

30 September 2024

Direct line : 3899 9705

Our ref : INS/TEC/16/13

To : Chief Executives of authorized insurers
carrying on general insurance business

BY EMAIL

Dear Sir/Madam,

Employees' Compensation Insurance (Direct Business) Statistics for 2023
Motor Vehicle Insurance (Direct Business) Statistics for 2023

Thank you for your co-operation in providing your statistics on direct employees' compensation and motor vehicle insurance businesses for 2023.

We have compiled the statistics for the market based on the returns submitted by individual insurers. A copy of the statistics on employees' compensation insurance (direct business) by trade occupation, and on motor vehicle insurance (direct business) by class of vehicle are enclosed for your information.

The statistics cover insurers whose financial year ended within 2023. They contain information on the gross premiums, gross claims paid and gross outstanding claims provision for the said period.

Taking this opportunity, we would like to share with you the key indicators for direct employees' compensation insurers (top 25) and direct motor vehicle insurers (top 24¹), excluding outliers. The box-and-whisker charts below, one for each class of business, show the market spread of the following four key performance / profitability indicators:

1. Net loss ratio
2. Net commission ratio
3. Management expense ratio
4. Underwriting margin

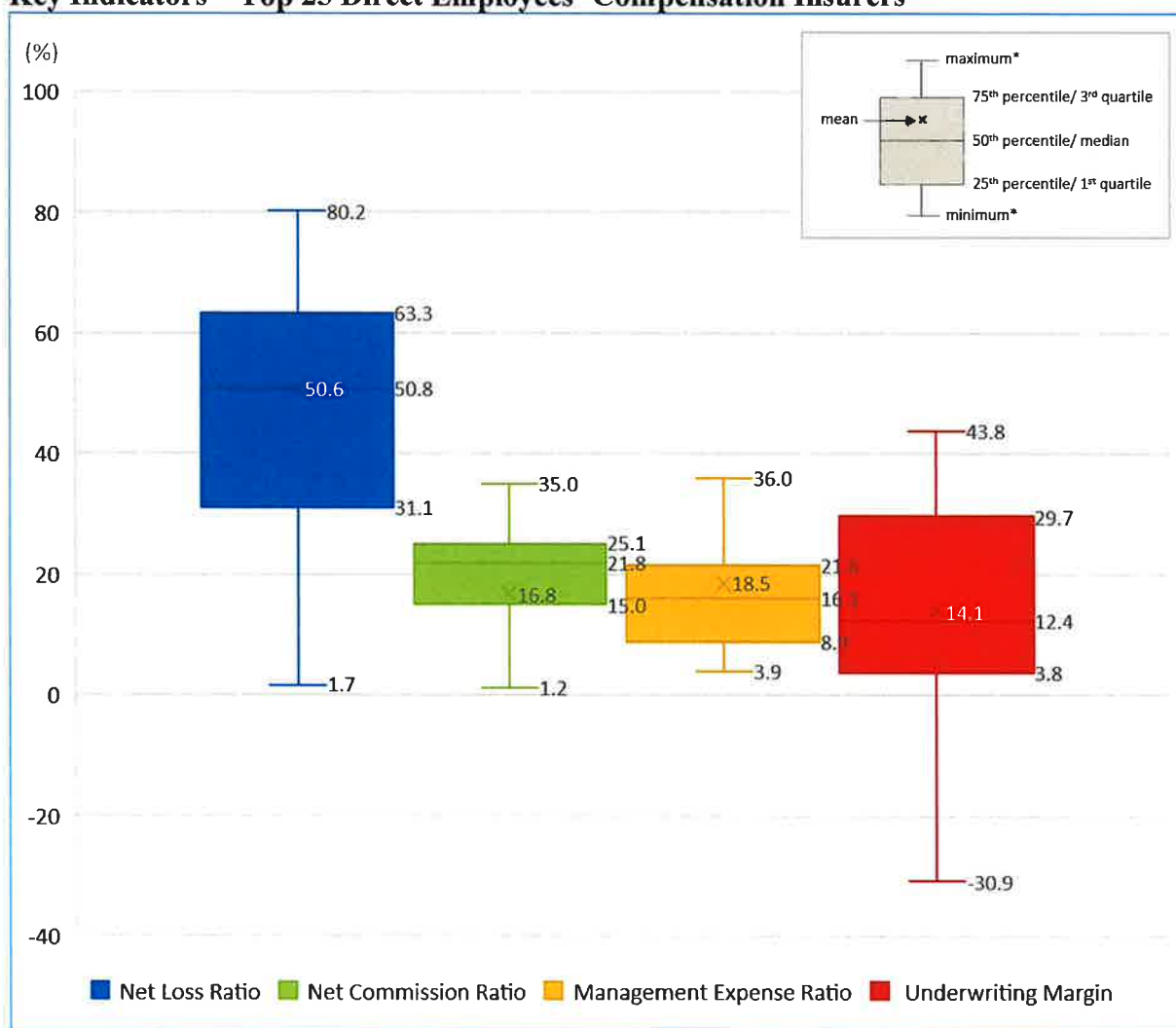
¹ Given that one of the top 25 direct MV business insurers is in winding up process with a relatively low net earned premiums but an exceptionally high management expense being reported, inclusion of the peculiar key ratios of this insurer would substantially distort the statistics. As such, the data regarding this insurer has been excluded from the box-and-whisker chart.

The box for each key indicator shows the range of performance of the market. Using the “Underwriting Margin” as an example, for direct employees’ compensation business, the corresponding figures are shown in brackets:

- Maximum (43.8%)
- Minimum (-30.9%)
- 25th percentile / 1st quartile (3.8%)
- 50th percentile / median (12.4%)
- 75th percentile / 3rd quartile (29.7%)
- Mean (14.1%)

That is, on average, the top 25 direct employees’ compensation insurers recorded an underwriting margin of 14.1%. The best performer had an underwriting margin of 43.8% whilst the worst performer had a margin of -30.9%. The median underwriting margin was 12.4% with the 1st quartile and the 3rd quartile being 3.8% and 29.7% respectively.

Key Indicators – Top 25 Direct Employees’ Compensation Insurers



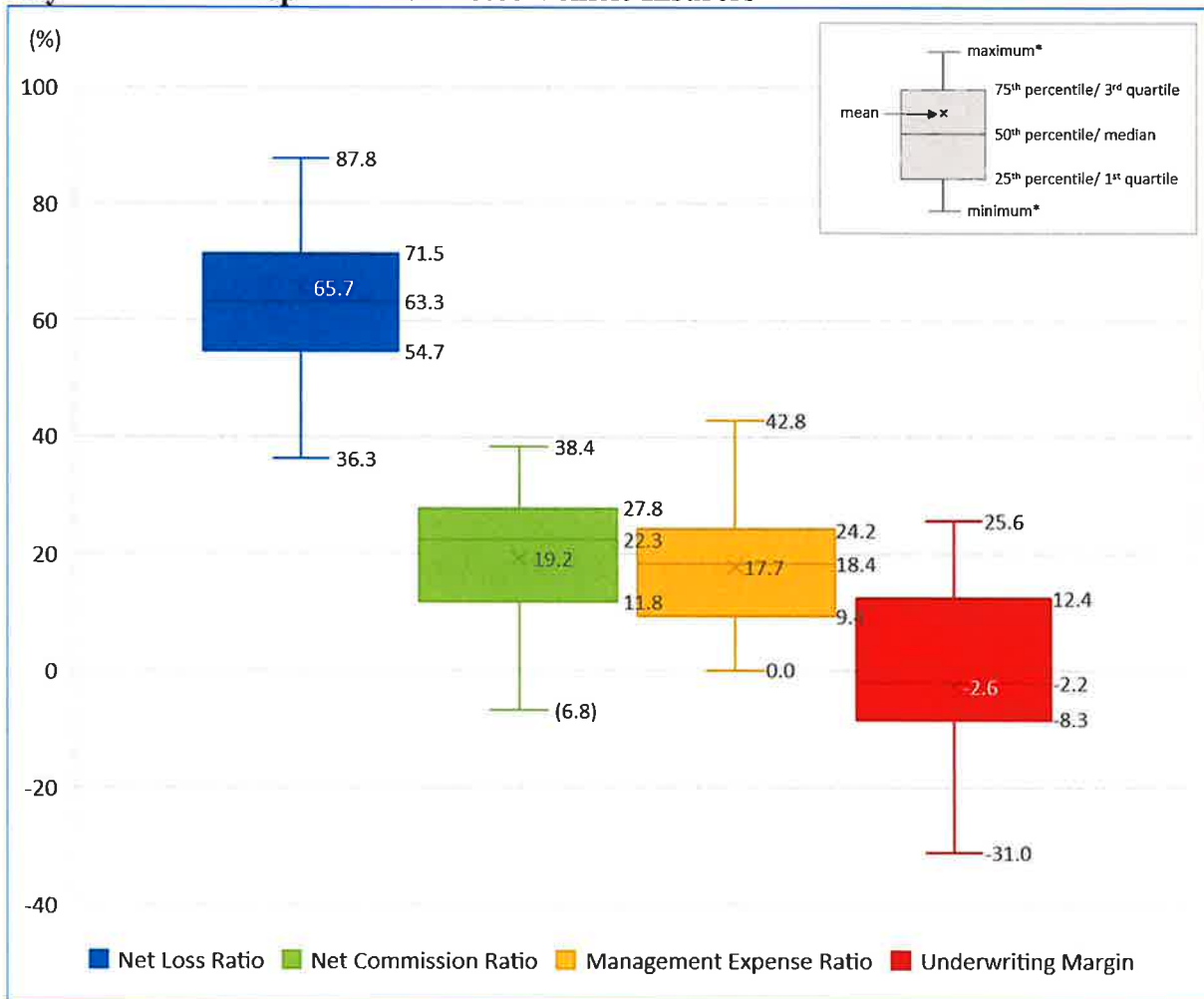
*Figures of outliers are excluded

For direct motor vehicle business, the corresponding figures for “Underwriting Margin” are shown in brackets:

- Maximum (25.6%)
- Minimum (-31.0%)
- 25th percentile / 1st quartile (-8.3%)
- 50th percentile / median (-2.2%)
- 75th percentile / 3rd quartile (12.4%)
- Mean (-2.6%)

That is, on average, the top 24 direct motor vehicle insurers recorded an underwriting margin of -2.6%. The best performer had an underwriting margin of 25.6% whilst the worst performer had a margin of -31.0%. The median underwriting margin was -2.2% with the 1st quartile and the 3rd quartile being -8.3% and 12.4% respectively.

Key Indicators – Top 24 Direct Motor Vehicle Insurers¹



*Figures of outliers are excluded

¹ Given that one of the top 25 direct MV business insurers is in winding up process with a relatively low net earned premiums but an exceptionally high management expense being reported, inclusion of the peculiar key ratios of this insurer would substantially distort the statistics. As such, the data regarding this insurer has been excluded from the box-and-whisker chart.

We hope these key market indicators can help you better understand the overall performance and characteristics of the statutory classes of business. The additional information will assist the insurance industry in better appreciating the nature of risks of these two classes of business. In addition, you may conduct a self-diagnosis of the relative position of your company against the market in the 4 key performance indicators. This will serve as a useful basis for portfolio evaluation and management.

As we are observing intense competition in the market, please note the importance of adequate reserving in the current market environment, and the Insurance Authority will have zero tolerance for inadequate reserving. We look forward to receiving your continued co-operation and support in enhancing the transparency of insurance business in Hong Kong.

Yours faithfully,

MM Lee
Executive Director
General Business Division
Insurance Authority

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