

12 August 2016

Dear Members,

**The Actuarial Society of Hong Kong (“ASHK”) -
Consultation**

Actuarial Guidance Note 7: Dynamic Solvency Testing



The Actuarial Guidance Note 7 (“AGN7”) on Dynamic Solvency Testing, which was first issued by the Actuarial Society of Hong Kong (“ASHK”) in December 2004 and re-released on 22 December 2010, requires Appointed Actuaries of Long Term Insurance Companies to include an assessment of the effect of adverse scenarios on the Insurer’s future capital adequacy as part of the annual financial condition review.

The ASHK Life Committee created a workgroup in 2015 to further review AGN7 and a number of additional modifications were proposed. These modifications are included in the attached Exposure Draft which is being circulated for member consultation.

The Exposure Draft has been reviewed and approved by the Professional Matters Committee. Pursuant to the ASHK By-Law on the Due Process for the Development of Professional Standards and Guidance Notes, members of the ASHK are now given six weeks to provide written comments to Council on the enclosed Exposure Draft.

Subject to the comments received from the members, the Exposure Draft will be submitted to the ASHK Council for the final approval. Please address all feedback to Ms. Pat Kum (email: info@actuaries.org.hk) by close of business day on **23 September 2016**.

Thank you for your time and support.

Yours sincerely,



Sai-Cheong Foong
Co-Chairperson
Life Committee



Jeremy Porter
Co-Chairperson
Life Committee

Encl.