Our Ref: B1/15C
C2/5C

10 July 2026

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

**Interpretation Note issued by the Insurance Authority ("IA") on the Review Mechanism for Illustration Rate Caps in Benefit Illustration for Participating Policies**

I am writing to draw your attention to the "Interpretation Note on the Review Mechanism for Illustration Rate Caps in Benefit Illustration for Participating Policies" ("Interpretation Note") issued by the IA today.

The IA issued the "Practice Note on Illustration Rate Caps in Benefit Illustration for Participating Policies" ("Practice Note") on 28 February 2025 to articulate a set of aligned minimum expectations regarding the illustration rate caps that authorized insurers should use in benefit illustrations for participating policies at the point of sale. Section 4 of the Practice Note specifies that the illustration rate caps would be subject to ongoing reviews to ensure that the relevant regulatory requirements remain relevant and responsive to changing market conditions. The Interpretation Note sets out details of the ongoing review mechanism for the illustration rate caps.

Authorized institutions ("AIs") acting as licensed insurance intermediaries should keep abreast of any subsequent changes to the illustration rate caps. They should continue to present adequate, accurate, complete, and non-misleading benefit illustration information to customers at the point of sale. In addition, AIs must not use any re-illustrations (to which the illustration rate caps do not apply) to engage in aggressive or unethical selling practices.

Should there be any questions on this circular, please contact Mr Banny Yu at 2878-8272 or Mr Ken Chan at 2878-1373.

Yours faithfully,

Kenneth Hui
Executive Director (Banking Conduct)

Encl.

c.c. Insurance Authority
(Attn: Mr Marty Lui, Executive Director, Long Term Business)