

REGULATORY NEWSLETTER



2025 Vol.9



September, summer begins spreading around the globe despite the dynamics of the market. A perfect timing to act with determination and resistance as we believe the world will have prosperity in the future. As always, we would endeavor to provide you our professional consultation and compliance services.

Let's have a brief look with our Regulatory Updates from the IA!

REGULATORY UPDATES

Consultation conclusions on draft rules for public disclosure requirements

8 August 2025

The Insurance Authority (IA) has released its conclusions on the consultation regarding the draft Insurance (Public Disclosure) Rules under Pillar 3 of the Risk-based Capital Regime. These rules outline the requirements for insurers to publicly disclose specific information, including the timing and manner of disclosure.

The consultation, which began in March 2025, received broad support, with feedback focused on the scope of application and disclosure items. After considering the comments, the IA revised the draft rules accordingly. The finalized rules will be submitted to the Legislative Council for review, with implementation expected in 2026.

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Public Disclosure Requirements for the First Financial Year Adopting Risk-based Capital Regime

8 August 2025

Section 21A of the Insurance Ordinance (Cap. 41) grants the Insurance Authority (IA) the authority to create rules requiring insurers to disclose detailed information about their financial condition to the public. In line with this, the IA conducted a public consultation on the draft Insurance (Public Disclosure) Rules ("Disclosure Rules") on 14 March 2025 and published the consultation conclusions on 8 August 2025. Both documents are accessible on the IA's website. The Disclosure Rules are expected to be introduced to the Legislative Council and come into effect in 2026. However, the IA has mandated that insurers disclose quantitative information for the first financial year under the Risk-Based Capital (RBC) regime, starting on or after 1 January 2024, to enhance market transparency.

Disclosure Requirements for the First Financial Year

Audited Financial Statements:

- All authorized insurers, except exempted ones (e.g., marine insurers, captive insurers, special purpose insurers, or those under transitional arrangements), must publish audited financial statements submitted to the IA under the Insurance (Submission of Statements, Reports and Information) Rules.
- These statements must be disclosed in their original language, with no requirement for translation.

Disclosure Statements:

- Insurers (excluding exempted insurers and Lloyd's) must publish a disclosure statement using the standard templates provided by the IA, available in both English and Chinese.
- The statement must be bilingual, either in English with a Chinese translation, or in Chinese with an English translation.
- Only quantitative data is mandatory for the first financial year, but insurers may add qualitative information if necessary.
- The disclosures must comply with the valuation and capital standards outlined in the **Insurance (Valuation and Capital) Rules**, including any approved variations or relaxations.

Controller/Director Statement:

- A statement from a controller or director of the insurer must be included in the disclosure and can be written in either English or Chinese.

Timing and Method of Disclosure

- Insurers are required to ensure that all published information is accurate and not misleading.
- The audited financial statements and disclosure statements must be posted on the insurer's website or, with IA approval, on the group company's website. These disclosures must be made public within **9 months** of the financial year's end.
- Insurers must provide the IA with links to the published disclosures.
- If needed, insurers may request a time extension of up to **3 months**, subject to IA approval, by demonstrating valid reasons for the delay.

These requirements aim to improve transparency and accountability during the transition to the RBC regime, ensuring a more informed and confident market.

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Momentum building up on development of Hong Kong into a vibrant captive domicile with another new authorization granted by the Insurance Authority

11 August 2025

The Insurance Authority (IA) has authorized a new captive insurer, SAIC Motor Insurance Limited, established by SAIC Motor Corporation Limited. This marks the second captive insurance authorization in 2025, demonstrating growing market interest and progress in positioning Hong Kong as a leading captive insurance domicile.

According to IA CEO Mr. Clement Cheung, the IA is proactively addressing the evolving risk management needs of Mainland state-owned enterprises and local multinational corporations. Initiatives include exploring new captive structures and expanding risk coverage to boost Hong Kong's global competitiveness.

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Insurance Authority launches the AI Cohort Programme

18 August 2025

The Insurance Authority (IA) has introduced the AI Cohort Programme to accelerate the adoption of artificial intelligence (AI) in the insurance industry. The program aims to foster collaboration between insurers and technology providers, focusing on AI applications in underwriting, claims, fraud detection, customer service, and sales support.

At the launch event, seven insurers committed to establishing centres of excellence in Hong Kong and sharing insights with industry stakeholders. Technology companies also showcased their cutting-edge AI solutions. IA Chairman Mr. Stephen Yiu highlighted Hong Kong's potential to become a regional AI hub, supported by advanced infrastructure and forward-looking policies.

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ENFORCEMENT NEWS

There is no enforcement news this month!



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