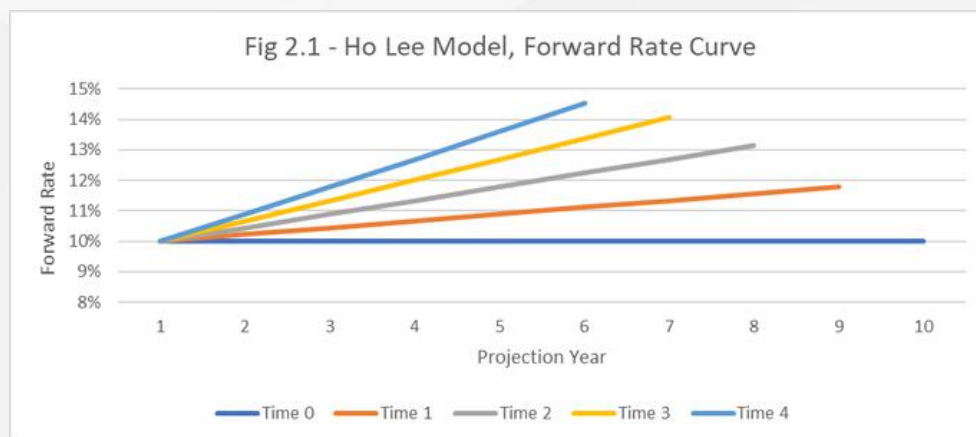
Here, we focus on short rate models, as they are more commonly applied in real-world scenarios. By only introducing changes in the short rate, we can ensure the whole yield curve is consistent throughout all years.

## Ho-Lee model

The simplest short rate model is a Ho-Lee model. The change in short rate is determined by this formula:

$$dr_t = \underbrace{\theta_t dt}_{\text{expected change}} + \underbrace{\sigma dX_t}_{\text{unexpected change}}$$

Under this model, short rate follows a normal distribution with a predetermined drift  $\theta_t$  and volatility  $\sigma$ . ( $X_t$  represents a Wiener process and is the source of randomness.) Our model calibrates to an initial flat 10% yield curve same as our previous examples. Since we now have a formula for how the short rate evolves, we can now project the whole yield curve across time. For example, the time 0 forward rate curve can be calculated as the expected bond prices (as in average value of all stochastic scenarios).



Interestingly, when there are unexpected shocks (e.g., +/- 1% on time-1 short rate in Figure 2.2), this model still produces a flat yield shift when projecting the yield curve from the shocked initial short rate. However, expected changes introduce twists in the forward curve to maintain internal consistency. The following graph shows the performance of the wide barbell portfolio:



Finally, the wide barbell portfolio under this model reveals the cost of convexity: while convexity provides upside in volatile scenarios, it reduces returns when rates remain stable.

### Hull-White model with market risk

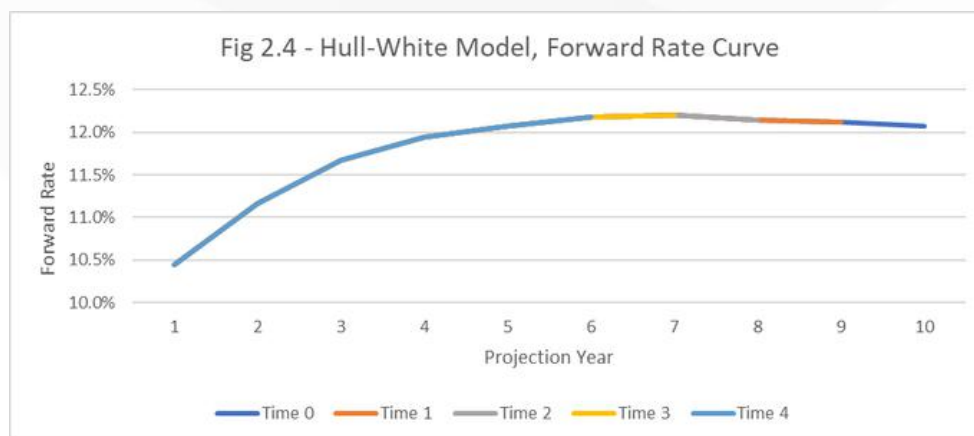
The Ho-Lee model might seem too simplistic to reflect the actual world, as the yield curve generated seems too statistical. To increase realism, we can use a modified Hull-White model, which can produce two important characteristics for the short rate:

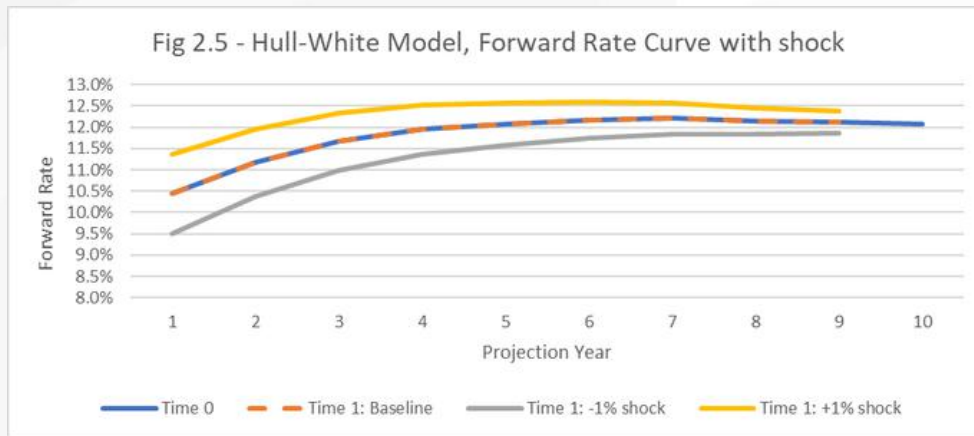
1. **Mean-reversing**: allows interest rate to return to a stable long-term rate
2. **Market price of risk**: reflects risk premium in real world (in contrast to risk neutral).

The formula for the change in short rate is:

$$dr_t = \alpha(\theta_t - r_t)dt + \sigma(dX_t + \gamma_t dt)$$

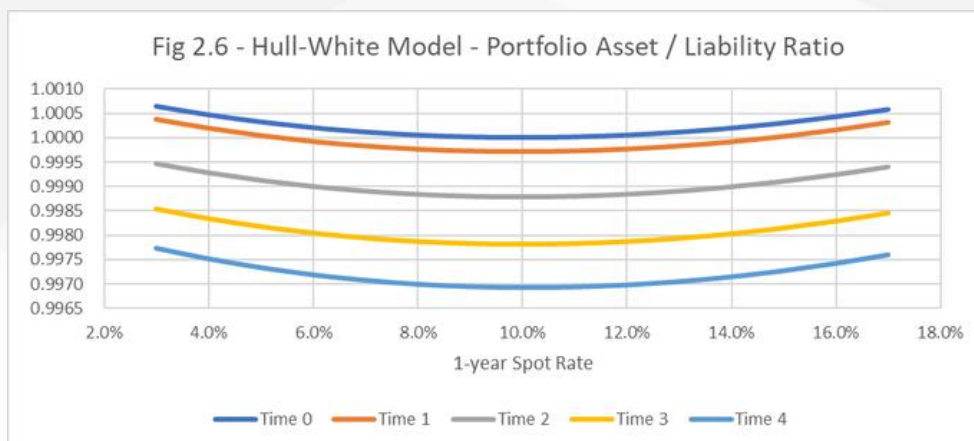
The parameter  $\alpha$  controls mean-reversion speed, while  $\theta_t$  is the mean-reversion target.  $\sigma$  is the volatility, and  $\gamma_t$  is the market price of risk. A set of parameters is selected arbitrarily for illustration purposes, and produces the yield curves as follows:





Yield curves generated are more realistic, with lower short-term rates and higher risk premiums for long-term bonds. Moreover, the model maintains the same expected yield curve shape across all years (Figure 2.4). Unexpected shocks affect short-term rates more than long-term rates, reflecting mean reversion (Figure 2.5). Notice that the rate does not shift in parallel, but in a way that is consistent with the short rate formula.

And, since this model is also internally consistent, the wide barbell portfolio shows reduced returns in exchange for convexity (Figure 2.6). (Due to the complexity of non-parallel shifts, the optimal hedging bond mix is solved numerically instead of the duration method.)



### 3. Empirical data USD yield curve

With a theoretical base, it is time to test against data. Using U.S. yield curve data from 1985–2025[2], we construct a duration-hedged portfolio with a 20-year liability, backed by 10-year and 30-year zero-coupon bonds. Figure 3.1 shows the asset/liability ratio after a year, with each blue dot representing a data point, while the orange line is a quadratic regression line for all the data points.

[2] Nominal yield curve. <https://www.federalreserve.gov/data/nominal-yield-curve.htm>.

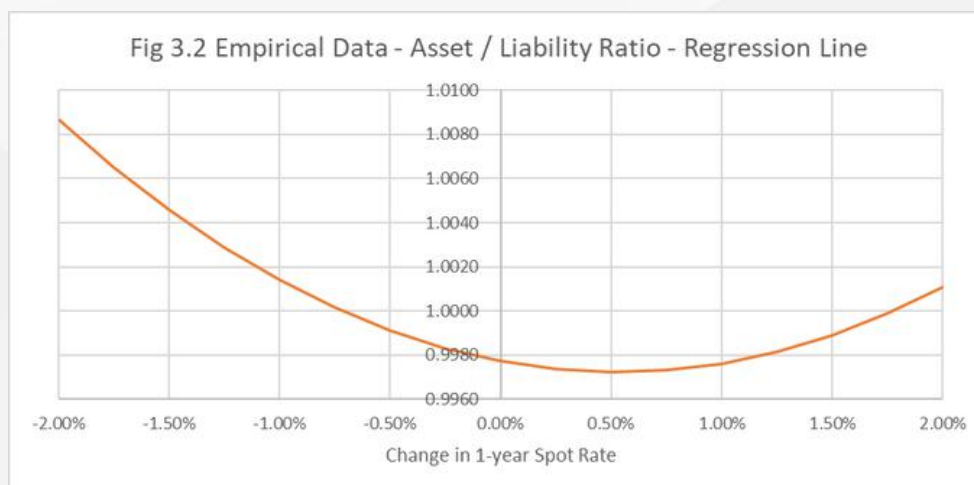
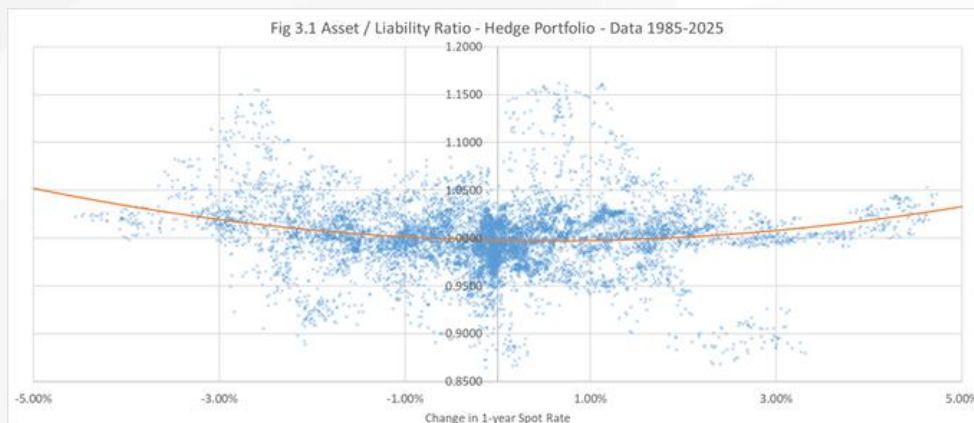


Figure 3.2 zooms in on the quadratic regression line near the center, and it confirms the convexity cost: portfolios with positive convexity underperform when rates remain stable, as the  $y$ -intercept is statistical-significantly less than 1.

#### 4. In actual practice

Duration matching remains a timeless approach to managing interest rate risk. Numerous studies have shown that level changes (as opposed to slope or twist) are the most important component of rate movements, making flat yield curve shocks a valid testing method.

However, we should be aware that convexity gains from such models are artifacts of model simplicity due to the sole focus on unexpected changes in interest rates. The cost of convexity in terms of lower returns cannot be easily shown. Therefore, one should not draw a conclusion that a wider barbell portfolio would perform better than a perfect cash flow matching portfolio or a narrower barbell portfolio.

In practice, when dealing with complex instruments (e.g., callable bonds, swaptions, participating policies), convexity from flat-shift tests becomes even harder to interpret. Without advanced stochastic modeling, decisions regarding hedging strategies should follow a simple rule of thumb:

**The closer the cash flow match, the better the hedging strategy. ■**



## STUDENT CORNER - PREPARE FOR YOUR ACTUARIAL CAREER

Hong Kong Assured Lives Mortality 2022:  
From Textbook Assumptions to Real-World Applications

 **Prefer visuals?**

**Watch the short video via the link for a quick take on the ideas in this article.**

**<https://youtu.be/KR799FRTMtA>**

Welcome to this section which has been exclusively prepared for our student members!

Mortality tables are probably one of the first things you and I encounter in actuarial studies. You see endless rows of  $q_x$ ,  $l_x$ , and  $p_x$ , and learn to calculate probabilities of death and survival as if life follows a tidy formula. But once you step into the real world, you'll soon find that mortality tables are more than mathematical grids. They are insightful reflections of human experience and societal trends. Each cell in the table represents not just a probability but a story of how people live, influenced by factors such as healthcare accessibility, social behavior, and the macroeconomic environment. Behind every figure lies a vast amount of data gathered over years, cleaned, adjusted, and interpreted by actuaries who strive to translate human lives into quantifiable insights.

In August 2025, ASHK released the latest Hong Kong Assured Lives Mortality Table 2022 (HKA22), which is based on data from 13 insurers covering 94% of the market. It shows continued improvement in longevity — life expectancy stands at 84.2 for men and 88.6 for women. Using advanced statistical techniques such as natural cubic spline graduation and the Gompertz model, HKA22 refines mortality rates to reflect modern experience.

Have you ever wondered how this industry table compares with those you see in textbooks or exams? Let's explore how mortality tables differ and how we can connect the classroom and the real world.

## The Textbook World: Simplified and Structured

In textbooks, mortality tables are designed to teach logic and structure. They are neat, consistent, and assume a stable environment. We learn that:

$$l_{x+1} = l_x (1 - q_x)$$

In other words, the number of people who are alive at age  $x+1$  are those who are alive at age  $x$  and who successfully don't die during the year. Each age has a corresponding probability of dying within a year, and the table progresses smoothly from young to old ages.

These “textbook tables” are often standardized, assuming a uniform pattern of mortality, without considering pandemics, medical breakthroughs, or social changes. They serve as a clean starting point for students to grasp the core mechanics of life contingencies, including how survival probabilities influence premiums and reserves. By stripping away the irregularities of real life, “textbook tables” highlight the mathematical beauty of the actuarial framework and make complex ideas approachable.

## The Real World: Data and Experience

In practice, mortality tables look quite different. Actuaries build and update tables using empirical data from insurance portfolios and public statistics. The process involves handling imperfect data and analyzing trends over time. Real-world tables must consider:

- **Selection effects:** New policyholders usually have lower mortality than those who are persistent.
- **Mortality improvement:** People live longer over time due to better healthcare.
- **Socioeconomic factors:** Lifestyle, income, and health behavior affect mortality risk.

In HKA22, the COVID-19 pandemic was a key consideration. While it disrupted global mortality trends, the Hong Kong experience up to 2021 showed no significant deterioration in overall mortality, which may be because the pandemic's effects are only partially captured in the study.

That's why companies use experience tables, which reflect the observed mortality of their own insured population. Over time, actuaries monitor emerging experience and update assumptions, turning mortality into a moving assumption rather than a fixed table.

## **Bridging the Two Worlds**

The formulas you learned in class form the foundation of every mortality model. The difference lies in how we estimate. In textbooks, is given. In practice, is discovered. Actuaries spend significant effort analyzing claims data, applying credibility theory, and fitting smooth curves to create tables capturing the real-world mortality experience. The mathematical framework remains identical, but the art lies in transforming raw data into credible assumptions that can guide business decisions and public understanding.

Textbook mortality tables teach us how to think. Real-world mortality tables guide us to different business decisions. As you move forward in your actuarial journey, remember that behind every formula lies human experience, and behind every assumption lies judgment. Bridging the textbook and real-world perspectives is what transforms an actuarial student into a professional who not only understands numbers but also makes business decisions based on what those numbers imply.

Stay tuned for future volumes for more sharing on interesting actuarial topics (And please let us know if there are any particular topics you'd like us to address). ■



## STUDENT FEEDBACK

### SOCIAL ACTIVITIES with the ASHK

by Winky Lai and Mimi Tse

This year, we took part in several events from the Actuarial Society of Hong Kong (ASHK), where we gained many practical and professional insights.

Our activities started with a community service project. It was with the YWCA Ching Hong Neighborhood Mutual Help Project. We visited three elderly residents. This was a meaningful chance to learn about their daily lives and living conditions. It gave us a valuable, ground-level view of community needs.

A key highlight was the ASHK bridge sessions. We first learned bridge through the Society's Student Summer Study Group (SSSG). The game's strategic depth interested us immediately. After the first session, we started practicing on our own. We now become intermediate players and look forward to the next ASHK bridge event. These sessions were engaging and fun. They also let us talk with experienced actuaries and other students. This helped us improve our strategic thinking.

Another important event was the ASHK Innovation Conference 2025. Students received special invitations. This access was a great opportunity, as these conferences are usually for practicing professionals. The technical sessions covered advanced pricing models. They also showed how Artificial Intelligence can improve actuarial modeling. A hands-on workshop was especially useful. We gained direct experience with AI tools. We learned to write effective prompts and perform data analysis. We believe inviting students is a very valuable way to inspire future actuaries.



Overall, these ASHK events provided a substantive and well-rounded experience. The community service gave us human-centric insight. The bridge sessions built our analytical and social skills. The conference equipped us with modern technical knowledge. Together, they have given us practical skills. They have also strengthened our understanding and enthusiasm for the actuarial profession. ■

## **BUILDING BRIDGES:**

### **How Shared Experiences Forge Stronger Leaders and Deeper Connections**

by Lau Tsz Ching, Karen and Loi Larry

Statistics and Actuarial Science Society (SASS) Executive Committee (HKU)

As the Executive Committee of the Statistics and Actuarial Science Society (SASS) of the session 2024-25 at HKU, we have discovered a powerful formula for strengthening our community: it thrives when the Actuarial Society of Hong Kong (ASHK) actively partners with us, the students, to create meaningful experiences. During our term, many events in particular—our elderly community visits and bridge nights—became more than just activities; they transformed into vital platforms that connected students with the wider actuarial community, all while revealing our future leaders.

These events succeeded because of the unique bridge supported by different parties, including the executive committee of SASS, the Department of Statistics and Actuarial Science of HKU, and the ASHK. These active involvements were crucial. They showed students that their efforts contributed not only to their academic success but also to their personal and professional growth.

Our first collaboration with the ASHK was the Actuarial Cup, jointly organized with CUHK SIFA. The event was sponsored by the ASHK. We provided a wide range of activities for Actuarial Science Students from both universities, ranging from sports games to cultural competitions, such as basketball, football, and a singing contest. Through these activities, the connections between students from HKU and CUHK were enhanced. Without the support from the ASHK, the event would not have been held smoothly.

Participating in the bridge night at HKU was an invaluable experience. The game's requirement for partnership and communication allowed us to interact with everyone at the table—from first-year students to senior faculty and even actuaries from the ASHK. This wasn't just networking, but also a connection built through shared challenges and fun. We learned to communicate clearly, think strategically, and support our partners—skills directly transferable to leading a student society and our future careers. These events became a live audition for future ExCo members, revealing who could strategize, adapt, and foster a positive team environment.

We also joined the elderly community visit, organized by the ASHK, which was a profound exercise in empathy and logistics. Working in small, mixed teams of student volunteers and ASHK members, we were no longer just classmates or actuaries, but collaborators on a shared mission. In this low-pressure environment, we saw a different side of the professionals. They could also observe which students naturally took initiative, who was a thoughtful listener, and who demonstrated the compassion and reliability that are the hallmarks of a true leader. For us, it was an opportunity to learn from actuaries in an informal setting, strengthening bonds that simply cannot be formed in a lecture hall.

We also took part in the logistic assistance to the GAIP Insurance Innovation Competition 2025, which was supported by the ASHK. Through this large-scale competition, we have broadened our horizons on the preparation work behind the scenes. We look forward to grasping more chances to gain more experience.

For the Annual Dinner 2025, we were privilege to have Mr. Patrick Au, the ASHK's Secretary & Treasurer, join the event on behalf of the ASHK. He delivered a speech and communicated with our members. It was a great chance to allow our student members to have more understanding towards the ASHK. Our student members were inspired by the advice and recommendations given by the ASHK leader, fostering their career preparation.

We urge the next ExCo to continue building on this model: organize more events with the ASHK that emphasize genuine interaction over formal presentation, and that reveal the character of our members. By doing so, you won't just be planning activities; you will be fortifying the very bridges that make SASS an exceptional society, nurturing leaders who are defined not just by their technical skills, but by their ability to connect, collaborate, and lead with heart.

Pictures to follow ... ■





sifasora\_2526 和 sass.ss.hku

SASS x SIFA

# Actuarial Cup 2025

**CULTURAL COMPETITION**  
5 APR 09:30-22:00  
THE UNIVERSITY OF HONG KONG

**SPORTS COMPETITION**  
29 MAR 09:30-19:00  
THE CHINESE UNIVERSITY OF HONG KONG

SASS CONTACT: MR. SUN JERRY 9280 8855 sass2425@hkust.edu.hk

SIFA CONTACT: MR. HO SUN CHING, ANDREW 6188 8420 sifac21@hku.hk

ashkactuaries 和其他人都讚好 sifasora\_2526 (Please scroll down for English version) 由 ASHK 全力贊助嘅 SASS X SIFA 精算盃 2025 就嚟舉行啦！

呢個係香港大學理學會統計及精算學會聯同香港中文大學保險、金融與精算學系系會一齊舉辦嘅年度盛事！唔知你哋對打機有冇興趣呢？想同朋友打牌、唱歌、抑或打波？精算盃 2025 就係專為你而設！呢個活動集合咗各種武鬥向文鬥嘅比賽，俾大家可以從繁重嘅學業抽離一下，你可以代表所屬學會一嘗出戰！聽落係咪好吸引呢？快啲同你嘅朋友報名參加啦！



Superpass Dinner Registration is Available Now!

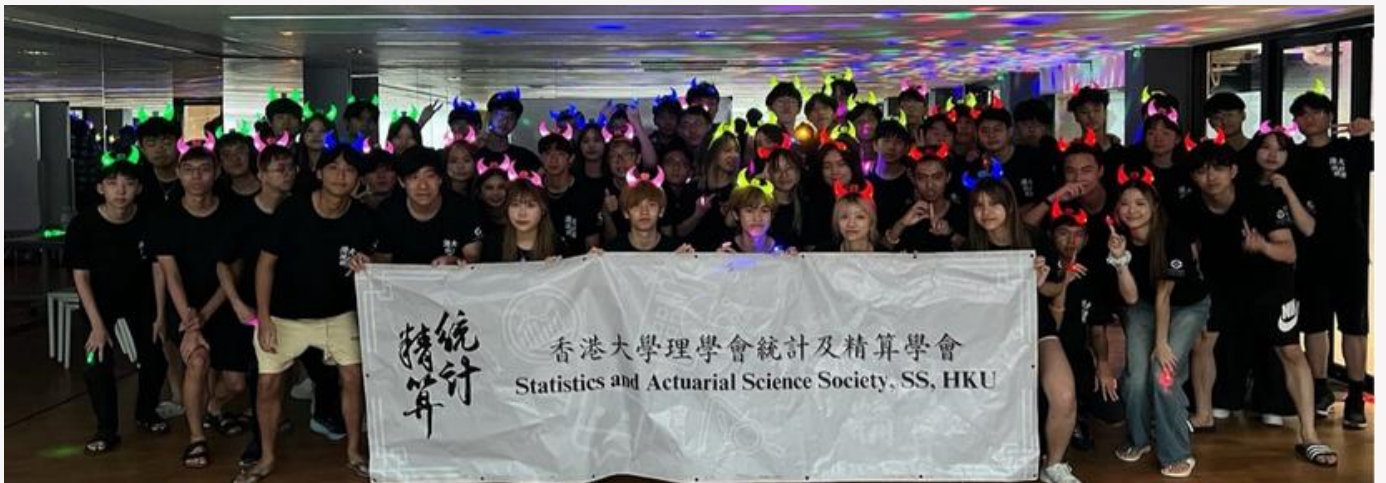
Statistics and Actuarial Science Society, Science Society, HKU

### Reminder

FRIDAY, 11/4 19:30  
Shing Fat Restaurant

Join us on Friday and capture the splendid moments!!!

ACTUARIAL SOCIETY  
Presented by ASHK





**Jenny Lai FASHK**  
Vice Chairperson  
ASHK GI Committee

**Trinity Pong FASHK**  
Chairperson  
ASHK GI Committee

**Iris Lun FASHK**  
Chairperson  
ASHK Innovation Committee

## **SUPPORTING RESILIENCE IN THE WAKE OF TRAGEDY**

On behalf of all our members, the Actuarial Society of Hong Kong expresses our deepest condolences to the victims and families affected by the devastating fire at Wang Fuk Court in Tai Po on 26 November 2025. This tragedy has profoundly impacted our community, with at least 161 fatalities, 79 injuries, and around 2000 homes lost.

The ASHK has made a donation to the Hong Kong Red Cross's Tai Po Fire Emergency Appeal on behalf of our members to support relief efforts for affected residents. As actuarial professionals dedicated to risk management for our communities, we are committed to helping minimise future risks of a similar nature through education, research and public awareness.

### **Building Property Insurance – the critical protection that often goes unnoticed**

Following the Wang Fuk Court fire, the Insurance Authority identified over 1,800 property and accident policies linked to the incident. The swift disbursement of initial insurance compensation by the industry provided some immediate relief to affected policyholders. Yet the incident has also highlighted a significant gap in public awareness, particularly around Building Property Insurance.

As insurance professionals, we understand the distinction between Home Insurance (covering personal belongings and fixtures within individual units) and Building Property Insurance (covering the building structure, common areas and public facilities). However, many Hong Kong residents may conflate

conflate the two or remain entirely unaware of what protection exists for their building. This knowledge gap leaves many occupants uncertain of their rights and ill-equipped to ensure adequate coverage is in place.

### **Why Building Property Insurance Requires Our Attention**

For catastrophic events such as large-scale fires, Building Property Insurance represents the most critical line of defence. It covers reconstruction of building structures (e.g. walls, beams, columns), common areas (e.g. lobbies, corridors, lifts), and public facilities (e.g. fire-fighting systems, water pipes). The Wang Fuk Court estate had Building Property Insurance with a sum assured of HK\$2 billion covering reconstruction needs, for an annual premium of approximately HK\$120,000.

This type of policy is typically arranged through the estate management company, with premiums absorbed into management fees. This arrangement, while practical, means that individual owners and tenants rarely engage with the selection process or scrutinise coverage adequacy. Given that reconstruction costs for large estates can run into billions of dollars - and that construction cost inflation has been significant in recent years - regular professional reassessment of insured sums (ideally every two to three years) is essential to adjust for inflation and ensure sufficient coverage. Owners' Corporations must also decide whether fire-only coverage suffices or whether more comprehensive protection is warranted.

The tragedy also highlighted how safety complaints, including concerns about building materials, can serve as early warning signs that require immediate attention. It is a reminder that risk management extends beyond insurance to proactive building maintenance and safety vigilance.

### **Complementary Protections for Owners' Corporations**

Beyond Building Property Insurance, estates typically maintain Public Liability Insurance (Wang Fuk Court had coverage up to HK\$200 million per occurrence) and Group Personal

Accident Insurance for employees and volunteers. For estates undergoing renovation or maintenance works, as Wang Fuk Court was at the time of the fire, contractors are expected to hold Contractors' All Risks Insurance, mandatory Employees' Compensation Insurance, and Third-Party Liability Insurance.

We encourage members to consider how this understanding might inform conversations with clients, employers, or the broader public. Property owners and tenants seeking clarity on their building's protection should contact their estate management company or Owners' Corporation to confirm the following: whether Building Property Insurance is in place, the scope of coverage, the adequacy of the sum assured, and the identity of the underwriting insurer.

### **ASHK's Call for Volunteers**

The ASHK is keen to deepen its research into practical solutions that can help the Hong Kong public better understand and manage property-related risks. We are calling on ASHK members to volunteer their expertise for this initiative, contributing in areas such as identification of coverage gaps, assessment of current market practices in risk management, claims management best practices, and development of educational resources suitable for public dissemination through media channels. Your insights will be invaluable in shaping recommendations that are both technically sound and accessible to the general public.

As actuaries, we have both the technical expertise and the professional responsibility to help our community better understand and manage these risks. If you are interested in contributing, please contact the ASHK office at [info@actuaries.org.hk](mailto:info@actuaries.org.hk) by 28 February 2026. Together, we can transform this tragedy into an opportunity to strengthen our community's resilience against future risks. ■

*\*Note: The views expressed represent the preliminary assessment of the authors, with information current as of 28 December 2025. The ASHK may publish more comprehensive content following further research and review by our members.*

# President's Report at the AGM 2025 - Steve Hui



[Click here to view the 2025 President's Report](#)



My fellow ASHK members, it gives me great pleasure to present the 2025 President's Report, which marks the end of a very successful year for the Actuarial Society of Hong Kong. We accomplished a lot this year owing to the relentless support of council members, committee members, volunteers, honorary legal adviser, auditor, and ASHK office colleagues, as outlined in detail by the various committee sections.

In my presidential acceptance speech in Dec 2024, I shared my vision for 2025. I would like to provide some major achievements from the five strategic directions.

## **1. Attract and be more inclusive to all actuaries**

Currently, fellow members of many overseas actuarial bodies can only join ASHK as an Associate. To ensure that ASHK remains relevant to the actuary profession in Hong Kong and to make membership more inclusive for suitable and qualified actuaries, the ASHK Council agreed to introduce a new ASHK membership class, Chartered Member. Fellows from the IAA Full Member Associations can apply to become Chartered Members, and generally exercise the full rights of a member.

After a members' consultation, an amendment to the Articles of Association was prepared and tabled at the 2025 AGM. The launch of the new class is expected to be in early 2026.

Once in the ASHK family, members are always our number one priority, and their professional growth thrives in a supportive community. During the year we established the new Sports and Social Services Group, which is self-managed by our member volunteers who share common interests. The group organised 22 activities, attracting over 200 member participation, reaching around 100 unique members to these events.

## **2. Attract and support young and potential actuaries as they are the future of our profession**

The future of the actuarial profession lies with our young members. The new Young Actuaries Group was launched this year to provide a platform for younger members to network, innovate, lead, and collaborate. The group is gaining traction, but I would encourage more younger members to participate, as this is a unique opportunity for their career progression.

Moving further up the pipeline, our next generation will be students who have not yet entered the profession. We established a

for the ASHK Scholarship this year, and we are on course to award the scholarship in the 2026 academic year. To attract a broader talent pool of future actuaries, we will target students from associated disciplines. So this year we have already held 17 career talks to university students, which is a record number.

### **3. Make ASHK a more influential body**

The voice of actuaries needs to be heard, and our professional contributions can help shape better social and economic policies, in particular, regarding longevity. The new Public Policy Committee has been entrusted with determining how our existing work can incorporate policy recommendations and what new opportunities actuaries can help with.

We published the HKA22 Mortality Table, where we identified a series of policy recommendations. This drew a great deal of media attention, generating over 30 pieces of media coverage across web, print, television, and radio.

Our advocacy efforts extend beyond the boundaries of Hong Kong. During the year we had multiple opportunities to make ASHK's voice heard on the global stage, including at events in São Paulo, Seoul, Tokyo, Bangkok, Hangzhou and Morocco. In particular, I am very glad that an ASHK member will serve on the Executive Committee of the International Actuarial Association (IAA) from 2026 to 2029, and I appreciate Alexander Wong for representing us. ASHK also has members on five other committees, this will give us a more influential voice in shaping the actuarial profession globally.

### **4. Help maintain the sustainability of the HK financial market**

During the year, there have been changes to how Participating Business is conducted in Hong Kong. To ensure that actuarial input is provided at the early stages, the ASHK has maintained close dialogue with the Insurance Authority. Looking ahead, there is still much more work to be done as the IA Guidelines may be reviewed,

which may lead to enhancements needed for the Actuarial Guidance Notes.

Our engagement with regulators also includes the MPFA and the Macau authorities, with whom many of our members also engage with. During the year, we provided feedback to the Monetary Authority of Macao on their Risk-based Capital Framework and to the MPFA regarding MPF matters.

### **5. Improve ASHK efficiency**

Although all our members are actuaries, they work in distinctive roles/functions within the financial sector and so have varying professional development needs. During the last quadrimestre of the year, four conferences were organised, each focusing on different aspects of actuarial work: General Insurance, Innovation and AI, Health Insurance, and Appointed Actuaries work. These events appeal to different members and have witnessed an increase in demand compared to similar events in the past, with the Appointed Actuaries Symposium and Health Insurance Conference drawing record attendances with a full house.

Record numbers were also observed at our examinations. Since the launch of the ASHK Certificate, we have seen a steady growth in the number of candidates (from 13 candidates in 2019) who choose to sit the examination. However, the certificate is now a regulatory requirement for Appointed Actuaries, and in 2025, 89 candidates took 168 papers. To accommodate these numbers, we have increased to two exam diets per year. These are very encouraging numbers, as more actuaries recognise the competitive advantage of becoming certified early in their careers.

With these strategies implemented throughout the year, we saw good growth in all membership classes. Our membership is now also at an all time high, close to 1,600. I can only just cover a few areas of our work here, but you can read more about the committees' outstanding work in their respective sections. So happy reading, and best wishes for a healthy and joyous holiday season ahead! Thank you. ■

# 2025 Council Members



Photo from front row left to right:- Kevin Lee, Simon Lam, Chris Hancorn, Flora Chan, Steve Hui, Jenny Lai, Sherry Du, Iris Lun, Trinity Pong, Iris Cheng (Honorary Legal Advisor), Steve Cheung (FRC Chairperson)

Photo from back row left to right:- Ronald Tse, Patrick Au, Mark Saunders, Alexander Wong, Timothy Wong, KP Wat, Frank Wong (Auditor)



Steve Hui presenting the President's report at the ASHK AGM 2025

# 2026 ASHK President Acceptance Speech: Mark Saunders



With gratitude and a profound sense of responsibility, I am honoured to serve as President of ASHK for 2026. Thank you for placing your confidence in my leadership. I will continue my commitment, since joining Council three years ago, of enhancing and elevating the ASHK — ensuring we are driven by purpose, and that we have greater influence and impact in addressing the potential and pressing social and economic issues facing Hong Kong.

We will create shared value by treating social and economic problems as business and actuarial objectives. Among these, that we'll be challenging ourselves to tackle this coming year, are the looming and monumental social and economic issues that will manifest due to Hong Kong's rapidly ageing population.

It is customary, in these ASHK acceptance speeches to thank all our volunteers for their great service (which, of course, we are eternally grateful for) whilst also outlining the initiatives that we have already planned in order to take ASHK to the next level and, additionally, the many impactful programmes already in motion. But tonight, with your indulgence, I will break from tradition and convention. While initiatives related to longer-term challenges such as ageing demographics, public policy, and the influence and advancement of our industry and profession demand our attention, there is something more immediate, deeply human, and more important that I am compelled to focus on.

## **A time for Celebration but Interrupted by Tragedy**

This time of the year should be a time of celebration. Hong Kong has made great strides in its recovery, and the city is beginning to thrive once again.

It is also the Christmas season — a time when many of us gather with loved ones, give thanks, and look forward to a new year filled with hope and happiness.

But tragedy has struck and derailed our emotions.

Our hearts are heavy as we think of the devastating fire at Wang Fuk Court in Tai Po, which claimed more than 150 lives and left countless families and individuals grieving loss of life, homes and treasured belongings. For those affected, this time of year will never be the same. The scale of loss is immeasurable and will be felt for generations. We mourn those who perished, extend our deepest condolences to those grieving families, and support survivors as they face the long and painful road of recovery.

Moments like these, test not only individuals, but the strength of our community and our shared humanity.

## **Solidarity & Community Strength**

In the face of such profound loss, we stand together as people of Hong Kong — honouring the courage of firefighters and emergency services, the compassion of organisations and citizens who rushed to help, and in supporting the affected residents. Let us carry forward this spirit of solidarity and may the memory of those lost inspire us to build better protected, more supportive, and caring communities.

## **Insurance Industry Response – A Force for Good**

In the wake of this tragedy, the insurance

industry of Hong Kong has honoured its promise of protection and stepped forward with compassion and urgency. With thousands of policies linked to the victims, it is noteworthy that insurers and regulators worked hand in hand to accelerate claims, provide financial relief, and support the countless affected people.

This response reminds us that insurance is not merely a product. It is a promise — a covenant of solidarity and resilience when our communities face their darkest hours. Flexible handling procedures were adopted, outreach teams contacted those affected directly, and support and relief was delivered swiftly.

We can take pride in how our industry responded. Yet pride must be matched with responsibility. This tragedy challenges us to reflect on how underwriting standards, construction risk oversight, and community preparedness must evolve. Protection must be not only financial, but preventive.

### **Resilience, Purpose, Forward Vision, Action, and Impact**

To close, as we grieve for those lost, share in the sorrow of all of those affected, and honour the courage and efforts of firefighters, emergency services, medical professionals, support organisations, the compassion of neighbours, and the resilience of survivors, let us also commit to building better protected, supported, and caring communities. Stronger in protection, safer in preparedness, and deeper in compassion.

The insurance sector must continue to stand as a protector — a pillar of resilience and recovery — but also as a proactive partner in prevention.

We must evolve as an industry to deliver preventive risk management, enhance our propositions, deepen our commitment and compassion, and improve our processes and systems so that no one in Hong Kong faces tragedy alone.

Let this dreadful event be a catalyst for each of us, not only for reflection, but for action ... to make things better. Let it galvanise us to contribute, to volunteer, to help strengthen the ASHK as a collective impactful force to help us as an organisation, and insurance as an industry, make a material, meaningful and transformational difference to lives of others.

Finally, together, let the memory of this tragedy inspire us each to play our part and act in unity to drive meaningful evolution — by enhancing our personal and collective purpose and mission, further improving the way we do things, and ensuring that we as individuals, the ASHK, our industry and profession, excel ... delivering enduring social and economic impact and inculcating a strong sense of pride by being part of a professional community that is highly impactful and a true force for good. ■

# 2026 ASHK Council



**Mark Saunders**  
President



**Patrick Au**  
Vice President



**Steve Hui**  
Professional Development  
Committee



**Alexander Wong**  
Par Fund Special Project Team  
Life Committee



**Chris Hancorn**  
Life Committee



**Christine Wu**  
Pension & Employee Benefits  
Committee



**Flora Chan**  
Professional Matters Committee  
Life Committee



**Iris Lun**  
Innovation Committee



**Jenny Lai**  
General Insurance Committee



**KP Wat**  
Membership & Communications  
Committee  
Professional Development  
Committee



**Orchis Li**  
Health Committee



**Sherry Du**  
Innovation Committee



**Simon Lam**  
Governance & Nominations Committee  
Public Policy Committee  
Financial Reporting Committee  
Membership & Communications Committee



**Timothy Wong**  
Health Committee



**Trinity Pong**  
General Insurance Committee



# Thank You for your support

The ASHK Council would like to thank  
Committee volunteers for their contribution over the year.

## VOLUNTEERING AT THE ASHK

ASHK has a variety of Committee volunteer opportunities for  
both members and the profession to make progress together.

If you are interested in volunteering at the ASHK,  
please contact the ASHK Office by email at  
[info@actuaries.org.hk](mailto:info@actuaries.org.hk).

# EVENTS HIGHLIGHTS

## 9 October | ASHK Innovation Conference

We were grateful that Fred Sheu from Microsoft could attend and deliver our Keynote speech on our theme “Actuaries in the AI Era: Modern Technology, Timeless Wisdom and Insights”. We would like to thank all the panellists of the “How to Innovate in the AI-Era” Panel and the “Enhancing Customer Outcomes with AI & Digital Innovation” Dialogue. All the speakers did a wonderful job during their presentations, and the facilitators delivered an interactive workshop at the end; our gratitude is sent to all.

A big appreciation must also be given to our sponsors:

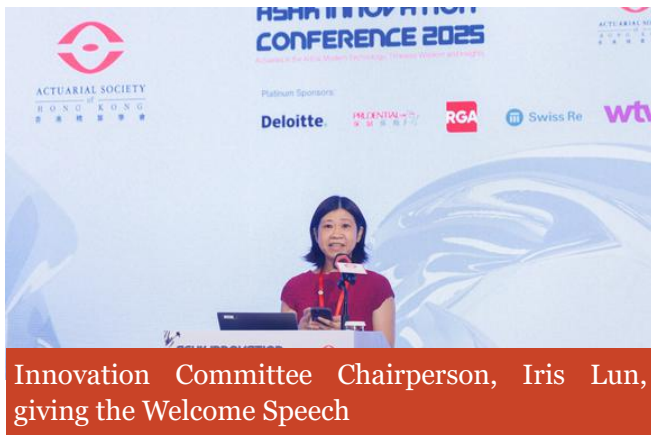
Platinum Sponsors:



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More photos can be downloaded [here](#).



Innovation Committee Chairperson, Iris Lun, giving the Welcome Speech



Panel: How to Innovate in the AI-Era (From left – right: Dr. Crystal Fok, Allan Wong, Jessica Yeung, Sam Lim and Benjamin Yeo)



Panel: Enhancing Customer Outcomes with AI & Digital Innovation (From left – right: Greg Solomon, Teresa To, Nick van der Nest and Mike Rolfe)



ASHK AI Group Chairperson, Alexander Wong, giving the Closing Remarks

# EVENTS HIGHLIGHTS

## 4 November | ASHK Health Insurance Conference

As we navigate the complexities of our healthcare systems, the importance of cross-sector collaboration cannot be overstated. In his opening speech, Timothy Wong, Chairperson for the ASHK Health Committee highlighted that “if every stakeholder; insurers, reinsurers, healthcare providers, government, intermediaries, patients, and policyholders play their part, we can build a private healthcare system that benefits everyone”. We were honoured to have Clement Lau from the Insurance Authority as our Keynote and other esteem speakers including Alger Fung from AIA, Prof. Hong Fung from The Chinese University of Hong Kong and Raymond W. from The Health Bureau. Thanks again to all the panellist and speakers. The conference attracted a full house with over 150 participants and received highly positive feedback.

We would like to thank our sponsors for their invaluable support:

Gold Sponsors:



Supporting Organisations:

Booth Sponsor:



More photos can be downloaded [here](#).



Esteemed panellists (From left - right: Sam Yeung, Raymond Wu, Clement Lau, Alger Fung, Timothy Wong, Steve Hui, Prof. Fung Hong, Orchis Li and Lye Fook Kong)



Clement Lau from the Insurance Authority giving the keynote speech



Panel: VHIS at the Crossroads (From left – right: Orchis Li, Raymond Wu, Alger Fung and Prof. Fung Hong)



Panel: Healthcare Sustainability & Affordability (From left – right: Sean Deehan, Yuman Chan, Peter Fang, Lye Fook Kong and Christian Wards)

# EVENTS HIGHLIGHTS

## 21 November | 23rd Appointed Actuaries Symposium

The Appointed Actuaries Symposium successfully celebrated its 23rd anniversary with a record number of attendees. We were honoured to have Tony Chan from the Insurance Authority as the Keynote speaker, and amongst the esteem speakers were Abhishek Saraf from Prudential, Steve Finch from Manulife, Paul Melody from KPMG and Michael van Vuuren from FWD. The ASHK Council also came out in full force with Steve Hui, Mark Saunders, Chris Hancorn, Flora Chan and Kevin Lee. Thanks again to all the panellist and speakers.

We would like to thank our sponsors for their invaluable support:

Gold Sponsors:



Booth Sponsors:



More photos can be downloaded [here](#).



Life Committee Chairperson Chris Hancorn giving the opening remarks



Panel: Participating business management (From left – right: Chris Hancorn, Paul Melody, Tony Chan, Kevin Lee and Flora Chan)



Panel: Appointed Actuary - Business Partner to Bridge Shareholder and Policyholder Interests (From left – right: Michael Van Vuuren, Abhishek Saraf, Chris Hancorn, Mark Saunders and Steve Finch)



Panel: Strategies and Opportunities in Asset-Intensive Reinsurance in Asia (From left – right: Greg Solomon, Fong Nei Chan, Jiang Bin Lai and Michael Thomas)

# EVENTS HIGHLIGHTS

## 11 December | 2025 ASHK Annual General Meeting

Thank you to everyone who attended the 2025 ASHK AGM. Steve Hui (2025 ASHK President) passed on the badge of office to Mark Saunders (2026 ASHK President), congratulation Mark. Also a big round of applause to all volunteering members, Committee Chairpersons, Honorary Legal Advisors, and the Auditor for their contributions throughout the year.

More photos can be downloaded [here](#).



Steve Hui (2025 ASHK President) passed on the badge of office to Mark Saunders (2026 ASHK President).



It was a delight to see more than 160 voting members attended the 2025 ASHK AGM.



Members networking at the AGM.



2026 ASHK President Mark Saunders giving his president acceptance speech in ASHK AGM 2025.

# 2025 EXAM RESULTS ANNOUNCEMENT

ASHK congratulates the below members who have passed the ASHK Exam in 2025:

## 2025 October diet

### Core Paper

Chan Sing Hoi	Liu Chunqi
Chen Pei Ying	Lok Jane Hsiao Wen
Chun Hyuck Woo	Ou Holly
Foong Yake Ho	Pang Kwok Chu
Guan Pei	Puah Shiryee
Ho Hei Shun Matthew	Wong Chi Kit Alex
Huang Wenjun	Wong Hon Wing
Kong Kai Cho	Yeung Ho Wan
Lai Ho Tin	Yeung Wai Shing Nicholas
Leung George	YuSheung Yee
Li Mingze	Zheng Jinhua
Li Yilong	Zhou Qingyun
Liang Jiaping	

### Life Insurance Paper

Chan Sing Hoi  
Chun Hyuck Woo  
Guan Pei  
Ho Hei Shun Matthew  
Ho Man Tat Henry  
Huang Wenjun  
Kong Kai Cho  
Lam Ting Wai  
Li Mingze  
Li Yilong  
Liang Jiaping  
Lok Jane Hsiao Wen  
Pang Kwok Chu  
Puah Shiryee  
Wong Chi Kit Alex  
Yeung Ho Wan

### General Insurance Paper

Chan Ka Tsun  
Ou Holly

## Passed the ASHK Examination – What's Next?

Congratulations! Once you have passed the ASHK Examination (both Core Paper and one of the Elective Papers), you may join ASHK Fellow membership right away to enjoy the privileges and benefits if you have also fulfilled all the requirements listed on the membership page [here](#).

A fellowship certificate will be awarded to you once your membership is activated.

# UPCOMING EVENTS

**19 January - 22 February 2026**

ASHK Professionalism Seminar -  
Video Recording

**28 Feb 2026**

ASHK Weez Walk Team event cum  
hiking ([details](#))

**10 March 2026**

ASHK Certificate Equivalent Course

**14 - 15 March 2026**

Stargazing Camp for All and the  
Blind ([details](#))



# MEMBERSHIP UPDATE

## NEW MEMBERS

Name	Company/University	Membership
Chan Lok Hang	Bolttech Insurance HK Ltd	Associate Member
Chan Tze Ching Jessica	RGA	Associate Member
Chen Chun Chiu Victor	RGA	Associate Member
Cheng Yu Ching	YF Life	Associate Member
Choi Wang Hei	RGA	Associate Member
Chung Ling Christy	KPMG	Associate Member
Coleman Mark Daniel	PwC	Associate Member
Deng Mengqing	RGA	Associate Member
Fung Tam Hugo Hiu	Sunlife	Associate Member
Lee Yu Jia	Milliman	Associate Member
Li Tsz Ying	Swiss Re	Associate Member
Lin Jing	AIA	Associate Member
Ling Cheuk Him	WTW	Associate Member
Liu Yuanyuan	WTW	Associate Member
Ma Hui Xia	HSBC	Associate Member
Puah Shiryee	AIA	Associate Member
Slade Jason Roger	PwC	Associate Member
Tay See Po	HKMC Insurance Ltd	Associate Member
Wang Yingnan	EY	Associate Member
Wu Chin Hon	Swiss Re	Associate Member
Yiu Kwok Cheung	RGA	Associate Member
Yu Sheung Yee	Deloitte	Associate Member
Yuan Yuan	KPMG	Associate Member
Hung Ching Yee	BUPA	Ordinary Student member
Wong Cham Fung	Manulife	Ordinary Student member
Zheng Jinhua	AIA	Ordinary Student member
Adnan Umer	The City University of Hong Kong	University Student Member
Bill Xia	The Hong Kong University of Science and Technology	University Student Member

# MEMBERSHIP UPDATE

## NEW MEMBERS

Name	Company/University	Membership
Chen Chaat Ming	The City University of Hong Kong	University Student member
Chen Tung Wing	The Hong Kong University of Science and Technology	University Student member
Chen Yilin	The Hong Kong University of Science and Technology	University Student member
Cheng Hayden Ho Wai	The Chinese University of Hong Kong	University Student member
Ching Jen Hong	The University of Hong Kong	University Student member
Ching Tak Wai	Macquarie University	University Student member
Hah Sir Chynn Hillary	The Chinese University of Hong Kong	University Student member
Huang Zhuronghui	The Hong Kong University of Science and Technology	University Student member
Jin Zhongjie	The Chinese University of Hong Kong	University Student member
Lao Chon Meng	The Hong Kong Polytechnic University	University Student member
Lee Cheuk Lon Jeffrey	The Hong Kong Polytechnic University	University Student member
Lei Haowen	The Hong Kong University of Science and Technology	University Student member
Leung Chung Man	The Hang Seng University of Hong Kong	University Student member
Leung Sai Ki	The Chinese University of Hong Kong	University Student member
Li Ho Yuen	The Chinese University of Hong Kong	University Student member
Liu Jiarong	The University of Hong Kong	University Student Member
Liu Ziming	The Chinese University of Hong Kong	University Student Member
Mirasbekov Yerzhan	The Hong Kong Polytechnic University	University Student Member
Mo Yaying	The Hong Kong Polytechnic University	University Student Member
Or Sze Tung	City University of Hong Kong	University Student Member
Wai Chun Kit	The Hong Kong Polytechnic University	University Student Member
Wen Xinyu	The Chinese University of Hong Kong	University Student Member
Wong Cheung Ki	The Chinese University of Hong Kong	University Student Member
Wong Ming Hung Steven	The Hong Kong Polytechnic University	University Student Member
Wong Yue Hei	The University of Hong Kong	University Student Member
Wright Adam	The Chinese University of Hong Kong	University Student Member
Xu Dongxu	The Chinese University of Hong Kong	University Student Member
Xu Zikun	Oberlin College	University Student Member
Yeung Kun Po	The Hong Kong Polytechnic University	University Student Member

# MEMBERSHIP UPDATE

## NEW MEMBERS

Name	Company/University	Membership
Yuen Tin Yan	The Chinese University of Hong Kong	University Student member
Zhang Tianbo	The Polytechnic University of Hong Kong	University Student member
Zhao Bowen	New York University	University Student member
Zhou Jie	The Hong Kong Polytechnic University	University Student member

## MEMBERS ON THE MOVE

We're very proud to share with you the following ASHK members who have advanced to top management positions at their companies.

- Orchis Li *FASHK*, CEO, HMG
- Simon Pang *FASHK*, General Manager, Hong Kong branch, Gen Re
- KC Cheung *FASHK*, Chief Product Officer, Manulife Hong Kong and Macau
- Danny Lee *FASHK*, Chief Health Officer, Manulife Hong Kong and Macau
- Laurance Wong *FASHK*, Chief Actuary, AXA Hong Kong and Macau
- Richard Chan *FASHK*, Chief Investment Officer, Bermuda, Prudential plc

Congratulations to them for their great achievements in their careers!

**CONGRATS**  
on your  
milestone

# SUBMIT YOUR 2025 CPD DECLARATION



**Reminder**

**2025 YEAR  
CPD DECLARATION**

Please submit before  
**31 March 2026**

Fellow and Associate members are reminded to submit the 2025 CPD declaration **as soon as possible**. If you have a shortfall, you must meet the shortfall and submit the CPD declaration by 31 March 2026. **Failure to comply with the CPD requirements may result in counselling and disciplinary actions.**

## **Submission methods include:**

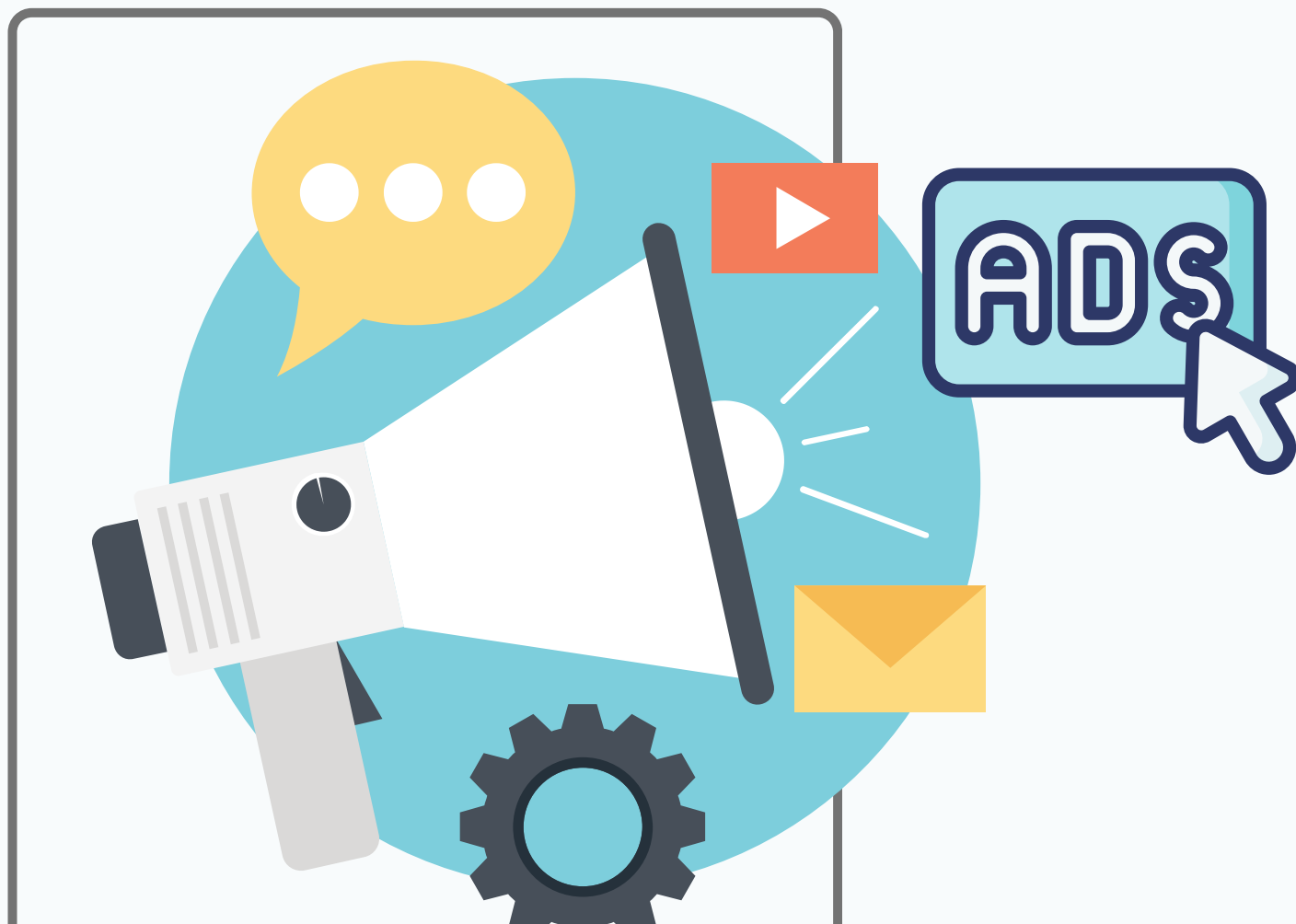
- Online submission by accessing the [Member Login Area](#) on the ASHK website and completing the declaration there (Click the “CPD Record” > “Declaration” webpages and follow the “To submit declaration” instructions);
- [Download](#) and complete the CPD Declaration Form 2025 [note: signature in the form must be handwritten]. Send the form to ASHK Office by mail or email.

[Submit Online Declaration](#)

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