

6 April 2017



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

Dear Member and Appointed Actuary

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

This letter concerns the circular letter (copy attached) entitled “Notice for Appointed Actuaries: Chapter 41E – Reinvestment Yield for Reserving” and dated 12 January 2015 which was circulated by the Office of the Commissioner of Insurance (“OCI”).

The ASHK had issued to ASHK members a [Circular Notice](#) dated 19 December 2008 on the captioned subject. Eight 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.
- After issuance of the Circular Notice, the Insurance Authority sent circular letters, reference INS/TEC/13/18 III and entitled “Insurance Companies Ordinance (Cap. 41) Reinvestment Yield for Reserving” to Appointed Actuaries on [5 February 2009](#), [18 November 2011](#) and [12 January 2015](#) in which it stated that:

ASHK’s recommended approach may be adopted for determining the reinvestment yield in the actuarial valuation reports in respect of financial years 2008 to 2016. Administrative experience gathered in those 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 still remains robust and valid.

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@actuaries.org.hk or letter **by 5 May 2017** to the ASHK.

Thank you for your time and support.

Yours sincerely



Foong Sai Cheong
Co-Chairperson
ASHK Life Insurance Committee



Simon Lam
Co-Chairperson
ASHK Life Insurance Committee

Encl.