



ACTUARIAL SOCIETY  
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**FOR IMMEDIATE RELEASE**

## **The Actuarial Society of Hong Kong Welcomes 2026 - 2027 Budget: Fortifying Hong Kong's Resilience through Risk Management and Innovation**

**Hong Kong, 4 March 2026** – The Actuarial Society of Hong Kong (ASHK) welcomes the 2026 - 2027 Budget delivered by the Financial Secretary, Mr Paul Chan. The Budget presents a strategic roadmap that balances fiscal prudence with forward-looking investments in financial infrastructure, healthcare sustainability and the digital economy.

As the professional body representing the actuarial profession in Hong Kong, the ASHK supports the Government's vision of "Driving High-quality, Inclusive Growth with Innovation and Finance." We are particularly encouraged by measures aimed at consolidating Hong Kong's status as an International Financial Centre (IFC) and an International Risk Management Centre. Actuaries play a pivotal role in managing risk, ensuring long-term financial solvency and designing sustainable social protection systems. As such, we stand ready to provide commercial and technical expertise to support the implementation of the following key initiatives.

### **1. Strengthening the International Risk Management Centre**

The ASHK applauds the Government's continued commitment to the insurance sector as a pillar of the economy. We specifically welcome the following measures:

- **Enhancement of the Risk-based Capital (RBC) Regime:** We note the Insurance Authority's initiative to adjust risk parameters for general insurance business and provide capital relief for infrastructure investments. As experts in capital modelling and solvency management, the ASHK agrees that a calibrated RBC regime can unlock capital for long-term investments without compromising policyholder protection. We look forward to continuing to support the Insurance Authority and contributing to the technical calibration of these parameters to ensure they accurately reflect the underlying risks.
- **Extension of the Pilot Insurance-linked Securities (ILS) Grant Scheme:** Extending this scheme to 2028 is a prudent move to further develop the non-traditional risk transfer market. With the increasing frequency of extreme weather events globally, Hong Kong is well-positioned to serve as a hub for catastrophe bonds. Actuarial expertise in catastrophe modelling is essential for the pricing and structuring of these instruments, and we support our effort to deepen this market.
- **Promotion of Captive Insurance:** Stepping up promotion efforts to attract captive insurance companies will enhance the depth of our insurance market. This aligns with the "Headquarters Economy" strategy, allowing multinational corporations to manage their global risks through Hong Kong.

### **2. Healthcare Sustainability and Price Transparency**

With an ageing population, the sustainability of the healthcare system is a primary concern for the actuarial profession. The ASHK supports the Budget's multi-pronged approach to healthcare:



- **Enhancing Price Transparency:** The proposal to introduce regulation to enhance the price transparency of private healthcare services is a significant step forward. Lack of transparency contributes to medical inflation, which directly impacts medical insurance premiums. Greater transparency will allow actuaries to better analyse claims data, predict medical inflation trends more accurately, and design more cost-effective health insurance products for the public. Furthermore, enhancing data sharing frameworks, improving mechanisms for inter agency data exchange, and accelerating digitalisation efforts would significantly supplement and enhance the sophisticated analytical capabilities of actuaries. With broader and more timely access to high quality data, actuaries can conduct deeper risk assessments and develop more specifically detailed, inclusive, pricing and underwriting models.

At present, underwriting for some health insurance products is typically highly stringent and can be considered by some to be somewhat outdated, leading insurers to focus primarily on lower-risk, healthy individuals. Improved data availability would support more refined risk stratification, enabling the industry to better serve individuals with what would customarily be considered to be elevated health risks. This would help foster a more inclusive insurance ecosystem while maintaining sound risk management and financial sustainability. So, addressing these data and digitisation issues will help us move towards more affordable and accessible insurance.

- **Primary Healthcare and Prevention:** We welcome the deepening of the Primary Healthcare Co-care Network and the extension of the Elderly Health Care Voucher Pilot Reward Scheme. From an actuarial perspective, shifting resources toward prevention and early detection is a positive and effective way to help manage long-term morbidity risks and control the rising trajectory of healthcare costs.
- **Greater Bay Area (GBA) Integration:** The continued expansion of the "Connect" schemes and cross-boundary medical collaboration offers opportunities to pool risks and resources. The ASHK supports the harmonisation of data standards, which is crucial for pricing cross-border health products.

### **3. The Silver Economy and Retirement Protection**

The Budget's emphasis on the "Silver Economy" aligns with the actuarial profession's focus on longevity risk management.

- **Financial Products for the Elderly:** We support the Government's initiative to work with the industry to promote the silver economy. Actuaries are instrumental in designing longevity solutions, such as annuities and reverse mortgage products, that provide financial security for retirees.
- **MPF Enhancements:** We acknowledge the measures to better protect employees' MPF benefits and enhance flexibility. The ASHK will continue to work with the MPFA and industry stakeholders to ensure that retirement schemes remain sustainable and adequate for the workforce.

### **4. Green Finance and ESG**

The transition to a green economy requires sophisticated risk modelling. The ASHK supports the Government's goal to consolidate Hong Kong's status as an international green finance centre.



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- **Green FinTech and Reporting:** The implementation of Hong Kong Sustainability Disclosure Standards is vital. Actuaries are increasingly involved in climate risk stress testing and ESG reporting. Standardised disclosures will improve the quality of data available for climate risk modelling, enabling insurers and banks to better price climate-related risks and allocate capital toward green initiatives.

## 5. AI Adoption

The long-term competitiveness of Hong Kong's financial services sector depends on a robust talent pipeline and technological adoption.

- **Artificial Intelligence (AI):** The ASHK recognises the potential transformative power of AI in all areas of our lives and specifically the business of insurance across the value chain, including, of course, technical areas such as, underwriting, pricing and product development, claims processing, value creation, sustainability and capital and risk analysis and management. We therefore strongly support the establishment of the "AI+ and Industry Development Strategy." Actuaries are at the forefront of applying data science ethically and responsibly, ensuring that AI models used in insurance are well governed, fair and explainable.

## Conclusion

The 2026-27 Budget outlines a resilient path forward for Hong Kong. The Actuarial Society of Hong Kong is committed to working closely with the Government, the Insurance Authority, and other financial regulators. We will leverage our professional expertise in risk management, data analytics, and financial modelling to support the successful implementation of these initiatives, ensuring the continued stability and prosperity of Hong Kong's financial system and the well-being of its citizens.

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### **About the Actuarial Society of Hong Kong (ASHK)**

Founded in 1968, the Actuarial Society of Hong Kong (ASHK) is the professional body for actuaries in Hong Kong. The ASHK provides a platform for actuaries to improve sustainability by helping people and organisations be more financially resilient with a positive social impact.