

For filing

Joint Petitioners : CC : 1st : 17.11.2023

HCMP 1217 / 2023

**IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 1217 OF 2023**

**IN THE MATTER OF CHUBB LIFE INSURANCE
COMPANY LTD.**

1st Petitioner

and

**IN THE MATTER OF CHUBB LIFE INSURANCE
HONG KONG LIMITED**

2nd Petitioner

and

**IN THE MATTER OF AN APPLICATION UNDER
SECTIONS 24 AND 25 OF THE INSURANCE
ORDINANCE (CAP. 41)**

AFFIRMATION OF CINDY CHOU

I, CINDY CHOU, of 90 Pitt's Bay Road, Pembroke HM08 Bermuda, do solemnly, sincerely and truly affirm and say as follows:

1. I have been appointed by Chubb Life Insurance Company Ltd. ("**CLICL**") and Chubb Life Insurance Hong Kong Limited ("**Chubb Life HK**") (together the "**Joint Petitioners**") as the independent actuary ("**Independent Actuary**") for the purposes of the application under sections 24 and 25 of the Insurance Ordinance (Cap. 41) to this Honourable Court.

2. I have 18 years of experience in life insurance in the United States of America (“USA”) 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 a Master of Commerce (Actuarial Science) from the Macquarie University, Australia, and a Master of Finance from the Boston University, USA. I am in full compliance with the Continuing Professional Development requirements promulgated by the Society of Actuaries.
3. The factual matters referred to in this Affirmation are either within my own knowledge or are based on documents and information acquired by me in my capacity as the Independent Actuary and are true to the best of my knowledge, information and belief.
4. In this Affirmation I shall, where relevant, adopt the defined terms used in the Petition, and the Scheme.

MAIN REPORT

5. On 25 July 2023, I prepared a report 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’ which considered the likely effects of the Scheme on the Transferring Policyholders and the Chubb Life HK Policyholders (as defined in the Scheme) based on the financial information of CLICL and Chubb Life HK as at 31 December 2022 (the “Main Report”). The Main Report is enclosed as Annexure 2 of the Petition.
6. Based on the matters considered in the Main Report (including the financial and solvency positions of CLICL and Chubb Life HK as of 31 December 2022), I concluded that:
 - (a) the Scheme will not adversely affect the contractual benefits or rights of the Transferring Policyholders or the Chubb Life HK Policyholders in any respect;
 - (b) the Scheme will not adversely affect the reasonable benefit expectations of the Transferring Policyholders or the Chubb Life HK Policyholders in any respect;
 - (c) the Scheme will not adversely affect the financial security of the Transferring Policyholders’ benefits or the Chubb Life HK Policyholders in any respect;

- (d) the Scheme will not adversely affect the expected levels of service for the Transferring Policyholders or the Chubb Life HK Policyholders in any respect; and
- (e) the Scheme provides sufficient safeguards to ensure that it operates as presented.

SUPPLEMENTARY REPORT

- 7. On 4 September 2023, I prepared a report entitled "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" (the "**Supplementary Report**") to provide an update on the relevant financial information of CLICL and Chubb Life HK as at 30 June 2023 and to confirm whether there are any changes to the conclusions set out in the Main Report.
- 8. A copy of the Supplementary Report was annexed to the 2nd Affirmation of Au Belinda Ming Yee as Exhibit "**ABMY-14**" and the original Supplementary Report was annexed to the 1st Affirmation of Li Bo Man Clara as "**LBMC-1**".
- 9. In the Supplementary Report, I considered a number of developments relevant to the Scheme to assess whether these would have any impact on the conclusions in the Main Report and as set out in paragraph 6 above. In particular, I considered:
 - (a) CLICL ceasing to accept new applications for insurance policies after 30 June 2023 and Chubb Life HK re-commenced underwriting new business starting from 1 July 2023;
 - (b) the mutual agreement to shorten the two-year coverage of the 100% coinsurance arrangement between Chubb Life HK and CIGNA Global Reinsurance Company, Ltd in respect of the reinsurance of a specific block of in-force medical business originated by CIGNA Worldwide Life Insurance Company Limited (currently known as Chubb Life HK) ("**Coinsurance Arrangement**") with the Coinsurance Arrangement terminating with effect from 7 July 2023; and

- (c) the replacement of the Coinsurance Arrangement with the stop-loss reinsurance arrangement with effect from 8 July 2023.
10. After considering the updated solvency position of CLICL and Chubb Life HK as at 30 June 2023, and taking into account the relevant developments including those outlined in paragraph 9 above, I concluded in the Supplementary Report that none of these developments affect my conclusions in the Main Report (as set out in paragraph 6 above), either individually or in aggregate. The opinions in the Supplementary Report apply to new policies issued by Chubb Life HK between 1 July 2023 and the date of the Supplementary Report as well as subsequent new policies issued after the date of the Supplementary Report up to the date the Schemes are implemented.
11. I have worked closely with the Appointed Actuary of CLICL and Chubb Life HK, Nip Chun Kit, in the preparation of the Main Report and the Supplementary Report, including engaging in regular discussions with the Appointed Actuary and the Insurance Authority in relation to the form and content of the Main Report and the Supplementary Report.

RELEVANT DEVELOPMENTS SINCE 30 JUNE 2023

12. I have considered the following developments relevant to the Scheme since 30 June 2023 in order to assess whether these will have any impact on my conclusions in the Main Report and the Supplementary Report.
13. In particular, I refer to the table (as reproduced below for ease of reference) after paragraph 16 of the 2nd Affirmation of Nip Chun Kit which sets out the number of Transferring Policies and the number of Chubb Life HK Policies as at 31 December 2022, 30 June 2023 and 30 September 2023 respectively and compares the statutory reserves for those respective policies.

	As at 31 December 2022		As at 30 June 2023		As at 30 September 2023	
	No. of Policies	Statutory Reserve	No. of Policies	Statutory Reserve	No. of Policies	Statutory Reserve
CLICL						
Participating Transferring Policies	120,229	US\$1,762.1 million	122, 275	US\$1,865 million	121,316	US\$1,825 million
Non-Participating Transferring Policies	72,706	US\$1,154.5 million (including riders)	70,900	US\$1,138 million (including riders)	69,276	US\$1,092 million (including riders)
Chubb Life HK						
Participating Chubb Life HK Policies	2,042	US\$39 million	1,283	US\$29 million	2,073	US\$30 million
Non-Participating Chubb Life HK Policies	72,614	US\$470 million	61,333	US\$465 million	60,795	US\$463 million

14. As at 30 September 2023, both the number of Transferring Policies and the total statutory reserves have decreased as compared with the position as at 30 June 2023. These decreases are attributed to CLICL ceasing to accept new applications for insurance policies after 30 June 2023. The above information does not change the risk profile of CLICL materially and does not have a material adverse impact on the Transferring Policyholders.
15. As at 30 June 2023, both the number of Chubb Life HK Policies and the total statutory reserves have decreased as compared with the position as at 31 December 2022. These decreases are due to the migration of medical policies to CIGNA Worldwide General Insurance Company Limited. As at 30 September 2023, the number of Chubb Life HK Policies have increased as compared with the position as at 30 June 2023. These increases are attributed to Chubb Life HK starting to accept new applications for insurance policies starting from 1 July 2023. The products sold by Chubb Life HK are identical to the products offered by CLICL until 30 June 2023. This does not change the risk profile of Chubb Life HK materially and does not have a material adverse impact on the policyholders of Chubb Life HK after completion of the Proposed Transfer. The total statutory reserve was similar with the position as at 30 June 2023,

because the increase in statutory reserves due to new business was offset by the decrease in statutory reserve due to policies lapse, surrender and maturity.

16. I refer to the table (as reproduced below for ease of reference) after paragraph 22 of the 2nd Affirmation of Nip Chun Kit which sets out the solvency position of CLICL and Chubb Life HK as at 30 September 2023. The solvency position of CLICL changed from 360% as at 30 June 2023 to 320% as at 30 September 2023, I am advised by the Appointed Actuary that this is mainly due to the interest rate increase during the period. The solvency position of Chubb Life HK has increased slightly from 459% as at 30 June 2023 to 468% as at 30 September 2023. Both CLICL and Chubb Life HK have maintained a solvency level higher than 150% which is required by Hong Kong insurance regulations for long term insurers. Therefore, there will be sufficient capital available in Chubb Life HK to support the CLICL Business after the Proposed Transfer.

	As at 31 December 2022	As at 30 June 2023	As at 30 September 2023
CLICL	310%	360%	320%
Chubb Life HK	396%	459%	468%

17. After considering the updated solvency position of CLICL and Chubb Life HK as at 30 September 2023 and taking into account the relevant developments set out in this Affirmation including those outlined in paragraphs 12 to 16 above, I am satisfied that none of these developments affect my conclusions in the Main Report and the Supplementary Report, either individually or in aggregate. I confirm that my conclusions in the Main Report and the Supplementary Report remain the same in light of the matters and other considerations as set out in this Affirmation.

Affirmed at *Hamilton, Bermuda*)

on this *17th* day of November 2023)



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Before me

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This Affirmation is filed on behalf of the Joint Petitioners.

CHIARA NICOL TAYLOR NANNINI
Notary Public
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

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AFFIRMATION OF CINDY CHOU

Dated this 17th day of November 2023

Filed this 23rd day of November 2023

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