

6 October 2021

Our Ref: INS/TEC/6/92/2  
<By Email only>

To: Chief Executives of Designated Insurance Holding Companies

Dear Sirs,

**Note on the Treatment of “Closely Linked” Entities that are Members of the Supervised Groups under the Group-wide Supervision Regime**

We enclose herewith a Note on the Treatment of “Closely Linked” Entities that are Members of the Supervised Groups under the Group-wide Supervision Regime (“Note”) for your information.

The purpose of this Note is to set out general guidance on the Insurance Authority’s expectations regarding the steps that a designated insurance holding company (“DIHC”) should take pursuant to particular provisions of the Insurance Ordinance (Cap. 41) and the Guideline on Group Supervision (GL32), in respect of “closely linked” entities that are members of the supervised group. It should be noted, however, that the manner in which a DIHC would be expected to exercise its control and influence on a closely linked member would depend on the nature, scale and complexity of risks associated with the closely linked member.

The Note is not intended to be a comprehensive guide and does not constitute legal advice. The Note will be kept under review and updated when necessary.

For the avoidance of doubt, this Note only applies to the supervised groups of DIHCs that are subject to the Insurance Authority’s group supervision.

Should you have any questions to this circular or in case of doubt, please contact your case officers.

Yours faithfully,

Carol Hui  
Executive Director  
Long Term Business Division  
Insurance Authority

Encl.

c.c. The Hong Kong Federation of Insurers