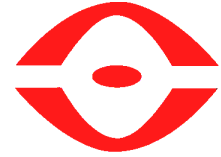


20 September 2011



ACTUARIAL SOCIETY
of
H O N G K O N G
香 港 精 算 學 會

Dear Member

Request for Comments on “Notice for Appointed Actuaries: Chapter 41E – Reinvestment Yield for Reserving”

This letter concerns the notice (copy attached) entitled “Notice for Appointed Actuaries: Chapter 41E – Reinvestment Yield for Reserving” and dated 19 December 2008 (“Circular Notice”) which was circulated by the Council of the Actuarial Society of Hong Kong (“ASHK”).

Three years on from the issuance of the Circular Notice, the ASHK would like to request comments from Appointed Actuaries, consultants and audit firms as part of a review of its contents (note that this request is being circulated to all members of the ASHK, but responses are expected specifically from Appointed Actuaries, consultants and audit firms). The background to this request is as follows:

- The Circular Notice was written and circulated in a short timeframe at a time of significant change in financial markets.
- The intention of the ASHK was for it to remain valid into future periods.
- After issuance of the Circular Notice, the Insurance Authority issued a letter INS/TEC/13/18 III entitled “Insurance Companies Ordinance (Cap. 41) Reinvestment Yield for Reserving” on 5 February 2009 (copy attached) in which it stated:

“ASHK recommended approach may be adopted for determining the reinvestment yield in the actuarial valuation reports, initially, in respect of financial years 2008, 2009 and 2010. Administrative experience gathered in these years shall be reviewed with regards to the evolving interest rate environment with a view to determining the robustness of the approach for the purposes of the Regulation”.

- The Insurance Authority has asked for input from the ASHK as part of its review in line with the above statement.

The members of the ASHK should consider if:

- The Circular Notice remains robust and valid; and
- Changes to the Circular Notice are not necessary, other than to integrate its contents into AGN3 or the Supplemental Guidance to AGN3.

The Life Insurance Committee hereby requests comments or suggestions with respect to the above provisional opinion. Responses should be given in writing, either by email to patkum@netvigator.com or letter, **by 7 October 2011** to the ASHK.

Foong Sai Cheong

Roddy Anderson

Co-Chairmen of ASHK Life Insurance Committee