



香港財務策劃師學會  
INSTITUTE OF FINANCIAL PLANNERS OF HONG KONG

17 April, 2025

Mr. Clement Lau  
Executive Director, Policy and Legislation  
Policy and Legislation Division, Insurance Authority  
19/F, 41 Heung Yip Road, Wong Chuk Hang,  
Hong Kong

Dear Mr. Lau,

**IFPHK's Response to the Consultation Paper on Draft Insurance (Public Disclosure) Rules**

On behalf of the Institute of Financial Planners of Hong Kong (IFPHK), we are pleased to submit our response to the Insurance Authority's consultation paper on Draft Insurance (Public Disclosure) Rules. IFPHK sincerely welcome the opportunity to be involved in this consultation paper. We hope that the Insurance Authority will find the suggestions provided in our contained response paper useful.

The initiatives outlined in your consultation paper will enhance transparency and accountability in Hong Kong's insurance sector through Pillar 3 of the Risk-based Capital (RBC) Regime. While we agree with requirements under question 1 and question 2, we believe that the proposed rules in question 3 may also include Environmental, Social, and Governance (ESG) reporting as part of the disclosure requirements.

Thank you for considering our suggestions. If you have any further questions, please email our Ms. Daphne So at [daphneso@ifphk.org](mailto:daphneso@ifphk.org).

Yours faithfully,

Dr. Paris Yeung  
Chief Executive Officer  
Institute of Financial Planners of Hong Kong

# Response to Insurance Authority's Consultation paper on Draft Insurance (Public Disclosure) Rules

April 2025

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## **The IA Consultation**

On 14 March 2025, the Insurance Authority (IA) launched a public consultation on draft rules for the implementation of public disclosure requirements under Pillar 3 of the Risk-based Capital (RBC) Regime (the “Consultation Paper”). The draft rules prescribe the detailed requirements related to the information that insurers must disclose to the public, and how and when the information should be disclosed. The submission deadline of the Consultation Paper is on or before 25 April 2025.

The proposals in the Consultation Paper aim to enhance market discipline and transparency, providing stakeholders with essential information. Insurers will be required to disclose financial statements and additional relevant information annually. Public disclosures will begin from the financial year commencing on January 1, 2025.

The Consultation Paper contains 3 questions. Questions in the Paper are set out below:

1. Do you agree with the scope of insurers that are subject to the public disclosure requirements described in paragraph 12?
2. Do you agree with the requirements on the timing of and the manner in which the information must be disclosed as described in paragraph 13?
3. Do you agree with the requirements on the information that insurers must disclose to the general public as described in paragraphs 14 to 16?

The Consultation Paper marks a significant step toward enhancing transparency and accountability within Hong Kong’s insurance sector.

**IFPHK submission**

The views expressed in this submission paper are not necessarily summaries of the views taken from the industry but may have undergone more independent and critical analysis and consideration by IFPHK as a professional body. As a result, not all the views collected by IFPHK are recorded in this submission paper and neither have all the views expressed in this submission paper been directly endorsed by those industry representatives or members consulted.

Prior to providing our views on the questions stipulated in the Consultation Paper, we wish to point out that the IFPHK's responses are formed upon the following principles:

**IFPHK's Principles*****Enhancing consumer protection***

IFPHK believes in advocating for the enhancement of consumer protection as a fundamental aspect of fostering trust and integrity in the financial services industry. We understand that consumers often face complex financial decisions, and it is essential to ensure they are equipped with the necessary resources, knowledge, and protection to make informed decisions. Our commitment to consumer advocacy not only enhances individual financial well-being but also strengthens the overall health of the financial marketplace. In view of the above, the IFPHK supports a regulatory system that would facilitate delivering better insurance products and services to the benefit of members of the public, as well as protecting them.

***Aligning with International best practice***

Adherence to international best practices is a cornerstone of professionalism and excellence in the financial planning industry. We believe that by aligning our practices with globally recognized standards, we can enhance the quality of service provided to clients and foster a more robust and trustworthy financial environment. For insurance industry, the International Association of Insurance Supervisors ("IAIS") has developed standards that promote effective disclosure practices to enhance market transparency and protect policyholders. The Insurance Core Principles, Standard, Guidance and Assessment Methodology ("ICP") provides a globally accepted framework for the supervision of the insurance sector. It contains 26 principles that IAIS members are advised to observe and adopt. These principles cover a wide range of areas, including governance, risk management, capital adequacy, market conduct, and cross-border cooperation. By adhering to the ICPs, insurance supervisors and

regulators can ensure that their jurisdictions maintain robust and resilient insurance markets capable of withstanding economic shocks and protecting policyholders.

At a glance, the proposed rules stipulated in the Consultation Paper, which mandate detailed public disclosures by authorized insurers, will significantly enhance market discipline and provide financial planners, policyholders, and other stakeholders with access to meaningful and useful information. By requiring insurers to disclose key aspects of their financial position, risk management practices, and corporate governance, the rules will enable financial planners to better assess the stability and reliability of insurance providers, thereby improving the quality of advice provided to clients. The focus on comprehensive information disclosure not only aids in supporting informed decisions by policyholders but also cultivates trust among market participants.

Our response to each question in the Consultation Paper is as follows:

#### **Question 1**

***Do you agree with the scope of insurers that are subject to the public disclosure requirements as described in paragraph 12?***

#### **IFPHK's views**

The proposed rules apply to all authorized insurers and Lloyd's, aiming for comprehensive coverage. Run-off insurers, marine insurers, captive insurers, and special purpose insurers are exempted.

IFPHK endorses policies that foster transparency and accountability, which are consistent with our advocacy for consumer protection. Therefore, we support the scope of insurers that are subject to the public disclosure requirements, as outlined in paragraph 12 of the Consultation Paper. The proposed rules ensure that the most relevant entities are transparent about their operations and financial health. The exclusion of run-off insurers, marine insurers, captive insurers, and special purpose insurers from the disclosure requirements is reasonable, given the unique nature of their operations. Singapore has a similar scope of application for insurers' public disclosure rules. (See Annex for comparisons with other jurisdictions.)

**Question 2**

***Do you agree with the requirements on the timing of and the manner in which the information must be disclosed as described in paragraph 13?***

**IFPHK's views**

We agree with the proposed timetable and method of disclosure as outlined in paragraph 13 of the Consultation Paper. Requiring disclosure within 8 months during the transitional period and 6 months thereafter strikes a balance between providing adequate time for insurers to prepare comprehensive reports and ensuring that stakeholders receive timely information to make informed decisions. Referring to other jurisdictions outlined in Annex, 6 months is an appropriate time frame for insurers in Hong Kong, which is comparable to that of EU member states.

**Question 3**

***Do you agree with the requirements on the information that insurers must disclose to the general public as described in paragraphs 14 to 16?***

**IFPHK's views**

The proposed rules require insurers to disclose a range of information, including audited financial statements, company profile (nature of business, corporate structure, etc.), risk management practices (including risk appetite and governance frameworks) and financial performance (premiums, claims, and investment returns). This range of information ensures that stakeholders are informed not only about the financial status but also the operational integrity and future planning of insurance companies.

We agree with the requirements regarding the information that insurers must disclose to the general public as described in paragraphs 14 to 16. The proposed disclosure requirements address essential elements of an insurer's operations and financial stability. The proposed rules are generally in accordance with the requirements of ICP 20 Public Disclosure.

While the proposal is aligned with international best practice, we believe that the proposed rules may also include Environmental, Social, and Governance (ESG) reporting as part of the disclosure requirements. The insurance industry is experiencing a growing impact of ESG factors, and their disclosure would be of great importance to policyholders, investors, and

other stakeholders. Many jurisdictions, including the EU (under the Sustainable Finance Disclosure Regulation) and the United Kingdom (under the Task Force on Climate-related Financial Disclosures), have already introduced mandatory ESG reporting requirements for financial institutions, including insurers. The Hong Kong Stock Exchange (HKEX) ESG Reporting Guide applies to listed enterprises, including insurance companies. The Hong Kong Monetary Authority mandates all authorized institutions to implement climate risk disclosure. We are aware that the IA promotes the integration of ESG/climate risks into governance and investment decisions by insurers. By 2028, financial authorities are expected to mandate that publicly accountable financial institutions implement the Hong Kong Sustainability Standard to adhere to Hong Kong's sustainability disclosure roadmap<sup>1</sup>. Regardless of the foregoing, the IFPHK considers it would be necessary to include ESG reporting early in this proposal to address the growing concern about ESG.

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<sup>1</sup> Roadmap on Sustainability Disclosure in Hong Kong: Ambition. Assurance. Enablement, December 2024, Hong Kong SAR.



### **Additional inputs from practitioners**

In addition to our submission as shown above, IFPHK received inputs from insurance industry practitioners who would like to provide additional inputs to Insurance Authority (IA) through IFPHK with this opportunity. Their inputs are listed below:

1. A practitioner would like to know if IA can require insurers to add or breakdown the column about commission payable under insurance liabilities for each catalogue under the long term and general business (page 17 to 20), so that public can get involve and determine the insurer performance.
2. A practitioner has input about the performance analysis and would like to know whether IA can suggest insurers to separate outline the breakdown for long term business (e.g. term life, term CI, medical, accident, etc.) (page 21) and breakdown "accident" and "health" (page 22) separately.

## **Institute of Financial Planners of Hong Kong (IFPHK) - Profile**

### **About IFPHK**

IFPHK was established in June 2000 as a non-profit organization for the fast-growing financial services industry. It aims to be recognized in the region as the premier professional body representing financial planners dedicated to upholding the highest professional standards.

The Institute is the sole licensing body in Hong Kong authorized by the Financial Planning Standards Board Limited to grant the much coveted and internationally recognized CFP® Certification and AFP® Certification to qualified financial planning professionals in Hong Kong and Macau.

Currently, there are more than 230,000 CFP certificants in 28 countries/regions; the majority of these professionals are in the U.S., Canada, China, Australia, and Japan, with approximately 3,600 CFP certificants in Hong Kong.

IFPHK has 6,700 members in Hong Kong including 1,200 Qualified Retirement Adviser (QRA) holders; and represents financial planning practitioners in diverse professional backgrounds such as banking, insurance, independent financial advisory, stock trading, accounting, and legal services.

### **About CFP Certification**

CFP certification is the global symbol of excellence in financial planning and represents financial planners who commit to standards of competency and ethics, and to putting clients' interests first. The CERTIFIED FINANCIAL PLANNER® credential represents financial planning professionals who commit to better serving their clients through rigorous international standards, ethical practices, and lifelong learning.

### **IFPHK's interest in this consultation**

It is the IFPHK's mission to promote the importance of financial planning. Financial planning refers to the process of setting, planning, achieving, and reviewing life goals through the proper management of finances. Insurance is considered the cornerstone of financial planning. The effective and proper use of insurance products helps spread risk, which can minimize the impact of risk on families should events take a downturn. Insurance is therefore an important part of IFPHK's financial planning education and certification programme. To IFPHK, having knowledgeable insurance practitioners, proper consumer understanding of what insurance

policies do, effective products, and financially sound underwriters is essential for those who seek financial planning.

In Hong Kong, financial planners work in different segments within the financial services industry. Financial planners can be insurance agents working in insurance companies, insurance brokers working in insurance brokerages, or financial advisory. At present, about 48% of the IFPHK's members work in the insurance industry and 8% work as financial advisors.

As the leading professional institute in the financial planning industry, the IFPHK has a history of responding to consultation papers that are relevant to protecting consumer and raising professional standard of the financial planning industry. The IFPHK always strongly supports the establishment of an Independent Insurance Authority, which we would consider to be the most important breakthrough of Hong Kong's financial industry. Please check out a list of responses from IFPHK on our webpage. (<http://www.ifphk.org/ee/importance-of-advocacy>)

## Annex

Jurisdiction	Scope of Application	Timing of Disclosure	Disclosure Requirement
<b>United Kingdom</b>	Under the Solvency II Directive, all insurance companies operating in the UK must comply. The directive applies to all life and non-life insurers, ensuring that they disclose relevant information related to solvency, risk management, and governance structures.	Insurers must submit their Solvency and Financial Condition Report (SFCR) within a specified timeframe after the financial year-end, usually aligned with their annual reports, typically within 4 months.	Insurers are required to publish SFCR annually, which includes: <ul style="list-style-type: none"> <li>● A description of the insurer's business and performance.</li> <li>● Information on governance and risk management.</li> <li>● Detailed financial information, including solvency ratios and technical provisions.</li> </ul>
<b>United States</b>	The insurance market is regulated at the state level, with each state having its own insurance department. The National Association of Insurance Commissioners (NAIC) provides model laws and regulations, but each insurer must comply with the specific requirements of the states in which they operate. This leads to significant variation in disclosure requirements.	Generally, insurers must file annual statements within a few months after the fiscal year-end, with specific deadlines varying by state regulations (often within 3 to 4 months).	Disclosure requirements vary by state but generally include: <ul style="list-style-type: none"> <li>● Annual financial statements filed with state regulators.</li> <li>● Risk management disclosures.</li> <li>● Information regarding claims handling practices and other operational aspects.</li> </ul>
<b>Australia</b>	The Australian Prudential Regulation Authority (APRA) regulates all insurers under the	APRA requires insurers to submit annual disclosures within 4 months after the end of	APRA mandates that insurers disclose: <ul style="list-style-type: none"> <li>● Annual financial reports, including</li> </ul>

Jurisdiction	Scope of Application	Timing of Disclosure	Disclosure Requirement
	Insurance Act 1973. All authorized insurers must adhere to Prudential Standards, which require disclosures regarding financial stability, risk management practices, and governance.	the financial year.	<p>solvency and capital adequacy information.</p> <ul style="list-style-type: none"> <li>● Detailed disclosures on risk management and governance practices.</li> <li>● Information on significant risks and mitigation strategies.</li> </ul>
<b>Singapore</b>	The Monetary Authority of Singapore (MAS) oversees compliance of insurance entities. The Insurance Act requires all licensed insurers to disclose key financial information. MAS Notice 124 Public Disclosure Requirements applies to all licensed insurers, except for captive insurers, marine mutual insurers, run-off insurers and SPRVs.	Insurers are required to submit annual financial statements and disclosures within 3 months after the financial year-end, ensuring timely access to financial health indicators.	<p>Insurers must provide:</p> <ul style="list-style-type: none"> <li>● Annual financial statements and solvency ratios.</li> <li>● Disclosures on risk management frameworks and practices.</li> <li>● Information on the insurer's financial performance and capital adequacy.</li> </ul>
<b>EU</b>	The Solvency II Directive applies to all EU insurance and reinsurance companies with gross premium income exceeding €5 million or gross technical provisions in excess of €25 million. Firms are excluded from scope due	Solvency II disclosures must be made annually, with insurers required to submit their SFCR within 6 months after the financial year-end.	<p>Under Solvency II, insurers must disclose:</p> <ul style="list-style-type: none"> <li>● Comprehensive financial statements and solvency information through the SFCR.</li> <li>● Details on risk exposure, investment</li> </ul>

Jurisdiction	Scope of Application	Timing of Disclosure	Disclosure Requirement
	to size.		<p>strategies, and governance structures.</p> <ul style="list-style-type: none"> <li>Information regarding the insurer's overall financial health and compliance with capital requirements.</li> </ul>

#### Reference

1. Ten things you need to know about Solvency UK, Norton Rose Fulbright, Jan 2025.
2. The Standard Formula: A Guide to Solvency II - Chapter 13: Supervision, Insights, Skadden, Arps, Slate, Meagher & Flom LLP, Nov 2024.
3. Annual Financial Reporting Model Regulation, National Association of Insurance Commissioners, 2015.
4. What is prudential regulation? Australian Prudential Regulation Authority.  
(<https://www.apra.gov.au/what-prudential-regulation>)
5. General Insurance, PwC Australia, 2010
6. Monetary Authority of Singapore, Notice 124 Public Disclosure Requirements
7. Understanding Solvency II, Norton Rose Fulbright, Jan 2014.
8. EU Directive 2009/138/EC (Solvency II)