Our Ref: B1/15C
C2/5C

20 August 2026

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Circular issued by the Insurance Authority ("IA") regarding observations on insurance business carried on with the use of premium financing facilities

I am writing to draw your attention to the circular "Observations on insurance business carried on with the use of premium financing facilities" issued by the IA today ("IA Circular").

The IA Circular serves to remind authorized insurers of their ongoing obligations in complying with the Insurance Ordinance and relevant regulatory requirements when underwriting new policies with the use of premium financing facilities. It also provides insights into the impact of premium financing on insurance product design and sales practices, which may be useful for authorized institutions ("AIs") acting as licensed insurance intermediaries or premium financing facility providers.

The IA expects authorized insurers to proactively review sales and training materials for premium financing products, and ensure that the materials are well balanced without emphasizing the leveraging benefit of premium financing. Potential significant losses under various adverse scenarios and other key downside risks should be clearly and prominently disclosed. AIs acting as licensed insurance intermediaries should keep abreast of any subsequent changes in the sales and training materials provided by their respective appointing principal(s), and ensure that the relevant information in the materials is properly disclosed and explained to customers.

AIs may also wish to note that the IA and the Hong Kong Monetary Authority have scheduled another round of joint inspection on premium financing in the second half of 2026. We will keep the industry informed and share our observations as appropriate.

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
Mr Alan Wu, Acting Head of Conduct Supervision)