

10 February 2023

Our Ref: INS/TEC/6/69  
By Email Only

To: Chief Executives of authorized insurers carrying on long term business

Dear Sirs,

**Interpretation Notes for the Guideline on Underwriting Long Term Insurance Business (other than Class C Business) (“Interpretation Notes”)**

The Insurance Authority (“IA”) has today issued the Interpretation Notes to supplement the guidance provided to the authorized insurers in paragraph 4.1(a)(v) of Appendix 1 and paragraph 4.2 of Appendix 2 to the Guideline on Underwriting Long Term Insurance Business (other than Class C Business) (“GL16”). The Interpretation Notes shall take effect starting from 1 January 2024 and will supersede the “Fulfillment Ratios & Historical Crediting Interest Rates – Guide on Calculation Methodology and Disclosure Format” issued by the IA in the circular of 18 September 2015.

The Interpretation Notes set out how the fulfillment ratios for participating products and the historical crediting interest rates for universal life products should be calculated and disclosed to the public.

In tandem with issuing the Interpretation Notes, the IA has also made corresponding changes to GL16 (“revised GL16”), including the scope of insurance products subject to the disclosure and the terms of “fulfillment ratio” and “historical crediting interest rates” in Chinese.

The Interpretation Notes and the revised GL16 are attached to this circular and can also be downloaded from the website of the IA.

Should you have any questions, 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