



Supplementary Report of the Independent  
Expert on the Proposed Schemes to Transfer  
Long Term Business/Life Policies from Chubb  
Life Insurance Company Ltd. to Chubb Life  
Insurance Hong Kong Limited

4 September 2023

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# Disclaimer

## Purpose

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## Section 1: Introduction

### Introduction

- 1.1 Chubb Life Insurance Company Ltd. ("CLICL") proposes to transfer all of its long term insurance policies written by its Hong Kong branch ("the Transferring Policies") and all of its assets and liabilities to Chubb Life Insurance Hong Kong Limited ("Chubb Life HK", and collectively, CLICL and Chubb Life HK are referred to as the "Companies"). This transfer ("Transfer") is intended to be effected as a scheme of transfer ("the Hong Kong Scheme") under Hong Kong law pursuant to section 24 of the Insurance Ordinance, Chapter 41 of the Laws of Hong Kong (the "Insurance Ordinance") and a scheme of transfer (the "Bermuda Scheme") under section 25 of the Insurance Act 1978 of Bermuda (the "Insurance Act"). The Hong Kong Scheme and the Bermuda Scheme together are the proposed schemes ("Proposed Schemes" or "Schemes").
- 1.2 Under section 24 of the Insurance Ordinance, the Companies may apply to the Court of First Instance of the High Court of Hong Kong (the "Hong Kong Court") by petition for an order sanctioning the Hong Kong Scheme and that petition must be accompanied by a report on the terms of the Hong Kong Scheme prepared by an independent actuary ("Independent Actuary") on the likely effects of the Hong Kong Scheme on the policyholders of the insurers concerned.
- 1.3 Under section 25 of the Insurance Act, the Companies may apply to the Supreme Court of Bermuda (the "Bermuda Court", together with the Hong Kong Court the "Courts") by petition for an order sanctioning the Bermuda Scheme and that petition must be accompanied by a report on the Bermuda Scheme prepared by an approved actuary ("Approved Actuary", together with the Independent Actuary, the "Independent Expert").
- 1.4 I, Cindy Chou, have been appointed by the Companies to provide for the Hong Kong Scheme and the Bermuda Scheme an independent expert report. My appointment as the Approved Actuary in connection with the Bermuda Scheme was approved by the Bermuda Monetary Authority ("BMA") on 2 September 2022. My appointment as Independent Actuary was notified to the Hong Kong Insurance Authority ("HKIA") on 6 December 2022. I refer to this dual appointment of me being the "Independent Expert".
- 1.5 I have 18 years of experience in life insurance in US and Asia combined. I am a Fellow of the Society of Actuaries and a Director with the Insurance Consulting and Technology business of the WTW affiliate. I have Master of Commerce (Actuarial Science) from the Macquarie University, Australia, and Master of Finance from the Boston University, U.S.A. I am in full compliance with the Continuing Professional Development requirements promulgated by the Society of Actuaries.
- 1.6 I have prepared a report to the Bermuda Court and the Hong Kong Court entitled "Report of the Independent Expert on the Proposed Schemes to Transfer Long Term Business/Life Policies from Chubb Life Insurance Company Ltd. to Chubb Life Insurance Hong Kong Limited" dated 25 July 2023 (the "Main Report").

## The Supplementary Report

- 1.7 The purpose of this report (the “Supplementary Report”) is to provide an updated assessment of the likely effects of the Schemes on the financial security and benefit expectations of policyholders and to address any areas for which information was not available at the time I prepared the Main Report. The conclusions I have reached in the Main Report is assessed again based on the updated financial information as of 30 June 2023, relevant significant events subsequent to the issuance of the Main Report, and any policyholder objections to the Schemes notified to me prior to the completion of this Supplementary Report.
- 1.8 The same defined terms used in the Main Report continues to be used in the Supplementary Report. In particular, CLICL and Chubb Life HK are collectively referred to as the Companies, and their policyholders include:
- Policyholders of the Transferring Policies, who are referred to as “Transferring Policyholders”;
  - and
  - The existing policyholders of Chubb Life HK, who are referred to as the “Chubb Life HK Policyholders”.
- 1.9 I am aware that Chubb Life HK suspended underwriting new business with effect from 30 September 2022 and that it re-commenced underwriting new business on 1 July 2023, while CLICL has ceased to issue new business from 30 June 2023. The opinions set out in this Supplementary Report applies to those new policies issued between 1 July 2023 and the date when this Supplementary Report is issued, as well as subsequent new policies issued after the release of this Supplementary Report up to the point the Schemes are implemented. I understand from the Companies that the products offered by Chubb Life HK starting from 1 July 2023 are identical to those that are sold by CLICL before 30 June 2023. I do not expect these contracts will give rise to different benefit expectations or rights insofar as the Transferring Policyholders are concerned.
- 1.10 This Supplementary Report should be read in conjunction with the Main Report, and both should be considered in their entirety as individual sections of a single report.
- 1.11 Details of the scope of my work, qualifications and disclosures, considerations of the Schemes, reliances and limitations and the terms of reference applying to my work are provided in the Main Report.

## Reliances

- 1.12 The reliances and limitations listed in Section 10 of the Main Report also apply equally to the Supplementary Report. In preparing this Supplementary Report, I have had access to documentations provided by the Companies. The documentations I relied on are detailed in Appendix A.
- 1.13 In preparing this Supplementary Report, I have relied on the accuracy of information provided by or on behalf of the Companies or employees of the Companies, both in writing and orally. I consider it

reasonable to rely on the information as much of the information has been subject to internal and external audit or other peer reviews, and I have had the opportunity to question inconsistencies in the information provided. My team and I have reviewed the information provided for general reasonableness and accuracy based on my own experience of the insurance industry.

- 1.14 The Companies have provided me with their solvency positions as of 30 June 2023 on HKIO and HK RBC basis under Section 2 of this Supplementary Report following the same methodology as the year-end submission to the HKIA. In the context of my opinion on the Transfer, I believe the Companies have taken a reasonable approach in producing the solvency ratios for me to form my opinions.
- 1.15 I have not independently reviewed the calculations provided to me and I explicitly rely on the Companies and their Appointed Actuaries and Chief Actuaries that all the calculations used in relation to the Hong Kong Scheme are appropriate and accurate as presented. I have, however, reviewed the methodology and assumptions used in some of the calculations.

## Limitations

- 1.16 This Supplementary Report has been written on the basis that it will be utilized by persons competent in the areas addressed and with knowledge of the business activities of the Companies and the nature of the risks and rewards inherent in the life insurance business in which they operate.
- 1.17 This Supplementary Report must be considered in its entirety. Draft versions of this Supplementary Report should not be relied upon for any purpose.
- 1.18 When forming my conclusion in this Supplementary Report concerning the effect of the Transfer, I have considered the Schemes and asked for information about Companies' plan with a view to understanding the wider picture.
- 1.19 The Main Report was based on data as of 31 December 2022 and the Supplementary Report has assessed the financial implications arising from changes up to and including 30 June 2023. The Supplementary Report does not take into account any developments after 30 June 2023 unless stated explicitly to the contrary in this Supplementary Report.
- 1.20 This Supplementary Report does not provide financial or other advice to individual policyholders, and must not be construed as legal, investment or tax advice.
- 1.21 Figures in all tables in this Supplementary Report are subject to rounding differences.
- 1.22 All currency amounts in this Supplementary Report are in USD. Any currency conversions are based on an exchange rate of 0.12799 USD to 1 HKD.

## Section 2: Relevant Developments

### Introduction

2.1 In this part of the Supplementary Report, I consider several developments relevant to the Schemes since the final issuance of the Main Report dated 25 July 2023.

### Dates of Directions and Substantive Hearings

2.2 The Directions Hearings of the Petition for the Bermuda Scheme and the Hong Kong Scheme are scheduled to be held on 15 September 2023 and 20 September 2023 respectively. The dates of the substantive hearings will be confirmed after the Directions Hearings.

### Transferring Business

2.3 The following table (Table 2.1) shows an updated summary of the Transferring Portfolio, determined using the number of policies, in-force annual premium and total statutory reserve information as of 30 June 2023, as a comparison to Table 4.2 from the Main Report as of 31 December 2022.

2.4 As of 30 June 2023, there were 193,175 policies in the Transferring Portfolio, compared to 192,935 as of 31 December 2022. Traditional Life policies still constitute the largest part of the Transferring Portfolio. They make up about 72.8% of total CLICL’s reserves and 67.5% of the in-force premium.

2.5 Both the number of the policies and the total statutory reserves have increased using the latest available information when compared to data as of 31 December 2022 as CLICL continued selling existing products up to 30 June 2023. This does not change the profile of the Companies materially, and the changes in the makeup of the Transferring Portfolio will not have materially adverse impact on the Transferring Policyholders.

<b>Table 2.1 - CLICL's In-force Statistics as of 30 June 2023</b>			
Premium and Reserves in USD Millions			
	<b>No. Policies</b>	<b>In-force Annual Premium*</b>	<b>Total Statutory Reserve</b>
Traditional Life	159,777	378	2,187
Unit Linked	14,679	28	220
Universal Life	18,719	87	480
Riders	-	67	116
<b>Total (30 June 2023)</b>	<b>193,175</b>	<b>560</b>	<b>3,003</b>
<b>Total (31 December 2022)</b>	<b>192,935</b>	<b>540</b>	<b>2,917</b>

\*Includes Single Premium and Regular Premium

2.6 The Transferring Portfolio consists of the following types of policies:



- **Participating policies:** The majority of the in-force block of this portfolio consists of participating policies with policyholder dividends. These policies were usually sold with levels of illustrated dividends reflecting investment returns at the time of sale. As of 30 June 2023, there were 122,275 participating policies with statutory reserves of \$1,865.0 million.
- **Non-Participating policies:** The non-participating business includes endowment, term policies, unit-linked, and universal life products. CLICL also issues rider contracts such as accident, hospitalization, critical illness, disability, term life and single premium whole life riders. There were 70,900 non-participating policies in the Transferring Portfolio as of 30 June 2023, with statutory reserves of \$1,138.0 million (including Riders).

2.7 We have also received in-force statistics for Chubb Life HK as of 30 June 2023, shown below:

<b>Table 2.2 - Chubb Life HK In-force Statistics as of 30 June 2023</b>				
in USD Millions (Except Number of Policies)				
Type	Class	Number of Policies	Annualized Gross Premium	Statutory Reserve
<b>Individual</b>	A	34,703	38.7	143.0
	C	23,449	47.1	319.5
	D	4,387	2.7	30.8
<b>Sub Total of Individual</b>		<b>62,539</b>	<b>88.5</b>	<b>493.3</b>
<b>Group</b>	A	4	0.2	0.0
	I	73	1.4	0.5
<b>Sub Total of Group</b>		<b>77</b>	<b>1.6</b>	<b>0.5</b>
<b>Total as of 30 June 2023</b>		<b>62,616</b>	<b>90.1</b>	<b>493.8</b>
<b>Total as of 31 December 2022</b>		<b>74,656</b>	<b>102.4</b>	<b>508.6</b>

2.8 From the Companies, I understand the attrition of policies in Individual Class A over the last 6 months is mainly driven by maturities of the participating endowment policies, and the migration of medical policies to CIGNA General Insurance Company Limited.

2.9 Chubb Life HK’s portfolio consists of the following types of policies:

- **Participating policies:** This portfolio consists of participating endowment policies with reversionary bonuses. These policies were usually sold with levels of illustrated reversionary bonuses reflecting investment returns at the time of sale. As of 30 June 2023, there were 1,283 participating policies with gross policy reserves of \$29 million, compared to 2,042 participating policies with reserves of \$39 million as of 31 December 2022. The reducing size of this portfolio is due to maturities of the participating endowment policies.
- **Non-Participating policies:** The non-participating business includes endowment, refundable plans, term policies, unit-linked, and group life products. Chubb Life HK also issues rider contracts

such as accident, hospitalization, critical illness, disability, and term life riders. There were 61,333 non-participating policies as of 30 June 2023 with gross policy reserves of \$465 million, compared to 72,614 non-participating policies as of 31 December 2022, with gross policy reserves of \$470 million. The reducing size of this portfolio is due to the migration of medical policies to CIGNA General Insurance Company Limited.

### Risk Profile of CLICL and Chubb Life HK

- 2.10 The Chief and Appointed Actuary of CLICL has confirmed that there is no material change in risk profile of CLICL as of 30 June 2023, and the Chief and Appointed Actuary of Chubb Life HK has also confirmed there is no material change in risk profile of Chubb Life HK as of 30 June 2023. The risk profiles have not changed materially to affect my assessment of the financial security of the Transferring Policyholders.
- 2.11 There have been no risk events disclosed since 31 December 2022.
- 2.12 The Companies perform Dynamic Solvency Testing (“DST”) calculations at the end of every financial year as prescribed under AGN7 issued by the Actuarial Society of Hong Kong, and the Stress and Scenario Test (“SST”) on HKRBC basis under GL21 issued by the IA. I have provided my observations of the 31 December 2022 results under Section 4 in the Main Report. The results demonstrate the likely solvency positions of CLICL under a range of adverse scenarios over the three-year projection period, together with contingency plans and management actions to ensure assets exceed the liabilities for all scenarios. The DST and SST recalculations are not done for the Supplementary Report.
- 2.13 After reviewing all the supplemental documentation provided to me by the date of this Supplementary Report, I do not believe the Companies’ material risk exposures have changed significantly since the date of the Main Report to cause any material adverse impact on the Transferring Policyholders and the Chubb Life HK Policyholders.

### Latest Progress on Portfolio Transfer Timeline of Chubb Life HK

- 2.14 As described in the Main Report, the target portfolio transfer timeline for the Schemes is summarised below:

<b>Table 2.3 – Target Portfolio Transfer Timeline as of 30 June 2023</b>	
<b>Phase</b>	<b>Expected Date</b>
New policies to cease being underwritten by CLICL	30 June 2023
New policies to be underwritten by Chubb Life HK	1 July 2023
Directions hearing of the Hong Kong Court	20 September 2023
Substantive hearing of the Hong Kong Court	Subject to the Hong Kong Court’s diary to be confirmed on 20 September 2023
<b>Intended effective date of the Proposed Schemes</b>	<b>1 December 2023</b>

- 2.15 The Companies have confirmed that, as of the date of this Supplementary Report, the target portfolio transfer timeline remains the same.

### General Business Development

- 2.16 I have reviewed the business portfolio of both CLICL and Chubb Life HK as of 30 June 2023. The Companies' mix of business remains consistent with that during my review of the data as of 31 December 2022 in the course of the preparation of the Main Report.
- 2.17 The Chief and Appointed Actuary of CLICL and Chubb Life HK has confirmed that business development over the 6-month period ending 30 June 2023 does not have any material adverse impact on the Transferring Policyholders.
- 2.18 The Companies have confirmed that there have been no new products or updates to any of the existing products that would have a materially adverse impact on the Transferring Policyholders.
- 2.19 The Companies have also confirmed that there have been no personnel changes at either CLICL or Chubb Life HK that would have a materially adverse impact on the Transferring Policyholders.
- 2.20 There have been no other business developments to note as of 30 June 2023.

### Reliance on the Appointed Actuary of CLICL and Chubb Life HK

- 2.21 When forming my opinion on the impacts of the Schemes on the CLICL and Chubb Life HK policyholders and their reasonable expectations with regard to benefits, levels of service, and their financial security, I have relied upon the information provided by the Chief and Appointed Actuary of CLICL and Chubb Life HK.
- 2.22 The Chief and Appointed Actuary of CLICL and Chubb Life HK has confirmed the accuracy of the information in both the Main Report and in the Supplementary Report.

### Establishment of the New Funds

- 2.23 Chubb Life HK established two new funds for the assets and liabilities to be transferred from CLICL in accordance with section 22 of the Insurance Ordinance and the Hong Kong Scheme on 30 June 2023. The two new insurance funds are:
- a Chubb Life HK New Life Fund had Class A Policies, Class C Policies (non-Unit Linked Benefits) and Class D Policies transferred from CLICL Life Fund; and
  - a Chubb Life HK New Linked Fund had Class C Policies (Unit Linked Benefits) transferred from CLICL Linked Fund.

## Status of the Reinsurance Treaty Novation

- 2.24 The Companies are in the process of transferring CLICL's existing reinsurance under the same terms and conditions by way of novation to Chubb Life HK. The expectation remains the same as stated in the Main Report for all the new agreements to take effect on the transfer date.
- 2.25 The Companies have confirmed the existing reinsurance arrangements will cover the new business issued by Chubb Life HK starting 1 July 2023 through new addendums of the existing treaties.

## Existing Reinsurance Treaty of Chubb Life HK with CIGNA Global Reinsurance Company, Ltd.

- 2.26 At the time of Chubb Group's wider strategic acquisition of Cigna Corporation's life and non-life insurance businesses in Asia Pacific, Chubb International Investments Limited, a subsidiary of Chubb Limited (that is the ultimate parent company of the Chubb group of companies ("Chubb Group")), acquired the accident & health and life business of the then CIGNA Worldwide Life Insurance Company Limited (currently known as Chubb Life HK), by purchasing the entire issued share capital of Chubb Life HK (the "Acquisition"). As part of the Acquisition, Chubb Life HK entered into a 100% coinsurance arrangement with CIGNA Global Reinsurance Company, Ltd. ("CIGNA Global Re") to reinsure a specific block of in-force medical business originated by CIGNA Worldwide Life Insurance Company Limited for a period of 2 years. The plan was for the coinsurance arrangement to terminate on 30 June 2024, and to be replaced with a stop-loss reinsurance arrangement with CIGNA Global Re that would cover any remaining policies effective from 1 July 2024.
- 2.27 In early 2023, the Companies have mutually agreed to shorten the 2-year coverage period of the coinsurance arrangement and terminated the coinsurance treaty on 7 July 2023. Subsequently, the stop-loss reinsurance arrangement has come in effect on 8 July 2023.
- 2.28 The stop-loss reinsurance arrangement is to cover the tail risk of the underlying policies at an attachment of 100% best estimate loss ratio for the first year, and 150% of the best estimate loss ratio in subsequent years. For any experience loss above the attachment points, CIGNA Global Re will reimburse Chubb Life HK. For any experience gain, Chubb Life HK will retain all profits. There is no expiry date on the stop-loss reinsurance arrangement.
- 2.29 At the Acquisition, this block of medical business had about 10,000 in-force policies. According to the Companies, policyholders of this in-force medical business were informed to consider replacing their existing policies with other alternative medical products offered by CIGNA Worldwide General Insurance Company Limited. As of 30 June 2023, there are 2,344 medical policies with reserves at level of \$1.4m, which is largely made up of unearned premium reserve.

**Table 2.4 – Chubb Life HK medical block as of 30 June 2023**

Premium and Reserves in USD Millions

	<b>No. Policies</b>	<b>In-force Annual Premium</b>	<b>Total Statutory Reserve</b>
Chubb Life HK's medical block	2,344	2.5	1.4

- 2.30 Chubb Life HK has confirmed that CIGNA Global Re will continue providing stop-loss reinsurance coverage for this medical block of business post Transfer.
- 2.31 Considering the immaterial size of the block and the favourable terms of the stop-loss reinsurance arrangement to Chubb Life HK, I do not consider the shortening of the coinsurance arrangement by 12 months has significant impact on the Transferring Policyholders and the Chubb Life HK Existing Policyholders.

### The Schemes

- 2.32 The Companies confirmed that there have been no changes or amendments made to the Schemes since my review as part of the Main Report.

### Conclusion

- 2.33 Having reviewed all the additional information provided to me by the time of writing this Supplementary Report, I am satisfied that none of the above developments affect the conclusions of my Main Report, either individually or in aggregate. The updated view of the financial positions of the Companies are reviewed further in more detail in Section 3 of this Supplementary Report.

## Section 3: Updated Financial Position as of 30 June 2023

### Introduction

- 3.1 When preparing my opinion on the financial security of the Transferring Policyholders from the Schemes, I have compared the solvency of the Companies as of 31 December 2022 under both HKIO and HKRBC bases in my Main Report. This section of the Supplementary Report considers the updated solvency position of the Companies as of 30 June 2023, using the most up-to-date valuation results available.
- 3.2 I am given to understand that the solvency positions of the Companies as of 30 June 2023 have been reviewed internally before being provided to me. Therefore, I consider it reasonable to rely on the results in revisiting my conclusions in the Main Report.

### CLICL Solvency Position under the HKIO Basis

- 3.3 The HKIO solvency ratio of CLICL as of 31 December 2022 has been provided by the Companies and presented in Section 4.16 through to Section 4.25 of the Main Report.
- 3.4 Solvency margins are maintained by the CLICL in addition to the policy reserves for the policies in-force. CLICL has an internal target capital requirement of 200%, which is an enhancement over the regulatory capital requirement of 150%.
- 3.5 As of 30 June 2023, CLICL solvency ratio on HKIO basis is 360%, an increase from 310% on 31 December 2022. The table below summarizes the solvency level of CLICL as of 31 December 2022 and 30 June 2023.

**Table 3.1 – CLICL HKIO Solvency Position as of 30 June 2023**

in USD Millions	31 Dec 2022	30 Jun 2023
Assets	3,601	3,752
Liabilities	3,213	3,289
Surplus	388	462
Minimum Required Margin	125	129
<b>HKIO Solvency Ratio</b>	<b>310%</b>	<b>360%</b>

- 3.6 The CLICL portfolio receives renewal premiums and assumes intake of new business, which leads to an increase of liabilities over the 6 months period. On the other hand, this is more than offset by the increased valuation interest rate, which is made up of current asset portfolio yield and reinvestment yield. The recent slight decrease in current yield is offset by the increase in reinvestment yield.

### CLICL Solvency Position under the HKRBC Basis

- 3.7 The HKRBC solvency ratio of CLICL as of 31 December 2022 was provided in Section 4.26 through to Section 4.32 of the Main Report.
- 3.8 CLICL's HKRBC solvency ratio is 289% as of 30 June 2023, a slight decrease from 313% as of 31 December 2022, and is over 110% of its internal target capital level.

**Table 3.2 – CLICL HKRBC Solvency Position as of 30 June 2023**  
in USD Millions

	31 Dec 2022	30 Jun 2023
Available Capital	1,022	1,008
Required Capital	327	349
<b>HKRBC Solvency Ratio</b>	<b>313%</b>	<b>289%</b>

- 3.9 The slight decrease in the HKRBC ratio is a result of planned increase in equity exposure and a shift in the mix of business sold in the first half of 2023 that leads to an increase in the required capital and decrease in available capital. Overall, when compared to the projected solvency in the Main Report, the current CLICL solvency position under HKRBC basis is comparable and I do not consider this a materially adverse impact in CLICL's solvency position as at 30 June 2023.

### Chubb Life HK Solvency Position under the HKIO Basis

- 3.10 The HKIO solvency ratio of Chubb Life HK as of 31 December 2022 was provided in Section 4.79 through to Section 4.84 of the Main Report.
- 3.11 As of 30 June 2023, Chubb Life HK solvency ratio on HKIO basis is about 459%, an increase from the 31 December 2022 position where its solvency ratio was 396%. The table below summarizes the solvency position of Chubb Life HK as of 31 December 2022 and 30 June 2023.

**Table 3.3 – Chubb Life HK HKIO Solvency Position as of 30 June 2023**  
in USD Millions

	31 Dec 2022	30 Jun 2023
Asset	660	668
Liability	582	582
Net asset (a)	78	87
Required solvency (b)	20	19
<b>HKIO Solvency Ratio</b>	<b>396%</b>	<b>459%</b>

- 3.12 Chubb Life HK solvency position under HKIO basis has improved mainly due to the level of assets increases slightly while liabilities remain the same.

## Chubb Life HK Solvency Position under the HKRBC Basis

- 3.13 The HKRBC solvency ratio of Chubb Life HK as of 31 December 2022 was provided in Section 4.85 through to Section 4.90 of the Main Report.
- 3.14 Chubb Life HK's HKRBC solvency ratio is 306% as of 30 June 2023, compared to 302% as of 31 December 2022, which is over 110% of its internal target capital level as shown in the table below.

**Table 3.4 – Chubb Life HKRBC Solvency Position**

in USD Millions

	31 Dec 2022	30 Jun 2023
Available Capital	255	259
Required Capital	84	85
<b>HKRBC Solvency Ratio</b>	<b>302%</b>	<b>306%</b>

- 3.15 Chubb Life HK solvency ratio under HKRBC basis is slightly higher than the December position, which is consistent with the solvency projection made based on the 31 December 2022 position.

## Conclusion

- 3.16 In summary, the 30 June 2023 solvency positions on HKIO and HKRBC basis for both CLICL and Chubb Life HK is in line with the forecast made based on the 31 December 2022 position. Therefore, it is reasonable for me to conclude that there has been no material adverse change in the financial security of policyholders' benefits under both HKIO and HKRBC basis since my previous conclusions drawn in the Main Report.
- 3.17 The Companies have also confirmed that as of 30 June 2023 there have been no changes to their risk mitigation strategies used to manage risk exposures, which would have no material adverse impact on the Schemes.
- 3.18 The Companies have provided updated baseline solvency position under both HKIO and HKRBC basis. The Companies' surplus and solvency positions under both bases as of 30 June 2023 remain comparable to those presented in the Main Report as of 31 December 2022.
- 3.19 The Companies have not recalculated solvency projections for plausible and stress scenarios under HKIO and HKRBC basis. My understanding is there has been no significant change to the Companies' risk exposures since the date of the Main Report, and the macroeconomic conditions as at 30 June 2023 are not materially different from those as at 31 December 2022, therefore there should not be material differences between 31 December 2022 results and 30 June 2023 results if the sensitivities were performed.



## Section 4: Conclusions

4.1 Accordingly, I remain satisfied that:

- the Proposed Schemes will not adversely affect the contractual benefits or rights of the Transferring Policyholders or the Chubb Life HK Policyholders in any respect;
- the Proposed Schemes will not adversely affect the reasonable benefit expectations of the Transferring Policyholders or Chubb Life HK Policyholders in any respect;
- the Proposed Schemes will not adversely affect the financial security of the Transferring Policyholders' benefits or the Chubb Life HK Policyholders in any respect; and
- the Proposed Schemes will not adversely affect the expected levels of service for the Transferring Policyholders or the Chubb Life HK Policyholders in any respect.
- I am satisfied that the Schemes provide sufficient safeguards to ensure that the Schemes operate as presented.



Cindy Chou

FSA, MAAA

4 September 2023

## Appendix A: Key Sources of Data

For the purposes of this Supplementary Report, I have reviewed various items of data and information, including but not limited, to the following:

- Solvency position of CLICL and Chubb life HK as of 30 June 2023 under HKIO and HKRBC bases
- Final Business Transfer Agreement
- Final Scheme of Transfer
- Final Conveyance, Assumption and Assignment Agreement
- Presentation on the Restructure of Chubb Life HK

This information and various email supplementary information has been provided by or on behalf of the Companies.

I have relied upon the accuracy and completeness of the above data and information without independent verification. However, I have reviewed the data and information for general consistency and overall reasonableness based on my wider experience.

I have received a letter of representation signed on 30 June 2023 which confirms the accuracy and completeness of the information provided to me in performing my Independent Actuary and my Approved Actuary roles.