

# Market Overview – Long Term Insurance

## Market Performance of Long Term Insurance Business in 2023<sup>1</sup>

Total office premiums for in-force long term business increased by 0.3% to HK\$474,784 million in 2023. Individual Life category remained the dominant line of business, making up HK\$426,503 million or 89.8% of total long term business. The respective number of policies in 2023 was 14.2 million, carrying net liabilities of HK\$2,455,261 million. As at 31 December 2023, there were 264,403 in-force Qualifying Deferred Annuity Policies (“QDAPs”), with an average issue age of 47 and average annualised premium of around HK\$70,000.

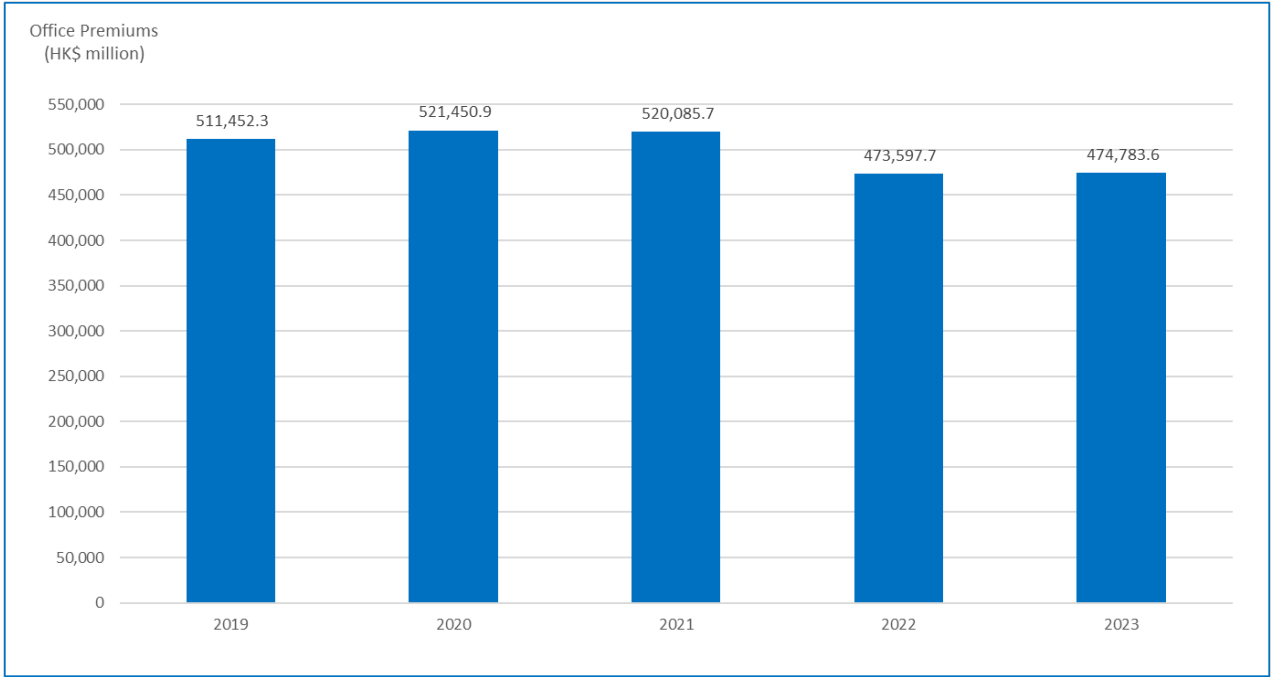
Yearly contributions for Retirement Scheme contracts administered by insurers decreased by 11.3% to HK\$6,945 million. In 2023, there were 5,614 Retirement Scheme contracts carrying net liabilities of HK\$118,165 million. In-force office premiums for Group Life business increased by 4.0% to HK\$5,194 million, carrying net liabilities of HK\$1,206 million. In-force office premiums for Annuity business decreased by 0.9% to HK\$35,337 million. In-force office premiums for Other business (mainly Permanent Health business) decreased by 2.2% to HK\$805 million.

Office premiums for new Individual Life business increased by 33.4% to HK\$170,149 million in 2023, including HK\$158,873 million from Individual Life (Non-Linked) business and HK\$11,276 million from Linked business, which recorded an increase of 41.1% and decrease of 24.4% respectively. The total number of new policies increased by 17.1% to 892,317 in 2023. Office premiums for new Individual Annuity business increased by 14.9% to HK\$8,831 million. In 2023, 30,035 QDAPs were sold, contributing total annualised premiums amounting to HK\$1,921 million.

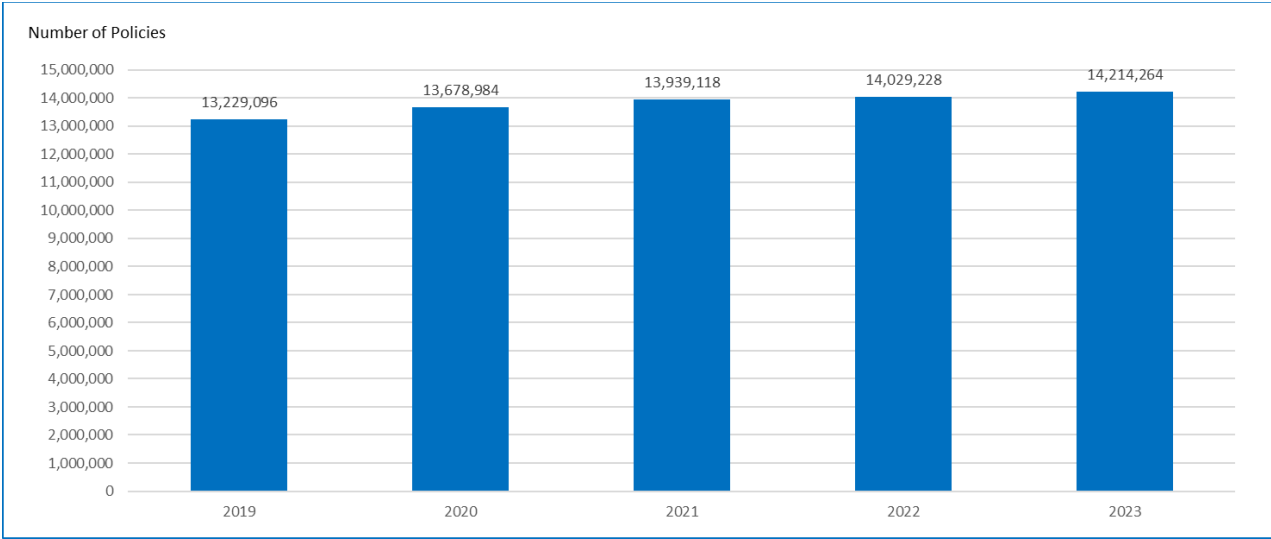
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<sup>1</sup> Market Overview statistics cover insurers whose financial year ended between 1 January 2023 and 31 December 2023.

**Figure 1 Office Premiums for Total In-Force Long Term Business**



**Figure 2 In-Force Individual Life Policies**

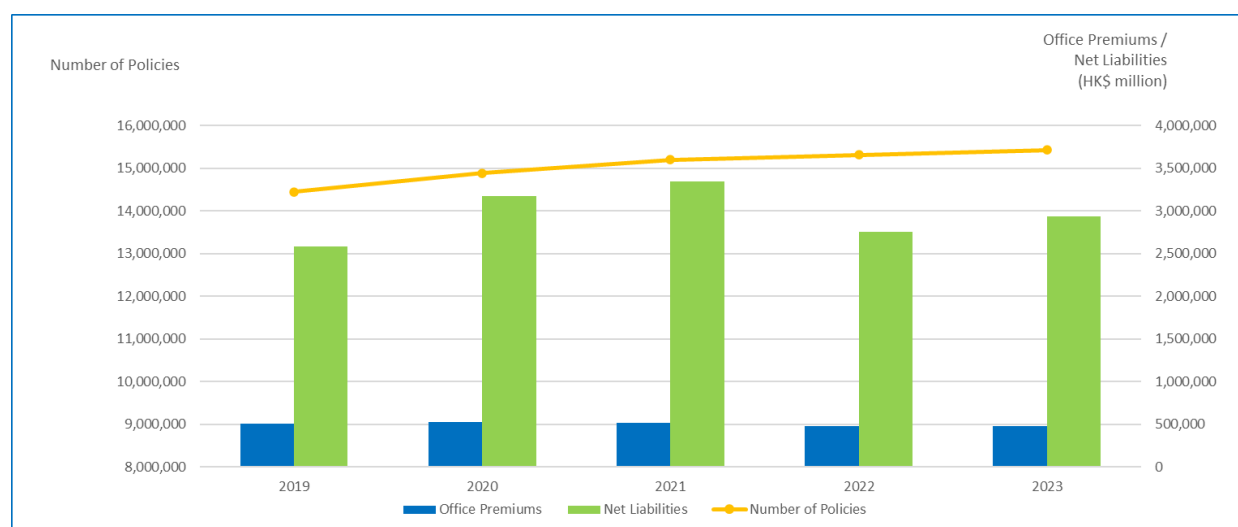


## Industry Statistics Highlights – Long Term Insurance Business

### In-force Business

In-force office premiums for Individual Life business, which remained the dominant line of long term insurance business, increased from HK\$424,289 million in 2022 to HK\$426,503 million in 2023, an increase of 0.5%. Non-Linked and Linked business accounted for 92.2% and 7.8% respectively.

**Figure 3 In-Force Long Term Business**



Type of Insurance	Number of Policies					Office Premiums (HK\$ million)					Net Liabilities (HK\$ million)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Individual Life															
Non-Linked	11,969,240 0.8%	12,465,536 4.1%	12,716,300 2.0%	12,822,506 0.8%	13,051,333 1.8%	399,249.4 5.8%	418,701.0 4.9%	409,568.4 -2.2%	385,736.0 -5.8%	393,218.8 1.9%	1,816,185.2 8.4%	2,334,148.6 28.5%	2,491,004.9 6.7%	1,993,946.4 -20.0%	2,200,488.3 10.4%
Linked	1,259,856 -4.3%	1,213,448 -3.7%	1,222,818 0.8%	1,206,722 -1.3%	1,162,931 -3.6%	40,993.5 -16.1%	39,869.1 -2.7%	55,034.6 38.0%	38,553.3 -29.9%	33,284.2 -13.7%	304,079.1 11.9%	335,224.5 10.2%	342,616.2 2.2%	255,395.1 -25.5%	254,773.1 -0.2%
Sub-total	13,229,096 0.3%	13,678,984 3.4%	13,939,118 1.9%	14,029,228 0.6%	14,214,264 1.3%	440,242.9 3.3%	458,570.1 4.2%	464,603.0 1.3%	424,289.3 -8.7%	426,503.0 0.5%	2,120,264.3 8.9%	2,669,373.1 25.9%	2,833,621.1 6.2%	2,249,341.5 -20.6%	2,455,261.4 9.2%
Group Life	18,548 -3.0%	17,604 -5.1%	17,459 -0.8%	16,790 -3.8%	16,667 -0.7%	4,273.5 22.7%	4,770.8 11.6%	4,834.2 1.1%	4,993.3 3.5%	5,193.7 4.0%	1,417.7 41.9%	1,366.2 -3.6%	1,257 -8.0%	1,035.4 -18.4%	1,206.1 17.6%
Retirement Scheme	65,728 4.1%	70,598 7.4%	72,316 2.4%	74,454 3.0%	5,514 -92.5%	8,877.0 -5.3%	9,439.8 6.3%	8,205.6 -13.1%	7,831.5 -4.6%	6,944.6 -11.3%	133,700.3 6.8%	146,127.1 9.3%	135,330.7 -7.4%	126,305.0 -6.7%	118,164.8 -6.4%
Annuity and Others	1,139,891 189.5%	1,115,047 -2.2%	1,176,830 5.5%	1,190,962 1.2%	1,190,966 0.0%	58,056.9 161.1%	48,670.2 -16.2%	42,452.9 -12.8%	36,483.6 -14.1%	36,142.3 -0.9%	326,810.6 463.2%	353,319.1 8.1%	377,961.6 7.0%	374,458.5 -0.9%	358,454.8 -4.3%
<b>Total</b>	<b>14,453,263 5.8%</b>	<b>14,882,233 3.0%</b>	<b>15,205,723 2.2%</b>	<b>15,311,434 0.7%</b>	<b>15,427,531 0.8%</b>	<b>511,452.3 10.8%</b>	<b>521,450.9 2.0%</b>	<b>520,085.7 -0.3%</b>	<b>473,597.7 -8.9%</b>	<b>474,783.6 0.3%</b>	<b>2,582,192.9 21.1%</b>	<b>3,170,185.5 22.8%</b>	<b>3,348,170.3 5.6%</b>	<b>2,751,130.4 -17.8%</b>	<b>2,933,087.1 6.6%</b>

Percentages denote change from the previous year.

## In-Force Individual Life Business

### Non-Linked Business

Office premiums for Non-Linked business increased by 1.9% to HK\$393,219 million in 2023, representing 92.2% of office premiums for in-force Individual Life business. There were 13.1 million in-force Non-Linked policies at the end of 2023, up by 1.8% from 2022. The total sums assured as at 31 December 2023 was HK\$8,396,983 million while net liabilities amounted to HK\$ 2,200,488 million, representing an increase of 3.7% and 10.4% respectively.

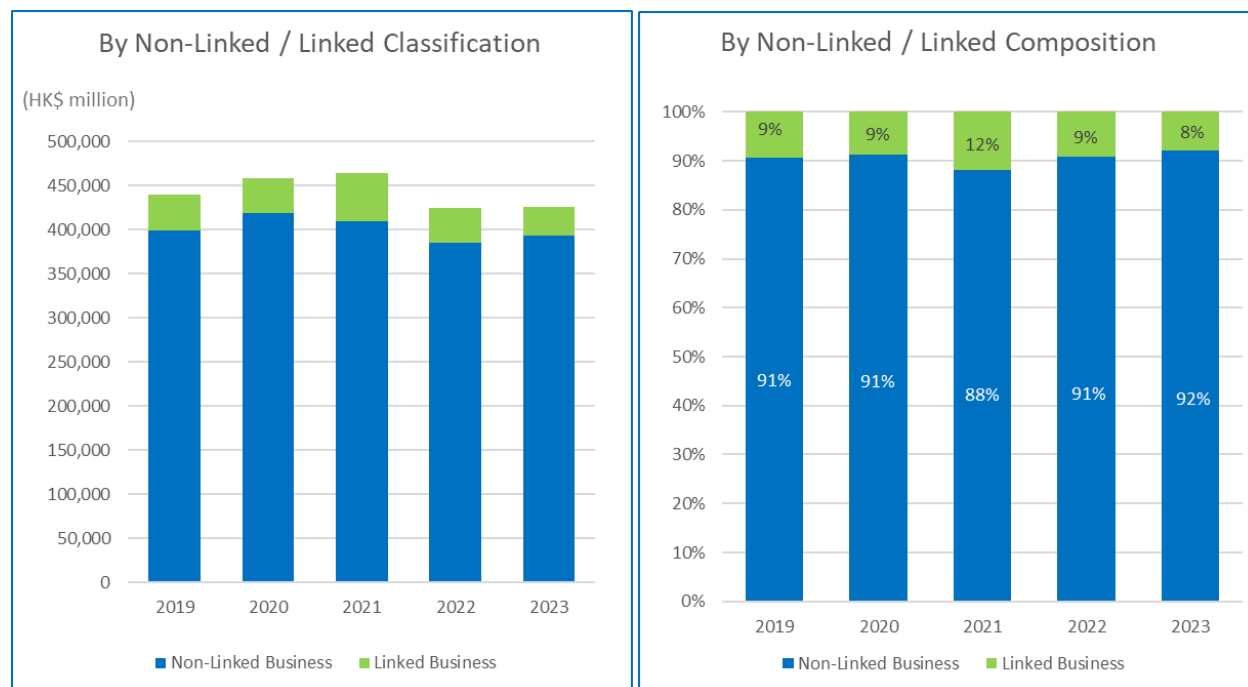
Regarding categories of in-force office premiums, Whole Life and Endowment together comprised 88.0% of Non-Linked business, while Term along with Other insurance accounted for the remaining 12.0%.

With-profits business accounted for 82.7% of in-force office premiums and without-profits business for the remaining 17.3%.

### Linked Business

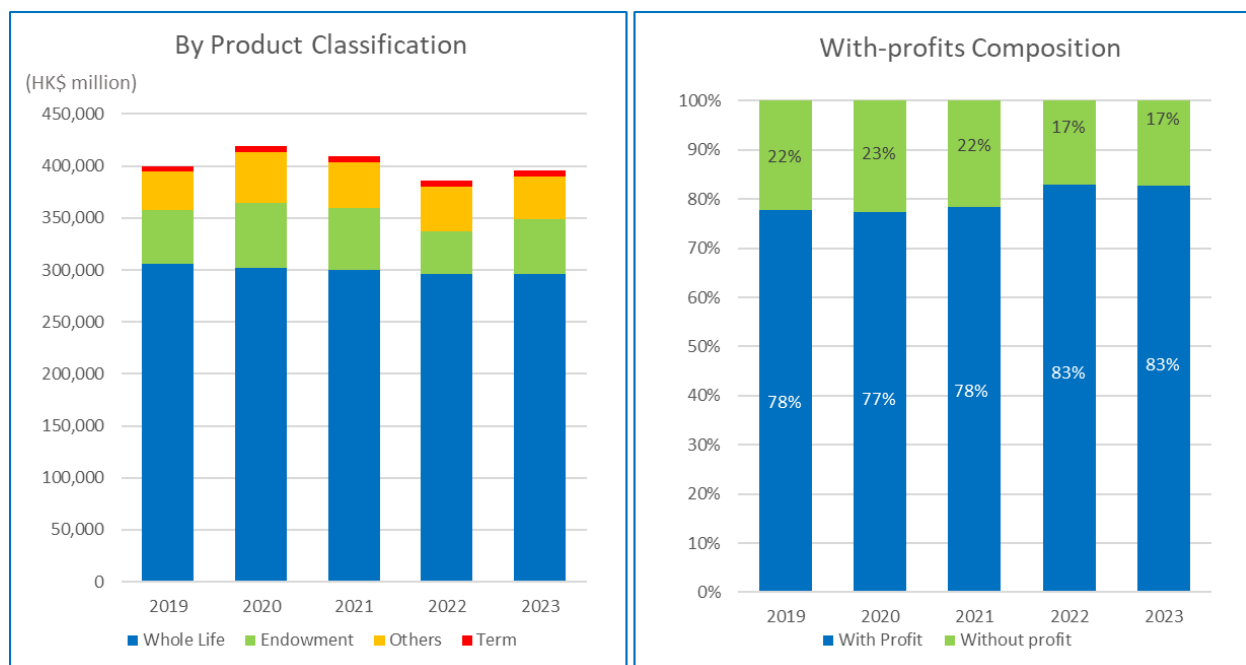
Office premiums for Linked business decreased by 13.7% to HK\$33,284 million in 2023, accounting for 7.8% of office premiums for in-force Individual Life business. The number of in-force policies as at 31 December 2023 was 1.2 million while net liabilities stood at HK\$254,773 million, representing a decrease of 3.6% and 0.2% respectively.

**Figure 4 Office Premiums for In-Force Individual Life Business**



Office Premiums (HK\$ million)	2019	2020	2021	2022	2023
Non-Linked Business	399,249.4	418,701.0	409,568.4	385,736.0	393,218.8
Linked Business	40,993.5	39,869.1	55,034.6	38,553.3	33,284.2

**Figure 5 Office Premiums for In-Force Individual Life (Non-Linked) Business**



Office Premiums for Non-Linked Business (By Product Classification)					
(HK\$ million)	2019	2020	2021	2022	2023
Whole Life	306,295.9	301,670.0	300,393.5	295,640.9	293,176.0
Endowment	50,954.1	62,930.0	59,622.9	41,555.8	52,754.8
Term	4,834.2	5,327.0	5,685.1	6,072.8	6,231.8
Others	37,165.2	48,773.9	43,866.8	42,466.5	41,056.2

## New Individual Life Business

Office premiums for new Individual Life business increased by 33.4% to HK\$170,149 million in 2023. Non-Linked Individual Life business and Linked Individual Life business accounted for 93.4% and 6.6% of new Individual Life business respectively.

### Non-Linked Business

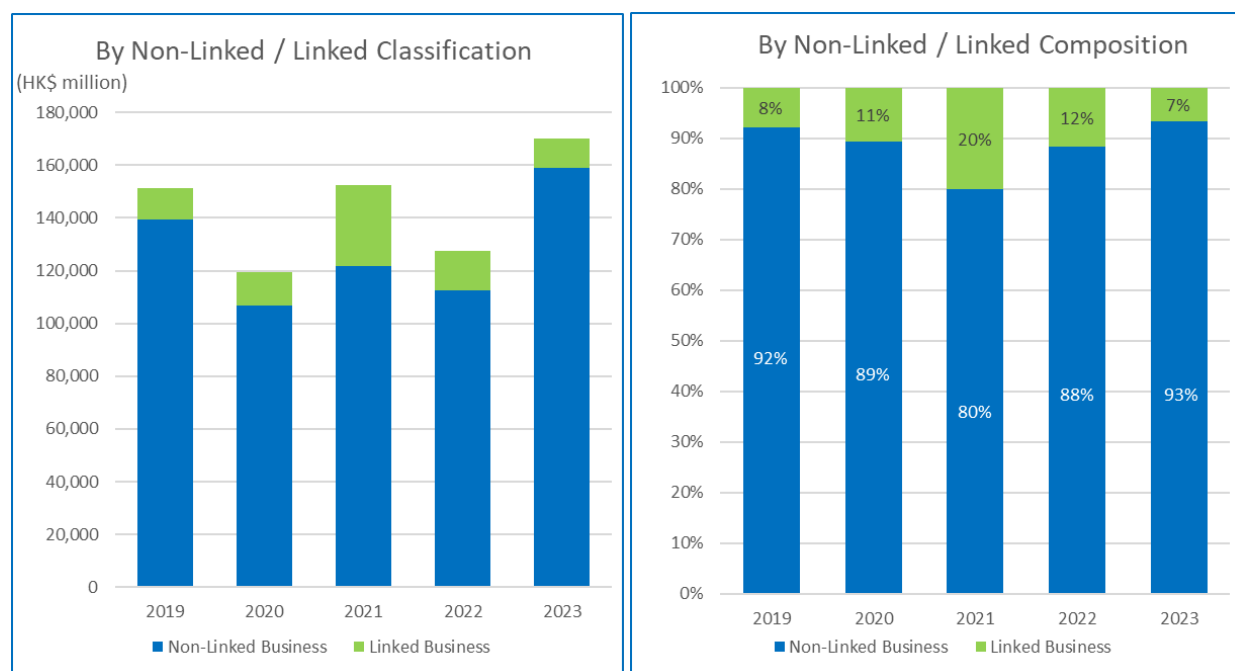
Office premiums for new Non-Linked business recorded an increase of 41.1% to HK\$158,873 million in 2023, with single premium business decreasing by 3.7% and regular premium business increasing by 129.9%. The number of policies increased by 20.1% to 859,222.

With-profits and without-profits business represented 83.2% and 16.8% respectively of related new office premiums.

### Linked Business

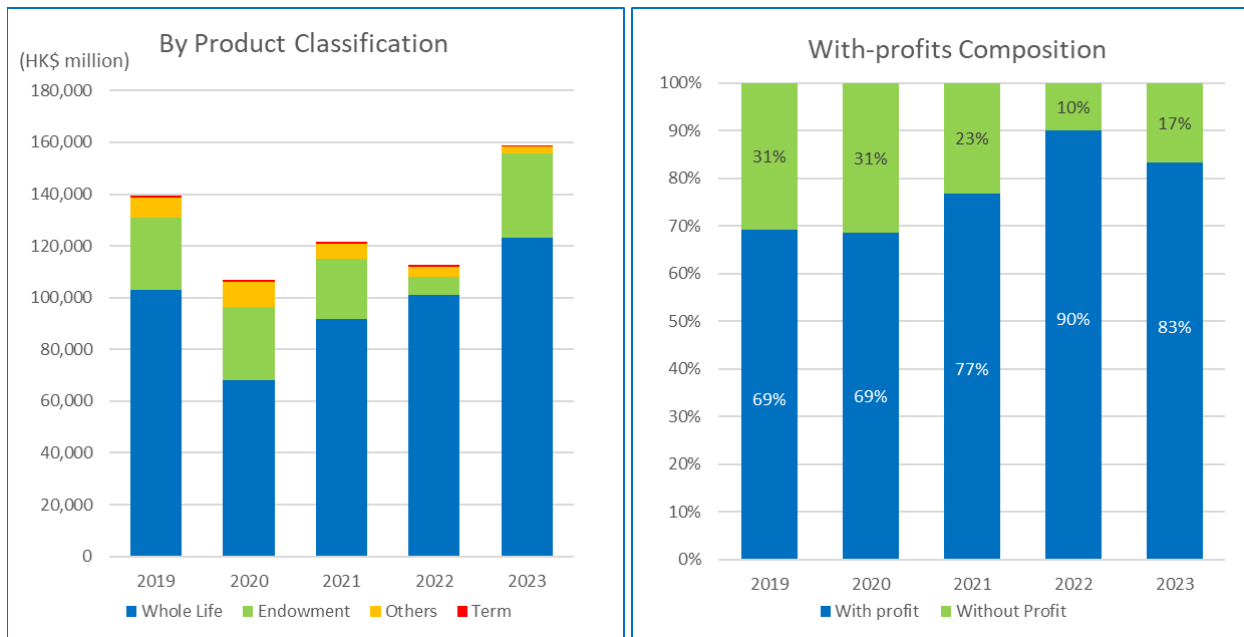
Office premiums for new Linked business decreased by 24.4% in 2023, and the number of new policies recorded a drop of 29.8%. The number of new policies in single payment mode decreased by 27.7%, while related office premiums decreased by 26.6%. The number of new policies in regular payment mode declined by 34.2%, with related office premiums increasing by 9.2%.

**Figure 6 Office Premiums for New Individual Life Business**



Office Premiums (HK\$ million)	2019	2020	2021	2022	2023
Non-Linked Business	139,421.5	106,840.4	121,760.5	112,620.6	158,872.9
Linked Business	11,758.8	12,791.9	30,662.9	14,918.1	11,276.3

**Figure 7 Office Premiums for New Individual Life (Non-Linked) Business**

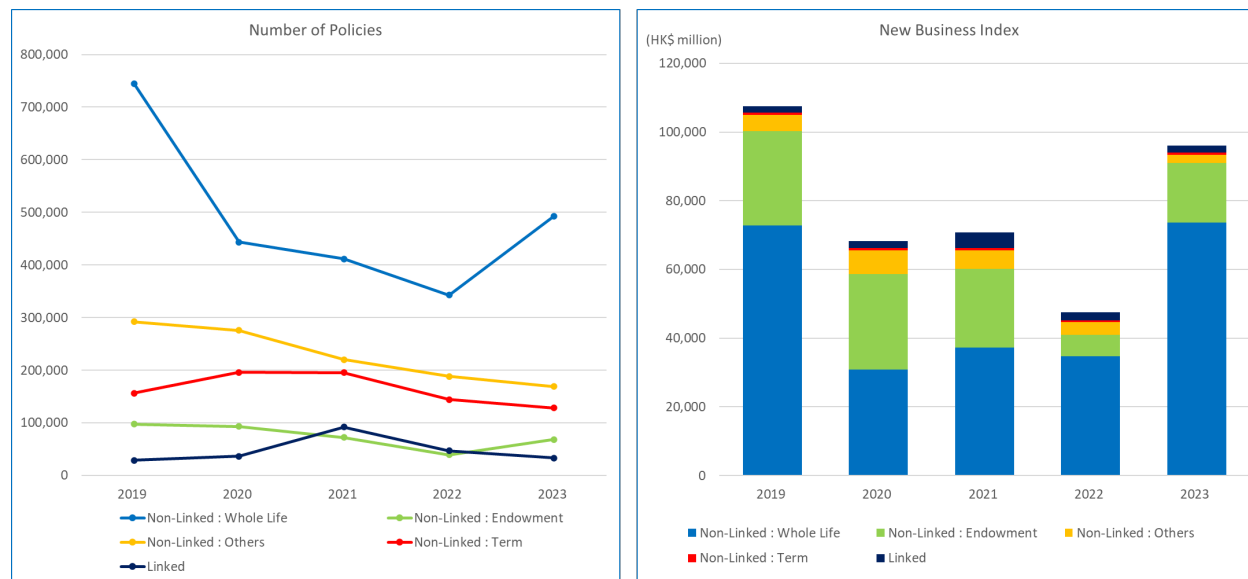


<b>Office Premiums for Non-Linked Business (By Product Classification)</b>					
<b>(HK\$ million)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Whole Life	102,949.2	68,098.5	91,551.3	100,906.8	122,999.4
Endowment	28,055.6	28,197.0	23,404.7	6,996.4	32,522.8
Term	727.3	806.5	799.3	549.3	634.4
Others	7,689.4	9,738.4	6,005.2	4,168.1	2,716.3

## New Business Index

The New Business Index, defined as the total office premiums for all regular premium products plus one-tenth of all single premiums, increased by 101.9% in 2023. This was attributable to a significant increase of 127.0% in new premiums for regular premium business, while a decrease of 7.3% in new premiums for single premium business. During the year, the New Business Index for Non-Linked business and Linked business increased by 107.8% and decreased by 12.5% respectively.

**Figure 8 New Individual Life Business (Number of Policies and New Business Index)**



**Figure 3.4 New Individual Life Business (Number of Policies and New Business Index)**

Type of Insurance	Number of Policies														
	Single Payment					Regular Payment					Total				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Non-Linked: Whole Life	21,464	25,170	28,001	34,995	20,705	723,437	418,195	383,338	307,800	472,353	744,901	443,365	411,339	342,795	493,058
Endowment	2,601	1,642	1,418	6,600	16,198	95,184	91,665	70,948	32,930	52,409	97,785	93,307	72,366	39,530	68,607
Term	15	15	1	-	-	156,486	195,899	195,202	144,563	128,374	156,501	195,914	195,203	144,563	128,374
Others	1,247	4,408	10,740	3,699	131	291,090	271,205	209,279	184,616	169,052	292,337	275,613	220,019	188,315	169,183
Total Non-Linked	25,327	31,235	40,160	45,294	37,034	1,266,197	976,964	858,767	669,909	822,188	1,291,524	1,008,199	898,927	715,203	859,222
Linked:	20,169	24,705	66,177	32,322	23,355	8,503	12,097	25,667	14,794	9,740	28,672	36,802	91,844	47,116	33,095
<b>Total</b>	<b>45,496</b>	<b>55,940</b>	<b>106,337</b>	<b>77,616</b>	<b>60,389</b>	<b>1,274,700</b>	<b>989,061</b>	<b>884,434</b>	<b>684,703</b>	<b>831,928</b>	<b>1,320,196</b>	<b>1,045,001</b>	<b>990,771</b>	<b>762,319</b>	<b>892,317</b>

Type of Insurance	Office Premiums														
	Single Payment (HK\$ million)					Regular Payment (HK\$ million)					New Business Index <sup>(a)</sup> (HK\$ million)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Non-Linked: Whole Life	33,458.3	41,293.2	60,329.8	73,504.1	54,754.1	69,490.9	26,805.3	31,221.5	27,402.7	68,245.3	72,836.7	30,934.6	37,254.5	34,753.1	73,720.7
Endowment	707.3	599.0	526.3	840.4	17,017.3	27,348.3	27,598.0	22,878.5	6,156.0	15,505.5	27,419.0	27,657.9	22,331.1	6,240.0	17,207.2
Term	3.4	0.9	0.1	-	-	723.8	805.6	799.2	549.3	634.4	724.1	805.7	799.2	549.3	634.4
Others	3,287.1	3,164.0	756.7	515.2	298.9	4,402.3	6,574.4	5,248.5	3,652.9	2,417.3	4,731.0	6,890.8	5,324.2	3,704.4	2,447.2
Total Non-Linked	37,456.1	45,057.1	61,612.9	74,853.7	72,070.3	101,985.3	61,783.3	60,147.7	37,760.9	86,802.5	105,710.8	66,289.0	66,309.0	45,248.8	94,009.5
Linked:	11,126.0	11,951.8	29,145.1	14,012.2	10,286.7	632.8	840.1	1,517.8	905.9	989.6	1,745.4	2,035.3	4,432.3	2,307.1	2,018.3
<b>Total</b>	<b>48,582.1</b>	<b>57,008.9</b>	<b>90,758.0</b>	<b>88,871.9</b>	<b>82,357.0</b>	<b>102,598.1</b>	<b>62,623.4</b>	<b>61,665.5</b>	<b>38,666.8</b>	<b>87,792.1</b>	<b>107,456.2</b>	<b>68,324.3</b>	<b>70,741.3</b>	<b>47,553.9</b>	<b>96,027.8</b>

(a) New Business Index = 10% Single Premiums + Regular Premiums



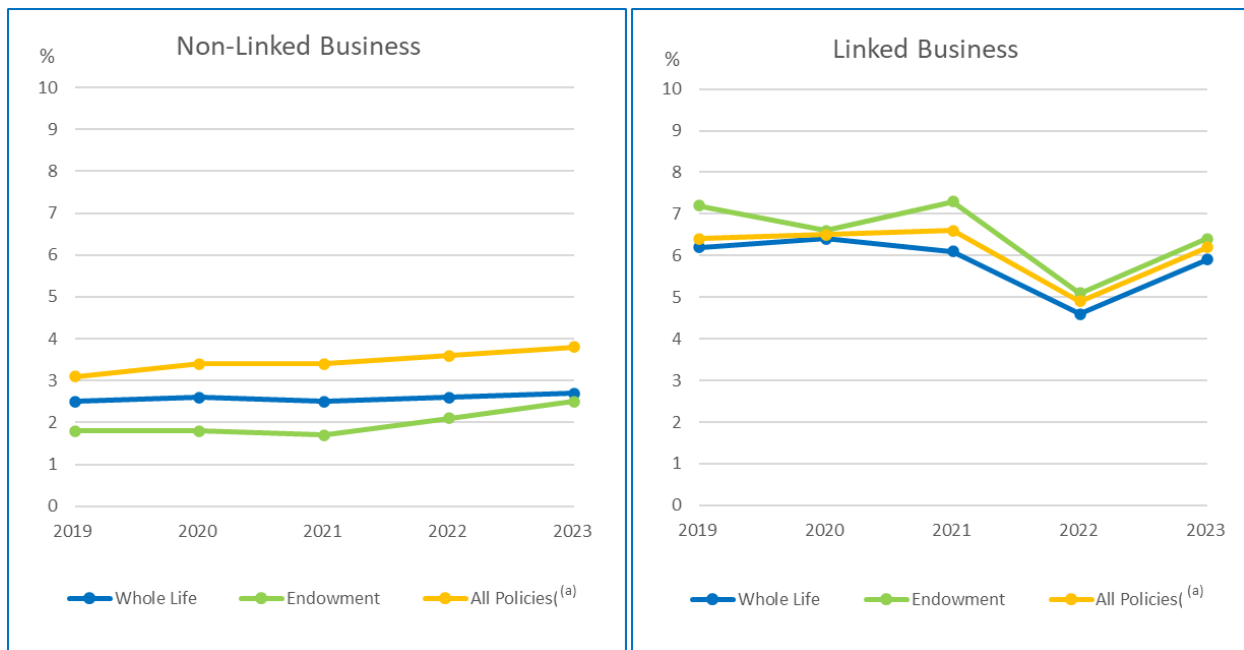
### Individual Life Voluntary Termination Rate (Lapses and Surrenders)

The voluntary termination rate comprises the ratio of the number of policies that lapsed or were surrendered during the year to the average number of policies in-force, and serves as a measure of business persistency.

For Individual Life (Non-Linked) business, the overall voluntary termination rate rose slightly to 3.8% in 2023.

For Individual Life (Linked) business, the overall voluntary termination rate increased to 6.2% in 2023.

**Figure 9 Individual Life Voluntary Termination Rate**



Non-Linked (%)	2019	2020	2021	2022	2023
Whole Life	2.5	2.6	2.5	2.6	2.7
Endowment	1.8	1.8	1.7	2.1	2.5
All Policies <sup>(a)</sup>	3.1	3.4	3.4	3.6	3.8

Linked (%)	2019	2020	2021	2022	2023
Whole Life	6.2	6.4	6.1	4.6	5.9
Endowment	7.2	6.6	7.3	5.1	6.4
All Policies <sup>(a)</sup>	6.4	6.5	6.6	4.9	6.2

<sup>(a)</sup> All policies include term policies and others.

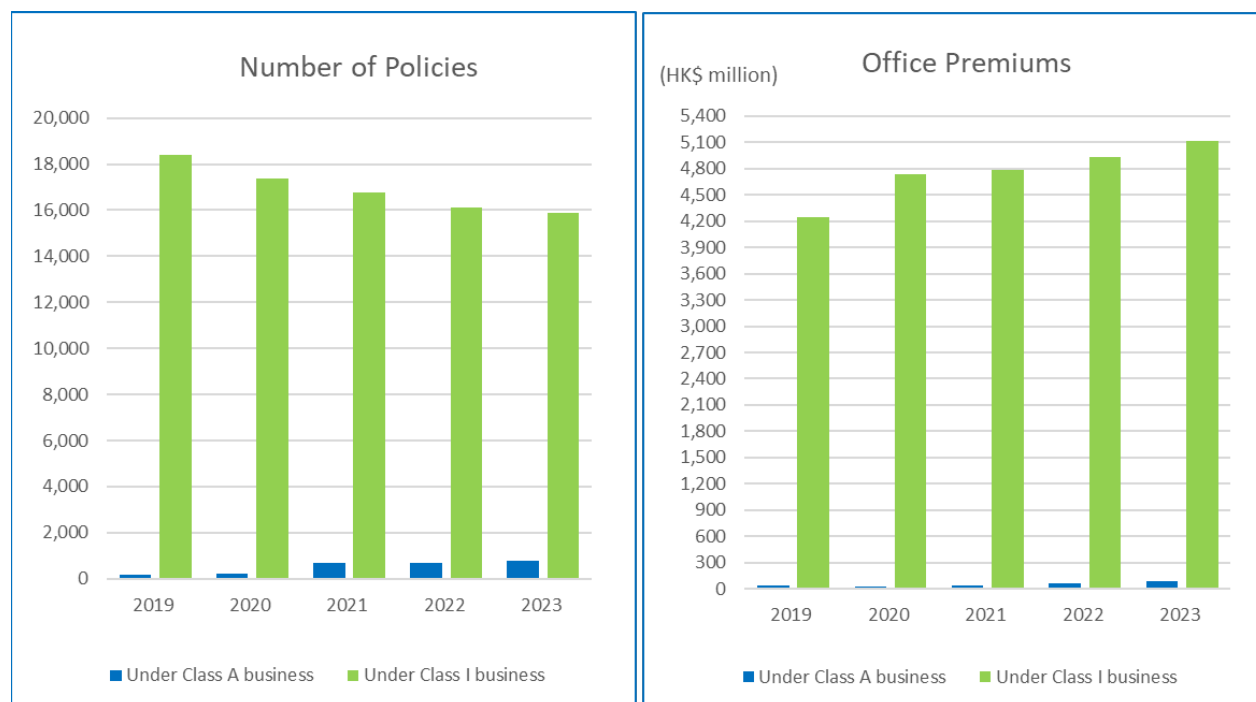
## Group Life Business

Group Life business comprises Class A business (non-employer group business) and Class I business (employer group business).

For Class A business, office premiums in 2023 stood at HK\$81 million, representing 1.6% of all Group Life business. At the end of 2023, there were 764 Class A in-force policies covering 147,418 lives. The total sums assured and total net liabilities were HK\$49,386 million and HK\$41 million respectively.

For Class I business, office premiums stood at HK\$5,112 million, representing 98.4% of all Group Life business. At the end of 2023, there were 15,903 Class I in-force policies covering 1,150,882 lives. The total sums assured and total net liabilities were HK\$1,014,624 million and HK\$1,166 million respectively.

**Figure 10 In-Force Group Life Business**



Number of Policies	2019	2020	2021	2022	2023
Under Class A business	160	239	676	673	764
Under Class I business	18,388	17,365	16,783	16,117	15,903
Office Premiums (HK\$ million)	2019	2020	2021	2022	2023
Under Class A business	35.1	30.5	37.2	59.7	81.3
Under Class I business	4,240.4	4,740.3	4,787.0	4,933.6	5,112.4

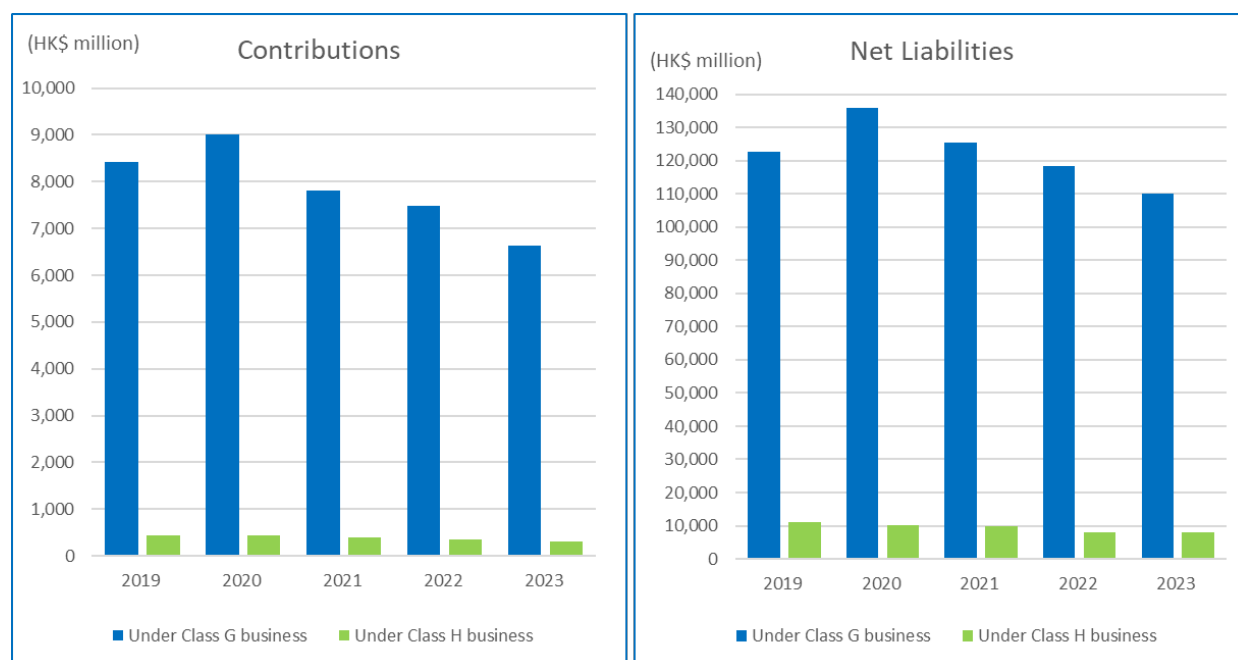
## Retirement Scheme Business

Retirement Scheme business consists of Class G business, which provides guaranteed capital or return, and Class H business, which does not provide such a guarantee.

Class G contributions amounted to HK\$6,625 million in 2023, representing 95.4% of overall contributions for Retirement Scheme business. As at 31 December 2023, the related net liabilities amounted to HK\$110,159 million. Net liabilities may be classified into unit (unitised) and non-unit liabilities. The related unit and non-unit liabilities were HK\$104,870 million and HK\$5,289 million respectively.

Class H contributions decreased from HK\$351 million in 2022 to HK\$320 million in 2023, and represented 4.6% of overall contributions in 2023. As at 31 December 2023, related net liabilities stood at HK\$8,006 million, of which unit and non-unit liabilities were HK\$8,155 million and negative HK\$149 million respectively.

**Figure 11 In-Force Retirement Scheme Business**



Contributions (HK\$ million)	2019	2020	2021	2022	2023
Under Class G business	8,428.0	9,000.1	7,801.8	7,480.1	6,625.0
Under Class H business	449.0	439.7	403.8	351.4	319.6

Net Liabilities (HK\$ million)	2019	2020	2021	2022	2023
Under Class G business	122,695.3	135,905.6	125,509.6	118,350.2	110,159.1
Under Class H business	11,005.0	10,221.5	9,821.1	7,954.8	8,005.7

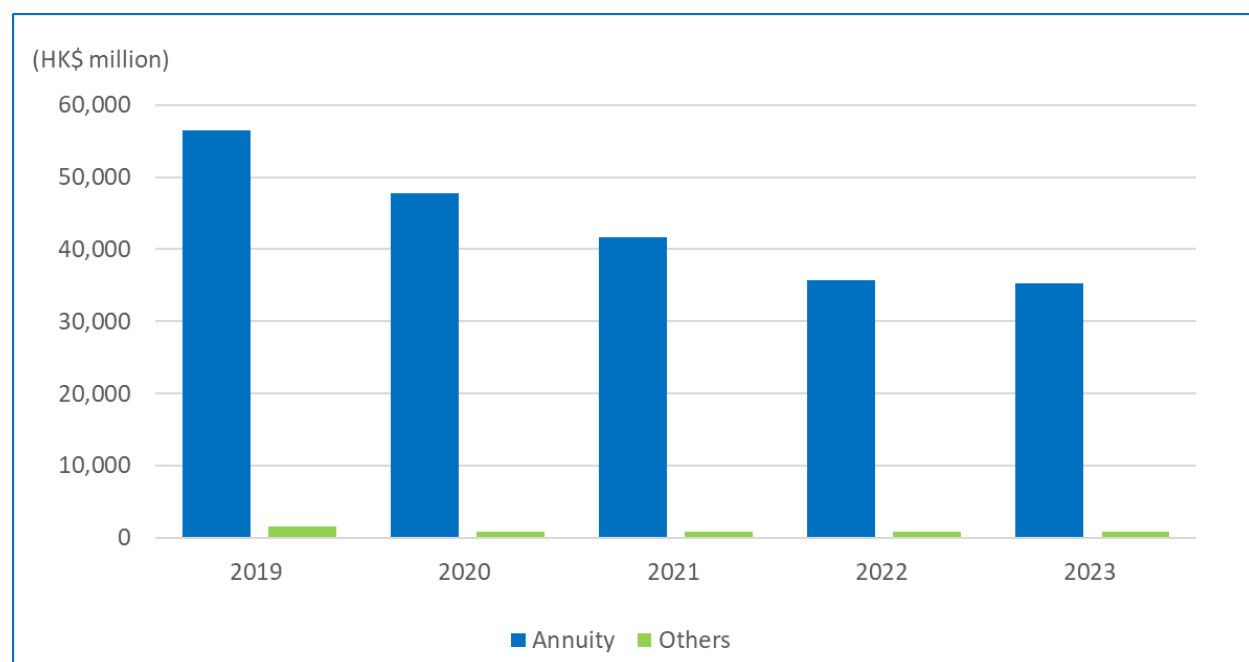
## Annuity and Other Business

Under Annuity business, there were 1,075,968 in-force policies at the end of 2023. Office premiums decreased by 0.9% to HK\$35,337 million in 2023, and net liabilities decreased by 4.4% to HK\$354,543 million. During the year, a total of 52,118 new Annuity policies were effected, with office premiums of HK\$8,831 million. In 2023, 30,035 Qualifying Deferred Annuity Policies (“QDAPs”) were sold, contributing total annualised premiums amounting to HK\$1,921 million.

Other business includes Permanent Health business and Tontines business. For Permanent Health, the number of in-force policies increased by 2.6% to 115,017 in 2023, with office premiums decreasing by 2.2% to HK\$805 million, while net liabilities increased by 9.5% to HK\$3,911 million. No office premiums were recorded regarding Tontines in 2023.

In terms of premiums, Annuity and Other business accounted for 7.6% of the market total for all long term insurance business premiums in 2023.

**Figure 12 Office Premiums for In-Force Annuity and Other Business**

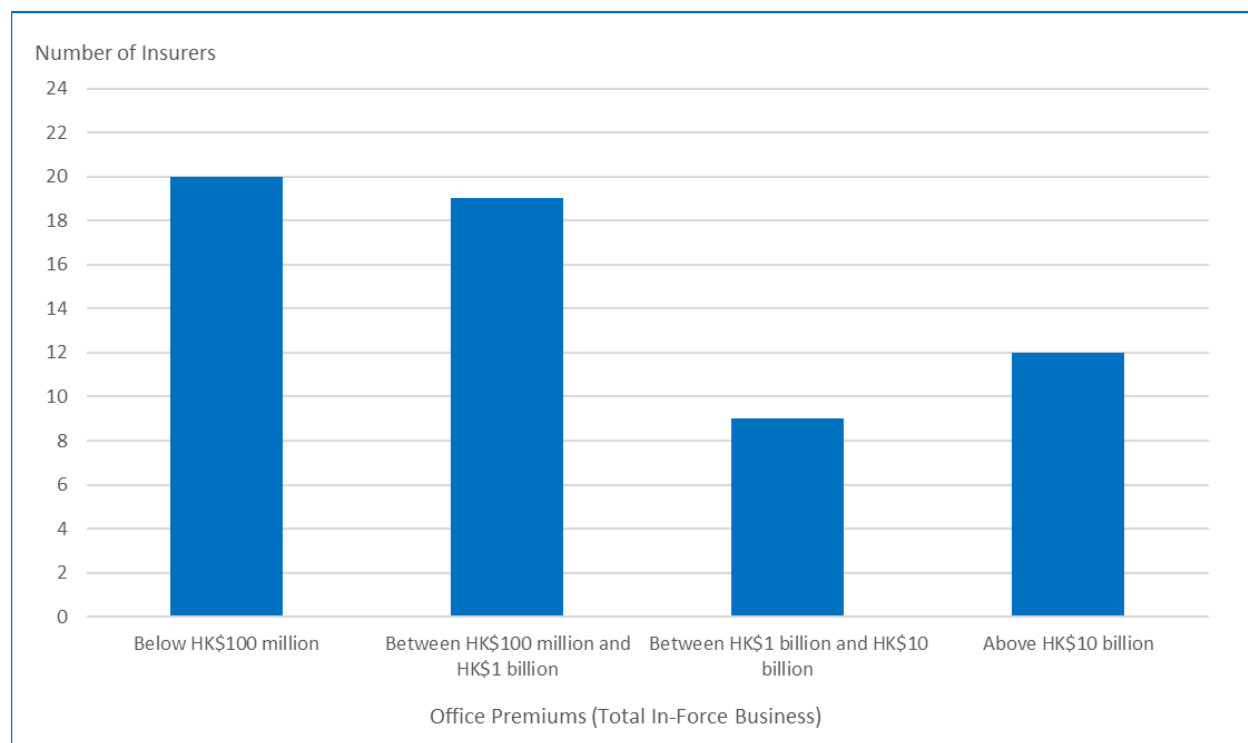


Office Premiums (HK\$ million)	2019	2020	2021	2022	2023
Annuity	56,448.9	47,804.9	41,656.6	35,660.7	35,337.4
Others	1,608.0	865.3	796.3	822.9	804.9

## Market Analysis

At as 31 December 2023, there were 71 authorized long term business insurers in the market. Putting aside Lloyd's and 10 pure reinsurers, 12 insurers reported in-force office premiums of more than HK\$10 billion, taking up 92.2% of the long term insurance market. Another 48 insurers, with office premiums of less than HK\$10 billion, comprised the remaining 7.8% of the market.

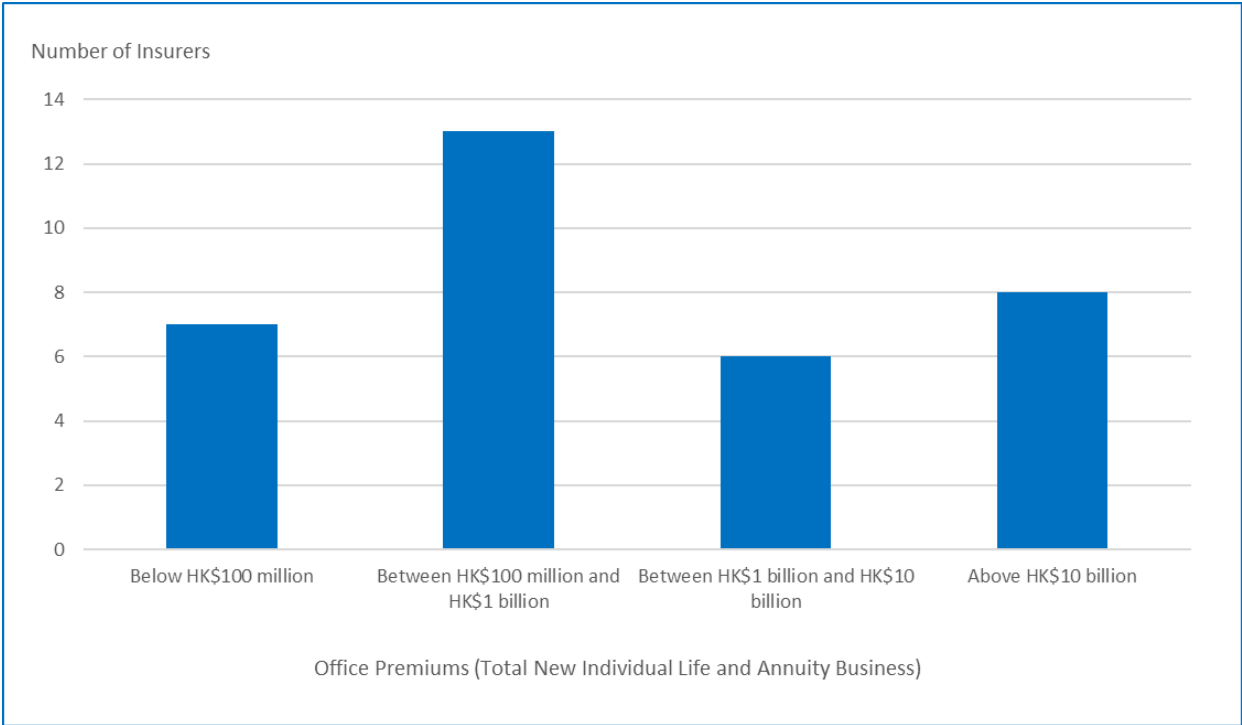
**Figure 13 Distribution of Long Term Business Insurers in terms of In-Force Office Premiums**



Office Premiums (Total In-Force Business)	Number of Insurers	% of Market Total
Below HK\$100 million	20	0.1%
Between HK\$100 million and HK\$1 billion	19	2.0%
Between HK\$1 billion and HK\$10 billion	9	5.7%
Above HK\$10 billion	12	92.2%
<b>Total</b>	<b>60</b>	<b>100.0%</b>

In terms of new Individual Life and Annuity business, 34 insurers wrote new business in 2023. Of these insurers, 8 insurers reported new office premiums of more than HK\$10 billion and between them shared 81.2% of total business. The other 26 insurers, with new office premiums of less than HK\$10 billion, shared the remaining 18.8% of the market.

**Figure 14 Distribution of Long Term Business Insurers in terms of New Individual Life and Annuity Office Premiums**



Office Premiums (Total New Individual Life and Annuity Business)	No. of Insurers	% of Market Total
Below HK\$100 million	7	0.1%
Between HK\$100 million and HK\$1 billion	13	2.9%
Between HK\$1 billion and HK\$10 billion	6	15.8%
Above HK\$10 billion	8	81.2%
<b>Total</b>	<b>34</b>	<b>100.0%</b>