

20 June 2025

By Email Only

Our Ref: INS/TEC/6/20/6 Sub-file 12

To: Chief Executives of All Authorized Insurers

Dear Sir/Madam,

GL36: Guideline on Valuation and Capital Requirements

Pursuant to section 133 of the Insurance Ordinance (Cap. 41), the Insurance Authority (“IA”) has published a new Guideline on Valuation and Capital Requirements. Enclosed please find a copy of the GL36 which is also available on the IA website (https://www.ia.org.hk/en/legislative_framework/guidelines.php).

The GL36 is promulgated to provide practical guidance on matters mainly relating to the Insurance (Valuation and Capital) Rules (Cap. 41R). Comments from insurers as well as industry and professional bodies have been considered during the process of promulgation. The GL36 covers, among other things, technical guidance made in quantitative impact studies prior to the implementation of Cap. 41R; guidance provided in the circular dated 12 June 2024¹ (“the Circular”); and other elaborations and illustrations to facilitate insurers in complying with Cap. 41R. The GL36 will take effect on 1 July 2025 (except for paragraphs 11.3 to 11.4 on physical segregation of funds by certain insurers which will take effect on 31 December 2025), and the Circular will be superseded by the GL36 effective 1 July 2025.

Should you have any questions in relation to the above, please contact your case officer or email us at enquiry@ia.org.hk or rbc@ia.org.hk.

Yours faithfully,

Tony Chan
Associate Director
Policy and Legislation Division
Insurance Authority

Encl.

c.c. Chairman, The Hong Kong Federation of Insurers
President, The Actuarial Society of Hong Kong

¹ The Circular provides guidance on (1) minimum requirements for stochastic simulation approach; (2) simplified approach for the calculation of matching adjustment; and (3) approval for using own assessment approach in determining the risk capital amount for natural catastrophe risk. The Circular can be accessed at:
https://www.ia.org.hk/en/legislative_framework/circulars/reg_matters/files/Cir_dd_12.6.2024_41R.pdf