

# CHUBB®

安達人壽保險有限公司(百慕達註冊)  
**Chubb Life Insurance Company Ltd.**

(Incorporated in Bermuda with Limited Liability)

## **Directors' Report and Financial Statements**

For the year ended  
31 December 2021

## DIRECTORS' REPORT

The Board of Directors has pleasure in presenting its report and audited financial statements for the year ended 31 December 2021.

### Principal activity

Chubb Life Insurance Company Ltd. (the "Company") is a company incorporated in Bermuda and authorized to carry on long-term insurance business in Hong Kong.

The Company has not carried on any insurance business relating to liabilities or risks in respect of which persons are required by any Hong Kong Ordinances to be insured.

### Results and appropriations

The results of the Company for the year are set out in the statement of profit or loss and other comprehensive income on page 12.

The directors do not recommend the payment of a shareholder dividend.

### Reserves

Movements in the reserves of the Company during the year are set out on page 13 of the financial statements.

### Property, plant and equipment

Details of the movements in property, plant and equipment are set out in Note 5 to the financial statements.

### Share capital

Details of the movements in share capital of the Company are set out in Note 12 to the financial statements.

### Directors and controllers

During the year from 1 January 2021 to the date of this report, the following served as directors of the Company:

Christian Noel Wiseman	Appointed on 24 June 2021
Feng Jiang Hua	Appointed on 12 March 2021
Leigh-Ann Bezuidenhout	Appointed on 9 January 2022
Hah Leong Kean	Alternative Director to Christian Wiseman, appointed on 12 March 2021
Vuk Panic	Resigned on 9 January 2022
Eng Tian Ho	Resigned on 12 March 2021
Jim Rasqué	Independent Non-Executive Director
Andrew Luen Cheung Wong	Independent Non-Executive Director, appointed on 26 January 2022
Peter James Crewe	Independent Non-Executive Director, resigned on 13 October 2021
William John Charman	

There being no provision in the Company's Articles of Association for retirement by rotation, all current directors continue in office.

## **DIRECTORS' REPORT (continued)**

During the same period, the controllers (within the meaning of Section 9 of the Hong Kong Insurance Ordinance) were as follows:

Evan Glenn Greenberg  
John Joseph Lupica  
Karen Richmond  
Hah Leong Kean  
Chubb INA International Holdings Ltd.  
Chubb Group Holdings Inc.  
INA Corporation  
Chubb INA Holdings Inc.  
Chubb Limited

### **Directors' and controllers' interests**

Fees and other forms of remuneration paid to directors for the year, amounted to US\$43,750 and US\$799,549 respectively. During 2021, the Company did not advance any loans, transfer any property or assume any obligations on behalf of any controller or any director or his nominees or associates (within the meaning of Section 9 of the Hong Kong Insurance Ordinance).

Except for those stated above, note 25 and note 29, at 31 December 2021, to the best of our knowledge, neither any controller nor any director had, at that date or at any other time during the year then ended:

- any contracts of significance to which the Company, its fellow subsidiaries or its holding company was a party, and in which any Controller or Director of the Company had a material interest; or
- any arrangement to which the Company, its fellow subsidiaries, or its holding company was a party, that enabled him to receive benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, apart from the share-based incentive program.
- share-based compensation programs available to certain Directors of the Company are the restricted share grant plan, restricted share option plan and employee share purchase plan.

### **Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## **DIRECTORS' REPORT (continued)**

### **Reinsurance**

The reinsurers for newly settled life business for the Company are Hannover Rück SE Hong Kong Branch ("Hannover"), RGA Reinsurance Company Hong Kong Branch ("RGA"), Swiss Reinsurance Company Hong Kong Branch ("Swiss"), Munich Reinsurance Company Hong Kong Branch and Singapore Branch, SCOR Global Life Hong Kong Branch and China Life Reinsurance Company Limited.

In addition to the life business, the Company also has reinsurance arrangements for its accident and health products with Swiss, Hannover, General Reinsurance AG Hong Kong Branch, Munich Reinsurance Company Hong Kong Branch and Singapore Branch and RGA.

For catastrophe reinsurance, the Company has an excess of loss reinsurance arrangement with Chubb Tempest Reinsurance Ltd, which is renewable on an annual basis.

### **Auditors**

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



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Hah Leong Kean  
Director and Acting President  
26 April 2022

## ***Independent Auditor's Report***

To the Members of Chubb Life Insurance Company Ltd.  
(incorporated in Bermuda with limited liability)

### **Opinion**

#### *What we have audited*

The financial statements of Chubb Life Insurance Company Ltd. (the "Company"), which are set out on pages 11 to 56, comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

#### *Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.



## Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report on pages 2 to 4 and financial information prepared under the Insurance Ordinance on pages 57 to 63, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

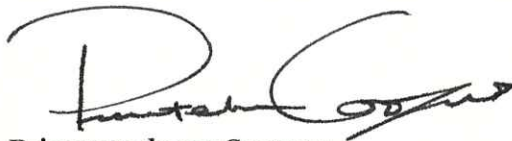
As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A stylized signature in black ink, likely representing a member of the PricewaterhouseCoopers audit team.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 26 April 2022



## **Independent Auditor's Report**

To the Board of Directors of Chubb Life Insurance Company Ltd.  
(incorporated in Bermuda with limited liability)

### **Report on the Audit of the Financial Information**

#### **Opinion**

##### *What we have audited*

The financial information of Chubb Life Insurance Company Ltd. (the "Company"), which is set out on pages 11 to 63, comprises:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows and the revenue account for the year then ended; and
- the notes to the financial information, which include significant accounting policies and other explanatory information (referred as "financial information" thereafter).

##### *Opinion*

In our opinion, the financial information gives a true and fair view of the state of the Company's affairs as at 31 December 2021, and of its profit and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and is prepared, in all material respects, in accordance with the provisions of the Hong Kong Insurance Ordinance (the "Ordinance").

#### **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") and with reference to Practice Note 810.2 (Revised), "The Duties of the Auditor of an Insurer authorized under the Insurance Ordinance" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Information section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

#### **Emphasis of Matter – Basis of Accounting and Restriction on Use**

We draw attention to Note 2 to the financial information, which describes the basis of accounting. The financial information is prepared to assist the Company in complying with the provisions of the Ordinance. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for the submissions by the Company to the Hong Kong Insurance Authority and the Registrar of Companies and is not intended to be, and should not be, distributed to or used by anyone for any other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of our report. Our opinion is not modified in respect of this matter.



## Other Information

The directors are responsible for the other information. The other information comprises all of the information included in the directors' report on pages 2 to 4, but does not include the financial information and our auditor's report thereon.

Our opinion on the financial information does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial information or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors for the Financial Information

The directors are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the provisions of the Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

In preparing the financial information, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

In addition, the directors are required to maintain proper records in accordance with section 16 of the Ordinance and to maintain the greater of the required margin of solvency attributable to its long term business as determined by the Company's appointed actuary in accordance with the Insurance (Margin of Solvency) Rules and the relevant amount applicable as defined in the Ordinance (the "minimum solvency requirements").

## Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information. In addition, we express opinion on whether proper records have been maintained in accordance with section 16 of the Ordinance and as to whether the value of the assets of the Company as determined under the Ordinance exceeds its liabilities by not less than the minimum solvency requirements applicable as at year end.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### **Auditor's Responsibilities for the Audit of the Financial Information (Continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on matters under paragraphs 4(1) and (1AA) of Part 1 of Schedule 3 to the Hong Kong Insurance Ordinance**

The required margin of solvency, as determined by the Company's appointed actuary in accordance with the Insurance (Margin of Solvency) Rules, being greater than the relevant amount applicable, as defined in section 10 of the Ordinance, amounted to US\$145,175,635 (equivalent to HK\$1,132,574,269) as at 31 December 2021.

In our opinion:

- (i) proper records have been maintained in accordance with section 16 of the Ordinance in respect of the year ended 31 December 2021; and
- (ii) the value of the assets of the Company as stated in the financial information exceeds its liabilities by not less than US\$145,175,635 (equivalent to HK\$1,132,574,269) as at 31 December 2021.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 26 April 2022




**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER**  
(in US Dollars)

<b>ASSETS</b>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
Right of use asset	5a	27,584,783	5,635,619
Property, plant and equipment	5	2,114,520	2,729,747
Intangible assets	6	5,689,934	5,399,592
Financial assets			
Equity securities – available-for-sale	7	214,932,795	182,449,157
Unit trusts – at fair value through profit or loss	7	1,664,642	2,507,357
Debt securities:			
- Available-for-sale	7	2,801,023,219	2,653,824,845
- Held-to-Maturity	7	634,677,177	639,589,099
Unit-linked funds – at fair value through profit or loss:			
- Insurance contracts	7	166,887,065	188,369,037
- Investment contracts	7	109,582,876	125,598,189
Derivative Assets	7, 9	14,200,593	53,907,881
Loans and receivables, including insurance receivables	7, 8	157,056,549	155,112,527
Reinsurance contracts	13	21,030,308	22,904,186
Deferred acquisition costs related to investment contracts	10	9,726,024	10,624,387
Cash and cash equivalents	11	72,267,320	31,047,335
Current tax assets	26	-	171,014
<b>Total assets</b>		<b>4,238,437,805</b>	<b>4,079,869,972</b>
<b>EQUITY</b>			
Share capital	12	300,072,049	300,072,049
Share-based payments reserve		932,337	237,279
Investment revaluation reserve	12	442,501,243	550,407,064
Accumulated losses	12	(285,553,750)	(426,864,461)
<b>Total equity</b>		<b>457,951,879</b>	<b>423,851,931</b>
<b>LIABILITIES</b>			
Insurance liabilities			
Policy reserve and claims	13	2,713,508,340	2,662,086,772
Dividend payable to policyholders		9,044,879	11,362,860
Dividend on deposits of policyholders		97,440,346	89,036,415
Policyholder account balance		595,554,496	507,936,294
Premiums received in advance		3,746,800	3,018,824
Financial liabilities			
Unit-linked liabilities for insurance contracts	13	166,887,065	188,369,037
Unit-linked liabilities for investment contracts	13	109,582,876	125,598,189
Derivative liabilities	7, 9	17,996,863	17,107,260
Commission payable		6,979,575	7,227,132
Amounts payable under reinsurance contracts		9,690,120	15,714,933
Unearned revenue reserve related to investment contracts	14	5,539,941	5,593,061
Lease liability		27,629,689	5,810,495
Other payables	15	16,166,603	17,156,769
Current tax liabilities	26	718,333	-
<b>Total liabilities</b>		<b>3,780,485,926</b>	<b>3,656,018,041</b>
<b>Total equity and liabilities</b>		<b>4,238,437,805</b>	<b>4,079,869,972</b>

The notes on pages 16 to 56 are an integral part of these financial statements. The notes on pages 16 to 63 are an integral part of these financial information.

The financial statements and the financial information prepared under the Insurance Ordinance were approved by the Board of Directors for issue on 26 April 2022 and were signed on behalf by:

  
Feng Jiang Hua  
Director

  
Hah Leong Kean  
Director and Acting President

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER**  
(in US Dollars)

	Notes	2021	2020
Insurance premium revenue	16	342,127,096	371,054,001
Insurance premium ceded to reinsurers	16	(22,411,925)	(21,919,251)
<b>Net insurance premium revenue</b>		<b>319,715,171</b>	<b>349,134,750</b>
<b>Fee income</b>			
Insurance contracts	17	5,813,545	5,899,487
Investment contracts	17	3,542,268	3,614,250
Decrease in unearned revenue reserve related to investment contracts	14	53,120	289,683
Investment income	18	151,517,365	134,249,876
Net realized (losses)/gains on financial assets	19	(12,215)	40,146,539
Net fair value (losses)/gains on financial assets at fair value through profit or loss	20	(42,933,556)	117,052,577
Other operating income	21	683,885	1,611,852
<b>Net income</b>		<b>438,379,583</b>	<b>651,999,014</b>
<b>Insurance benefits and claims</b>	22	<b>246,733,486</b>	<b>735,792,805</b>
Insurance claims and loss adjustment expenses recovered from reinsurers	22	(18,507,541)	(16,964,325)
Expenses for the acquisition of insurance contracts	24	30,301,710	36,379,224
<b>Net insurance benefits, claims and expenses</b>		<b>258,527,655</b>	<b>755,207,704</b>
Investment contract benefits	23	(1,364,990)	16,912,313
Decrease in deferred acquisition costs related to investment contracts	10	898,363	1,329,959
Expenses for the acquisition of investment contracts	24	496,636	277,203
Expenses for asset management services rendered		4,791,523	4,237,042
Expenses for sales and marketing	24	2,111,033	2,902,793
Expenses for employee benefit	24	18,230,194	18,866,704
Other operating expenses	24	10,211,087	19,050,074
<b>Total benefits, claims and expenses</b>		<b>293,901,501</b>	<b>818,783,792</b>
Profit/(loss) before taxation and finance costs		144,478,082	(166,784,778)
Finance costs		79,085	263,161
<b>Profit/(loss) before taxation</b>		<b>144,398,997</b>	<b>(167,047,939)</b>
Taxation	26	(3,088,286)	(3,171,626)
<b>Profit/(loss) for the year</b>		<b>141,310,711</b>	<b>(170,219,565)</b>
<b>Other comprehensive income</b>			
Items that may be subsequently reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets	7,12	(104,540,162)	176,428,110
Amortization of unrealized gain of held-to-maturity financial assets	12	(3,365,659)	(3,242,496)
<b>Other comprehensive income for the year</b>		<b>(107,905,821)</b>	<b>173,185,614</b>
<b>Total comprehensive income for the year</b>		<b>33,404,890</b>	<b>2,966,049</b>

The notes on pages 16 to 56 are an integral part of these financial statements. The notes on pages 16 to 63 are an integral part of these financial information.



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER**  
(in US Dollars)

	Notes	Share Capital	Share-based Payments Reserve	Accumulated Losses	Investment Revaluation Reserve	Total
<b>At 1 January 2020</b>		300,072,049	-	(256,644,896)	377,221,450	420,648,603
<b>Comprehensive income for the year</b>						
Loss for the year		-	-	(170,219,565)	-	(170,219,565)
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	7,12	-	-	-	176,428,110	176,428,110
Amortization of unrealized gain of held-to-maturity financial assets	12	-	-	-	(3,242,496)	(3,242,496)
<b>Total comprehensive income/(loss) for the year</b>		-	-	(170,219,565)	173,185,614	2,966,049
Share-based payment arrangement		-	237,279	-	-	237,279
<b>At 31 December 2020</b>		300,072,049	237,279	(426,864,461)	550,407,064	423,851,931
<b>Comprehensive income for the year</b>						
Profit for the year		-	-	141,310,711	-	141,310,711
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	7,12	-	-	-	(104,540,162)	(104,540,162)
Amortization of unrealized gain of held-to-maturity financial assets	12	-	-	-	(3,365,659)	(3,365,659)
<b>Total comprehensive income/(loss) for the year</b>		-	-	141,310,711	(107,905,821)	33,404,890
Share-based payment arrangement		-	695,058	-	-	695,058
<b>At 31 December 2021</b>		300,072,049	932,337	(285,553,750)	442,501,243	457,951,879

The investment revaluation reserve of US\$442,501,243 included an unrealized gain of US\$71,288,370 which was attributable to the held-to-maturity securities, previously classified as available-for-sale.

The notes on pages 16 to 56 are an integral part of these financial statements. The notes on pages 16 to 63 are an integral part of these financial information.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER**  
(in US Dollars)

	Notes	2021	2020
Cash used in operations	27	(92,519,635)	(129,288,651)
Dividend received		3,536,793	1,873,954
Interest received		139,929,276	132,309,256
Hong Kong profits tax paid		(2,207,407)	(6,855,882)
<b>Net cash generated from / (used in) operating activities</b>		<b>48,739,027</b>	<b>(1,961,323)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets – computer software	6	(1,745,193)	(3,347,569)
Purchase of property, plant and equipment	5	(275,808)	(480,217)
<b>Net cash used in investing activities</b>		<b>(2,021,001)</b>	<b>(3,827,786)</b>
<b>Cash flows from financing activities</b>			
Capital elements	27b	(6,104,616)	(6,158,250)
<b>Net cash used in financing activities</b>		<b>(6,104,616)</b>	<b>(6,158,250)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>40,613,410</b>	<b>(11,947,359)</b>
Exchange gain on cash and cash equivalents		606,575	(962,573)
Cash and cash equivalents at beginning of year		31,047,335	43,957,267
<b>Cash and cash equivalents at end of year</b>	<b>11</b>	<b>72,267,320</b>	<b>31,047,335</b>

The notes on pages 16 to 56 are an integral part of these financial statements. The notes on pages 16 to 63 are an integral part of these financial information.

## Notes to the Financial Statements

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## Note 1 Organization

Chubb Life Insurance Company Ltd. (the “Company”) is a company incorporated in Bermuda and authorized to carry on long-term insurance business in Hong Kong. The Company is a wholly-owned subsidiary of Chubb INA International Holdings Ltd., a United States company whose ultimate parent company is Chubb Limited, a Swiss-incorporated company listed on the New York Stock Exchange.

All assets and liabilities reported in the statement of financial position are attributable to the Company’s long-term business and other than long-term business.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is 33/F Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong.

These financial statements are presented in United States dollars unless otherwise stated. These financial statements have been approved for issuance by the Board of Directors on 26 April 2022.

## Note 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Hong Kong Insurance Ordinance applicable to insurance companies and with Hong Kong Financial Reporting Standards (HKFRS). They have been prepared under the historical cost convention as modified by revaluation of available-for-sale financial assets, and certain financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### 2.2 Impact of new and revised Hong Kong Financial Reporting Standards

#### (a) The following new standard, new interpretation and new amendments to standards effective in 2021

The following relevant new amendments to standards have been adopted for the first time for the financial year ended 31 December 2021 and have no material impact to the Company:

- HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2 (amendments)
- HKFRS 16 Covid-19-Related Rent Concessions (amendments)\*

*\* Effective for accounting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements – interim or annual – not authorized for issue at 4 June 2020.*

#### (b) New standards and interpretations that are effective but are not yet adopted

HKFRS 4 permits, but does not require, an insurer to apply HKAS 39 Financial Instruments - Recognition and Measurement rather than HKFRS 9 for annual periods beginning before 1 January 2023. An insurer may apply the temporary exemption from HKFRS 9 if, and only if, (a) it has not previously applied any version of HKFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss, and (b) its activities are predominantly connected with insurance at its annual reporting date that immediately precedes 1 April 2016, or at a subsequent annual reporting date if, and only if there is a change in the Company’s activities as specified in paragraph 20B of HKFRS 4.

The Company has elected to apply the temporary exemption (known as the “deferral approach”) since it has not previously applied any version of HKFRS 9 and the Company’s activities are predominantly connected with insurance at its annual reporting date that immediately precedes 1 April 2016, based on the eligibility assessment carried out on 31 December 2015, the total carrying amount of liabilities connected with insurance is greater than 90% of total carrying amount of all liability. Subsequent to the initial eligibility assessment, there has been no change in the Company’s activities that requires a reassessment of the eligibility test.



(i) Fair value of financial assets

Additional information on financial assets and liabilities in relations to the election of the deferral approach is illustrated as per below:

Financial assets	Fair value as at 31 December 2021	Fair value change for the year ended 31 December 2021	Fair value as at 31 December 2020	Fair value change for the year ended 31 December 2020
(a) Financial assets held for trading	14,200,593	(32,862,014)	53,907,881	57,422,121
(b) Financial assets that are managed and whose performance is evaluated on a fair value basis	493,230,553	(668,618)	499,087,965	36,787,137
(c) Financial assets that are neither (a) or (b) - the contractual cash flows are solely principal and interest - the contractual cash flows are not solely principal and interest	3,563,183,914	(143,990,032)	3,447,570,790	82,954,958
Total	4,070,615,060	(177,520,664)	4,000,566,636	177,164,216
Financial liabilities	Fair value as at 31 December 2021	Fair value change for the year ended 31 December 2021	Fair value as at 31 December 2020	Fair value change for the year ended 31 December 2020
(a) Financial liabilities held for trading	(17,996,863)	(1,668,429)	(17,107,260)	2,635,020
Total	(17,996,863)	(1,668,429)	(17,107,260)	2,635,020

For the financial assets of which the contractual cash flows are solely principal and interest, the credit risk rating grades are summarized as below:

By credit risk rating grade	Carrying amount as at 31 December 2021	Carrying amount as at 31 December 2020
AAA	103,590,914	104,280,754
AA	527,967,637	527,349,496
A	1,610,442,167	1,490,750,618
BBB	650,786,924	698,969,747
BB	278,265,918	227,753,297
B	165,631,203	187,804,601
CCC	4,078,435	6,751,342
C	58,181	-
Not rated	133,836,704	87,036,438
Total	3,474,658,083	3,330,696,293

The financial assets for unit-linked contracts are exclusively held on behalf and for the benefit of unit-linked policyholders. To ensure consistency with the corresponding accounting treatment for the unit-link contracts, these investments are designated at fair value through profit or loss under current accounting rules. This treatment is going to be maintained under the future HKFRS 9 regime accordingly.

Other financial assets including receivables arising from insurance and other loans and receivables are financial assets which meet the SPPI conditions. The carrying amounts to these assets approximate their fair value.

(c) New standards and new amendments to standards not yet effective and have not been early adopted

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2021 reporting period and have not been early adopted by the Company:

Standards	Subject of amendment	Effective for annual periods beginning on or after
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Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020 (amendments)	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments (amendments)	1 January 2022
HKAS 1	Classification of Liabilities as Current or Non-currents (amendments)	1 January 2023
AG 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	Common control combinations that occur on or after the beginning of the first annual reporting period beginning on or after 1 January 2022
HKFRS 16	Covid-19-Related Rent Concessions beyond (amendments)	Accounting periods beginning on or after 1 April 2021. Earlier application is permitted, including in financial statements - interim or annual - not authorised for issue at 9 April 2021
HKFRS 17	Insurance Contracts (new standard)	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)	1 January 2023
HKAS 8	Definition of Accounting Estimates (amendments)	1 January 2023
HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments)	1 January 2023
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined
HK Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies “Classification of Liabilities as Current or Non-current – Amendments to HKAS 1”

Except for below, the remaining above new standards and new amendments to standards have been issued but are not effective for the financial year ended 31 December 2021 and have not been early adopted. The Company has assessed the impact of these new standards on its financial position and results of operations and they are not expected to have a material impact.

- HKFRS 17, “Insurance contracts” (effective from 1 January 2023)

HKFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The objective of HKFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts, which replaces HKFRS 4 Insurance Contracts.

In contrast to the requirements in HKFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, HKFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features

and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are as follows:

- The fulfilment cash flows including the expected present value of future cash flows and explicit risk adjustment, remeasured every reporting period;
- A contractual service margin represents the unearned profitability of the insurance contracts and is recognized in profit or loss over the coverage period;
- Certain changes in the expected present value of future cash flows are adjusted against the contractual service margin and thereby recognized in profit or loss over the remaining coverage period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the statement of comprehensive income, but are recognized directly on the statement of financial position;
- Insurance services results are presented separately from the insurance finance income or expenses;
- Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IASB finalized and issued the amendments to IFRS 17 in June 2020. The amendments to IFRS 17 provide, among other things, to:

- Defer the effective date from 1 January 2021 to 1 January 2023.
- Provide scope exclusions for credit card contracts and loan contracts.
- Allocate acquisition costs to expected contract renewals.
- Attribute profit (contractual service margin) to service relating to investment activities.
- Extend applicability of the risk mitigation option.
- Reduce accounting mismatches for reinsurance.
- Simplify balance sheet presentation.
- Provide additional transition relief.

HKFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023. If the Company applies HKFRS 17 earlier, it shall disclose that fact. Early application is permitted for Company that apply HKFRS 9 Financial Instruments on or before the date of initial application of HKFRS 17. HKFRS 17 Standards is expected to have a material impact on the Company. The Company is in the midst of conducting a detailed assessment of the new standard.

## **2.3 Foreign currency translation**

### **(a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'), which is Hong Kong dollars. The financial statements are presented in United States dollars, which is the Company's presentation currency.

## **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss in profit or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in equity.

## **2.4 Property, plant and equipment**

Property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items. Depreciation of assets is calculated using the straight-line method to allocate their costs, net of their residual values over their estimated useful lives.

Leasehold	Unexpired period of the tenancy agreement
Furniture and fixture	7 years
Office equipment	3 years
Computer equipment	3 - 4 years
Telecommunication equipment	5 years

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of profit or loss in the other operating expenses.

## **2.5 Intangible assets**

### **(a) Computer software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized by using straight-line method over their estimated useful lives of 5 years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

### **(b) Agency intangible asset**

The costs of acquiring agents are capitalized as intangible assets to the extent that future economic benefits are expected to flow into the company via creation of new business. These costs are amortized by using straight-line method over their useful lives.

## **2.6 Financial assets**

### **2.6.1 Classification**

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

#### **(a) Financial assets at fair value through profit or loss**

Financial assets in this category comprise unit trusts, unit-linked funds and derivative assets/ (liabilities). Unit-linked funds include funds held in respect of the Company and the policyholders. The funds held in respect of the Company



represent the assets in relation to a portion of the payments from policyholders to compensate the Company for services performed for certain unit-linked product. For the funds held in respect of the policyholders, there are corresponding unit-linked insurance and investment contracts liabilities. Both the unit-linked funds and the corresponding liabilities are designated as financial instruments at fair value through profit or loss. The contract liabilities changes are linked to the changes in fair value of these assets. The same designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The derivative assets/ (liabilities) comprise Currency Forward, Cross Currency Swap and Interest Rate Swap. Details of the instruments and accounting treatment are mentioned in Note 2.9 and 9.

Realized and unrealized gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to their original terms (see Note 2.8 for the accounting policy on impairment). Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

**(c) Held-to-maturity financial assets**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization and the loss arising from impairment are included in the statement of profit or loss.

**(d) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. When securities are sold or impaired, the accumulated fair value adjustments are subsequently reclassified to profit or loss as net realized gains/losses on financial assets.

**2.6.2 Recognition and measurement**

Purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus, in the case of the financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in profit or loss.

Financial assets are derecognized when the rights to receive cash flows from them have expired or when they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

Interests on securities calculated using the effective interest method is recognized in profit or loss. Dividends on equity instruments are recognized in profit or loss when the Company's right to receive payments is established. Both are included in the line of investment income.

**2.7 Reclassification of financial assets**

The Company may choose to reclassify financial assets that would meet the definition of held-to-maturity out of the available-for-sale category if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to held-to-maturity category are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

The Company has reclassified a block of debt securities out of the available-for-sale category into the held-to-maturity category. Those debt securities are no longer fair valued through the revaluation reserve in statement of changes in equity but measured at amortized cost less impairment.

## **2.8 Impairment of assets**

### **(a) Financial assets carried at amortized cost**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- i) significant financial difficulty of the issuer or debtor;
- ii) a breach of contract, such as a default or delinquency in payments;
- iii) it is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- iv) the disappearance of an active market for that financial asset because of financial difficulties; or
- v) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:
  - adverse changes in the payment status of issuers or debtors in the Company; or
  - national or local economic conditions that correlate with defaults on the assets in the Company.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in profit or loss.

### **(b) Available-for-sale financial assets**

The Company assesses at the end of each reporting period whether there is objective evidence that an available-for-sale debt security is impaired. If any such evidence exists, the cumulative loss - measured as the difference between the acquisition cost (net of any amortization) and current fair value, less any impairment loss on the financial asset previously recognized in profit or loss - is reclassified from equity to profit or loss as a reclassification adjustment. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss. For equity investments classified

as available-for-sale, a significant or prolonged decline in the fair value of the securities below its cost is also evidence that the assets are impaired. Impairment losses recognized in profit or loss on equity instruments classified as available for sale are not subsequently reversed.

**(c) Other non-financial assets**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**2.9 Derivative financial instruments**

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. The Company is applying a market approach on a consistent basis among similar assets as well as across reporting periods. The selection of the valuation method to apply will consider the nature of the asset or liability being valued, as well as significant judgment, sufficient knowledge of the asset or liability, and a level of expertise regarding the valuation technique.

The Company's derivative instruments do not qualify for hedge accounting. Changes in the fair value of all such derivative instruments are recognized immediately in profit or loss.

**2.10 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

**2.11 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

**2.12 Share capital**

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

**2.13 Insurance and investment contracts**

**2.13.1 Classification**

The Company issues contracts that transfer insurance risk or financial risk or both. For the purposes of these financial statements, contracts are classified as insurance contracts or investment contracts.

**(a) Insurance contracts**

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 15% more than the benefits payable if the insured event did not occur.

A number of insurance contracts contain a discretionary participation feature (“DPF”). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing are contractually at the discretion of the Company; and
- that are contractually based on:
  - a) the performance of a specified pool of contracts or a specified type of contract; or
  - b) realized and/or unrealized investment returns on a specified pool of assets held by the Company.

The amount of discretionary benefit is distributed as dividend or bonus. The dividend or bonus is paid from divisible surplus. The formula for sharing divisible surplus is determined when a contract is issued and the basis is continued at subsequent declarations. The Company may exercise its discretion as to the quantum and timing of payments to contract holders.

There are four types of divisible surplus for dividends:

- One factor policies; divisible surplus is the excess of a proportion of the investment return over a target return.
- Two factor policies; divisible surplus is the excess of a proportion of the investment return and mortality return over a target return.
- Three factor policies; divisible surplus is the excess of a proportion of the investment return, expense return and mortality return over a target return.
- Four factor policies; divisible surplus is the excess of a proportion of the investment return, expense return, mortality return and surrender return over a target return.

For bonus, it is paid from a proportion of surplus in excess of guaranteed contractual cash flow.

#### **(b) Investment contracts**

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

### **2.13.2 Recognition and measurement**

#### **(a) Insurance contracts (traditional product)**

Premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as expense when they are incurred.

A liability for contractual benefits that are expected to be paid in the future (the “long-term insurance liabilities”) is recorded when the premiums are recognized. The long-term insurance liabilities are determined as either:

- The sum of the expected discounted value of the benefit payments less the expected discounted value of the theoretical premiums that would be required to meet the benefits, or
- Loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premium earned).

The long-term insurance liabilities are determined by the Company’s appointed actuary on the basis of assumptions, which comply with the requirements of the Hong Kong Insurance (Determination of Long-Term Liabilities) Rules. The long-term insurance liabilities are recalculated at each balance sheet date and based on assumptions that are reviewed each year. A margin for adverse deviations is included in the assumptions to allow for the risk and uncertainty.

Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported.



A number of insurance contracts contain a DPF. They are annual dividend (payable on the eligible policy anniversary), terminal dividend (payable when the policy is terminated), reversionary bonus or special bonus. The reserve for dividend includes:

- Dividend due liability – Annual dividend declared but not yet paid to the policyholders. In general, the payment is made at the next policy anniversary;
- Reserve for bonus – The liability for the bonus is an accrual amount of future bonus payment with reference to the actual company profit. This liability is subject to a minimum reserve being equal to the expected amount of bonus to be paid in the following year.
- Terminal dividend reserve – The liability for the terminal dividend is an accrual amount of the future terminal dividend payment with reference to the actual investment return. The terminal dividend liability is subject to a minimum reserve being equal to the expected amount of terminal dividend to be paid in the 18 months following the valuation date.

Other insurance contract liabilities consist of deposits held under the deferred annuity provision and reserves for accident and health insurance available on life insurance policies. The valuation of these liabilities is determined by the accumulated value at the declared interest rates and the unearned premium method respectively.

The valuation of the insurance contract liabilities takes into account reinsurance arrangements in place.

#### **(b) Insurance contracts (unit-linked)**

A unit-linked insurance contract is a contract with units of investment funds. These contracts insure human life events (for example death or survival) over a long duration.

Insurance premiums net of all funds allocation are recognized as fee income. Revenue consists of fees deducted for mortality, policy administration and surrender charges. Changes in the unit prices credited to the account balances and excess benefit claims incurred in the period are charged as expenses in profit or loss.

Insurance contract liabilities reflect the account value. These liabilities are increased by fund allocation and increase in the unit prices, and are decreased by policy administration fees, mortality charges, surrender and any withdrawals. When a policy has a back-end charge, the present value of charges is deducted from the liability. The liability is never less than the cash value. The liability for these contracts also includes any amounts necessary to compensate the Company for services to be performed over future periods; for example, unearned cost of insurance reserve. Besides, reserve for loyalty bonus is also set up as non-unit liabilities.

#### **(c) Insurance contracts (universal life)**

A universal life insurance contract is a contract with explicit account value. These contracts insure human life events (for example death or survival) over a long duration.

Insurance premiums are recognized as revenue, and the increase in liabilities is recognized as expenses. The account value is recognized as liabilities. These liabilities are increased by account value allocation and interest credited, and are decreased by policy administration fees, mortality charges, surrender and any withdrawals. Interest on account value is credited to the account balances. The crediting interest is non-guaranteed and could be changed from time to time, but the account balance should not be less than the minimum guaranteed account balance accumulated based on minimum crediting interest from policy issue.

When a policy has a back-end charge, the present value of charges is deducted from the liability. The liability is never less than the cash value. The liability for these contracts also includes any amounts necessary to compensate the Company for services to be performed over future periods; for example, unearned cost of insurance reserve. Besides, reserve for loyalty bonus is also set up as non-unit liabilities.

#### **(d) Investment contracts without DPF (unit-linked)**

The Company issues investment contracts without fixed terms nor embedded options. For the unit-linked investment contract, the liabilities are measured at fair value by reference to the account values of the underlying policies. The Company designates these investment contracts to be measured at fair value through profit or loss because it eliminates the inconsistency (sometimes referred to as ‘an accounting mismatch’) that would otherwise arise from measuring assets or liabilities on different bases.

The Company's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data. The fair values of unit-linked financial liabilities are determined using the current unit values that reflect the fair values of the financial assets contained within the Company's unitized investment funds linked to the financial liabilities, multiplied by the number of units attributed to the contract holder at the reporting date.

Fees charged to policyholders in relation to the management of investment contracts are deferred and amortized in proportion to the stage of completion of the services for which they were paid.

Acquisition costs of the Company that are directly attributable to securing the right to provide services in relation to the management of investment contracts are recognized as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered. Acquisition costs are deferred and amortized with reference to the pattern that investment management services are provided.

#### **(e) Investment contracts without DPF (universal life)**

For the universal life investment contracts, the fair values of financial liabilities are the policyholders' account value. Insurance premiums net of all account value allocation are recognized as fee income. Revenue consists of fees deducted for mortality, policy administration and surrender charges. Interest on account value is credited to the account balances and excess benefit claims incurred in the period are charged as expenses in profit or loss.

Fees charged to policyholders in relation to the management of investment contracts are deferred and amortized in proportion to the stage of completion of the services for which they were paid. Acquisition costs of the Company that are directly attributable to securing the right to provide services in relation to the management of investment contracts are recognized as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered. Acquisition costs are deferred and amortized with reference to the pattern that investment management services are provided.

#### **2.13.3 Liability adequacy tests**

At each financial year end, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities by using the current best estimates of future cash flows and claims handling as well as investment income from the assets backing such liabilities. If that assessment shows that the carrying amount of its insurance liability is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss by establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

#### **2.13.4 Reinsurance contracts held**

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts in Note 2.13 are classified as reinsurance contracts. Contracts that do not meet these classification requirements are classified as financial instruments.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances recoverable from or due to reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Short-term balances due from or due to reinsurers are reported as loans and receivables and amounts payable under reinsurance contracts on the statement of financial position; on the other hand, long-term receivables are reported as reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently against the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as reduction of insurance premium revenue in the statement of profit or loss.

The Company assesses its reinsurance assets for impairment and if there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is also calculated following the same method used for these financial assets.

### **2.13.5 Receivables and payables related to insurance contracts and investment contracts**

Receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in profit or loss. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated on the same basis used for these financial assets.

### **2.14 Employee benefits**

#### **(a) Employee leave entitlements**

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

#### **(b) Pension obligations**

The Company pays contributions to privately administered defined contribution pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due and are reduced by contributions forfeited from those employees who leave the scheme prior to full vesting of the contributions.

#### **(c) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### **(d) Share-based payments**

Chubb Limited, the Company's ultimate holding company has share-based compensation plans which currently provide for awards of stock options and restricted stock to its eligible employees of its subsidiaries. Stock options are generally granted with a 3-year vesting period and a 10-year term. The stock options vest in equal annual installments over the respective vesting period, which is also the requisite service period. The fair value of the stock options was estimated on the date of grant using the Black-Scholes option-pricing model. Restricted stock is with a 4-year vesting period and is vest in equal annual installments over the respective vesting period, which is also the requisite service period. The restricted stock is granted at market close price on the date of grant. These share-based compensation plans are administered by Chubb Limited and payments are charged back to the Company. The annual expense is based on an amortised calculation that is reflective of the current year's expense portion of all restricted share grants issued in the current and prior years, and is consistent with the treatment required by HKFRS 2. There is no liability to the Company for the unamortised portion of the restrictive stock grants issued. The amortised calculation incorporates the fair market value of Chubb Limited's common stock in determining the expense amount. Expected future dividend payments in relation to the restrictive stock grants issued are made directly by Chubb Limited to the eligible employees.

### **2.15 Provisions**

Provisions, except those arising from contracts with policyholders, are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### **2.16 Revenue recognition**

Revenue is recognized in the statement of profit or loss and other comprehensive income as follows:

#### **(a) Investment management fees for investment contract**

Fees are generally recognized on an accrual basis when the service has been provided. The unearned portion of the fees is deferred as unearned revenue reserves.

## **(b) Interest income and amortization**

Interest income and amortization for all interest-bearing financial instruments are recognized within 'investment income' (Note 18) in profit or loss using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

## **(c) Dividend income**

Dividend income from financial assets is recognized when the right to receive payment is established.

## **2.17 Premium related expenses**

For insurance contracts, commissions and other costs incurred in connection with acquiring new business are charged to profit or loss as incurred.

## **2.18 Leases**

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

## **2.19 Tax**

The Company is subject to income tax laws in Hong Kong. The current tax liabilities have been provided for using the tax rates that have been enacted as at end of the reporting period. The estimated assessable profit represented 5% of net premium income. No tax will be imposed on other comprehensive income.

## **2.20 Comparative figures**

Comparative figures have been adjusted, where necessary, to comfort to the basis of presentation and the classification used in the current year.

### **Note 3 Critical accounting estimates and judgments in applying accounting policies**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **3.1 Estimate of future benefit payments and premiums arising from long-term insurance contracts**

The Company determines assumptions in relation to future deaths (or other morbidity rates for critical illness, hospitalization, accident and disability), investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to the mortality, morbidity and investment return assumptions. Estimates are reviewed regularly to ensure the liabilities are adequate (Note 13 (b)).

##### **(a) Future investment returns**

Estimates are made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns (or the book returns at classification date for held-to-maturity securities) as well as expectations about the reinvestment yield, future economic and financial developments.

##### **(b) Mortality/morbidity**

Estimates are made as to the expected number of deaths and the rates of diagnosis of critical illnesses for each of the years in which the Company is exposed to risk. The Company bases its mortality estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company's own experience, and morbidity estimates are derived either from company or reinsurer information. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main sources of uncertainty are epidemics and wide-ranging lifestyle changes leading to deteriorating future mortality and morbidity for life business as well as longevity risk for annuity business.

##### **(c) Sensitivity analysis**

A liability sensitivity analysis was performed on the two most significant valuation assumptions, mortality/ morbidity and interest rate. A 10% worsening of mortality/morbidity and 20bps drop in the interest rate would require additional gross insurance contract liabilities of US\$51.9 million (2020: US\$48.50 million) and US\$182.2 million (2020: US\$187.0 million) respectively.

### **Note 4 Management of insurance and financial risk**

In general, the key components of market risk to the Company are insurance risk and financial risk. The Company issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Company manages them.

#### **4.1 Insurance risk**

The risk under any one insurance contract is the uncertainty on the timing of the insured event occurs and the amount of the resulting claims. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

#### **4.1.1 Frequency and severity of claims**

The major factors affecting the frequency and severity of claims are:

- For contracts where death or diagnosis of critical illness is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS or SARS) or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected.
- For “two-factor”, “three-factor”, “four-factor” and “reversionary bonus and special bonus” contracts, the DPF of these contracts results in a significant portion of the insurance risk being shared with the insured parties.
- For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risks accepted for guaranteed benefits.
- Insurance risk under disability contracts is dependent on economic conditions in the industry. Recession and unemployment in an industry will increase the number of claims for disability benefits as well as reduce the rate of recovery from disability.
- Insurance risk under hospitalization contracts is dependent on medical cost and medical technology.
- Insurance risk under accidental contracts is more random and dependent on occupation.
- Unit-linked contracts include death benefits which are linked with the value of underlying investments. Changes in the value of underlying investments (as a result of changes in prices of financial assets) may increase the cost of death benefits.
- For contracts where survival is the insured risk, the most significant factor is unexpected improvement in medical science and social conditions that would increase longevity.

#### **4.1.2 Risk management objectives and policies for mitigating insurance risk**

The Company mitigates the risks described above by:

- Appropriately factoring the level of risk into the product pricing.
- Ensuring adequate reinsurance covers are in place, including catastrophe covers. Mortality risks in excess of US\$200,000/250,000 are reinsured, depending on the type of business.
- Setting underwriting limits to enforce appropriate risk selection criteria.
- Having a monthly risk charge for unit-linked and universal life contracts based on the amount of death cover less the value of the units.

The Company charges for mortality for term insurance policies, unit-linked policies, universal life policies and other risk riders. It has the right to alter these charges based on its mortality experience and hence minimize its exposure to mortality risk. However, any change in premium rates can only be applied to an entire risk class, not to an individual policyholder. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect.

#### **4.2 Financial risk**

The key financial risk of the Company is that the proceeds from its balance sheet assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are market risk, credit risk and liquidity risk. Market risk includes interest rate risk, currency risk, and duration risk.

The Company manages these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Company’s ALM is to match assets to the liabilities arising from insurance and investment contracts with reference to the type of benefits payable to contract holders.

##### **4.2.1 Market risk**

###### **(a) Interest-rate risk**

Insurance and investment contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The financial component of these benefits is usually based on a guaranteed fixed interest rate (for the insurance contracts, this rate may apply to maturity and/or death benefit) and hence the Company’s primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities are insufficient to fund the guaranteed benefits payable.

The Company only bears financial risk in relation to the guaranteed benefits payable under these contracts. These guaranteed benefits increase as dividends are declared and distributed to contract holders. The Company does not bear



any interest rate risk in relation to the undistributed dividend component of the liability as the level of dividend is adjustable to reflect investment returns in excess of the investment return required for guaranteed benefits.

The Company is exposed to the risk of adverse movement in interest rates:

- If interest rates increase by 50bps, the value of debt securities falls by US\$174 million (2020: US\$168 million) but the liability valuation interest rate may also increase. Increasing the valuation rate of interest will result in a lower valuation liability.
- If interest rates decrease by 50bps, the value of debt securities increases by US\$195 million (2020: US\$189 million). Decreasing the valuation rate of interest will result in an increase in the valuation liability.

The market value movement of held-to-maturity securities is not included since the Company has positive intention and ability to hold them to maturity.

The Company manages the risk by using a conservative approach to the valuation of policy liabilities. At the valuation date, the weighted average yields on the existing assets were 3.24% (2020: 2.76%) and 2.31% (2020: 2.02%) for United States and Hong Kong dollars respectively. The highest valuation interest rates used were 2.55% (2020: 2.45%) and 1.90% (2020: 1.70%) for US and HK dollars respectively.

## (b) Currency risk

The majority of the assets and liabilities of the Company were denominated in either Renminbi, Hong Kong dollars or United States dollars. The Company's exposure to foreign currency risk arises primarily with respect to the Renminbi and the United States dollars.

As of 31 December 2021, there was one 90-Days Currency Forward Contract with Chubb Tempest Life Reinsurance Ltd. with notional US\$125 million (2020: US\$125 million). There were Currency Forward contracts with notional US\$1,169 million (2020: US\$891 million) (net currency exposure US\$611 million (2020: US\$570 million)) managed by PIMCO. With the implementation of the currency derivatives, there was no currency mismatch on Hong Kong dollars and United States dollars. The currency mismatch is monitored by the Company on a monthly basis. Since the Hong Kong dollars are currently pegged to the United States dollars, the current risk that is relevant to the Company is a re-pegging/de-pegging between the Hong Kong dollars to the United States dollars. For Renminbi portfolio, the product liabilities were either 99% coinsurance or supported by a pool of earmarked asset. There was no currency mismatch on Renminbi.

## (c) Duration risk

The mean duration is an indicator of the sensitivity of the assets and liabilities to changes in the current interest rates. The mean duration of the liabilities is calculated on the sensitivity of reserve changes due to change in valuation interest rate. The mean duration of the assets is determined by projecting the expected cash flows from the existing assets.

	2021	2020
Mean duration of assets	14 years	14 years
Mean duration of liabilities	33 years	34 years

This difference in duration means that when interest rates fall, the increase in the value of liabilities will be greater than the increase in the value of assets. The Investment Committee of the Company regularly monitors the duration risk.

Long-term insurance and investment contracts can be surrendered before maturity for the cash surrender value specified in the contractual terms and conditions. This surrender value is not greater than the carrying amount of the insurance and investment liabilities.

## 4.2.2 Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Counterparty risk with respect to fixed income securities held by the Company;
- Amount due from insurance agents and brokers (Note 8);
- Amount due from reinsurers (Note 8); and
- Reinsurers' share of insurance liabilities.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. The lowest credit risk acceptable for new issues is B and the average credit rating is A.

The maximum credit risk for financial assets recognized on the statement of financial position is the carrying amount less, where applicable, any impairment losses recognized in accordance with HKAS39.

The table below analyses the balance by credit rating related to the debt securities held by the Company as at 31 December 2021 and 2020 (source of the ratings are provided from Bloomberg for both United States dollars investment portfolio and Hong Kong dollars investment portfolio):

As at 31 December 2021	AAA	AA	A	BBB	BB	B	CCC	C	Not Rated	Total
Short-term debt securities	-	20,212,834	-	-	-	-	-	-	163,176	20,376,010
Long-term debt securities	102,430,355	502,467,780	1,594,477,546	642,277,660	274,931,460	162,499,143	3,987,706	-	132,252,736	3,415,324,386
Accrued interest (Note 8)	1,160,559	5,287,023	15,964,621	8,509,264	3,334,458	3,132,060	90,729	58,181	1,420,792	38,957,687
<b>Total balance related to debt securities bearing credit risk</b>	<b>103,590,914</b>	<b>527,967,637</b>	<b>1,610,442,167</b>	<b>650,786,924</b>	<b>278,265,918</b>	<b>165,631,203</b>	<b>4,078,435</b>	<b>58,181</b>	<b>133,836,704</b>	<b>3,474,658,083</b>

As at 31 December 2020	AAA	AA	A	BBB	BB	B	CCC	C	Not Rated	Total
Short-term debt securities	-	13,298,042	-	-	-	-	-	-	1,478,321	14,776,363
Long-term debt securities	103,159,180	508,803,268	1,476,511,644	690,139,843	224,752,289	185,321,530	6,630,862	-	83,318,967	3,278,637,583
Accrued interest (Note 8)	1,121,574	5,248,186	14,238,974	8,829,904	3,001,008	2,483,071	120,480	-	2,239,150	37,282,347
<b>Total balance related to debt securities bearing credit risk</b>	<b>104,280,754</b>	<b>527,349,496</b>	<b>1,490,750,618</b>	<b>698,969,747</b>	<b>227,753,297</b>	<b>187,804,601</b>	<b>6,751,342</b>	<b>-</b>	<b>87,036,438</b>	<b>3,330,696,293</b>

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is evaluated by the Company on an annual basis.

#### 4.2.3 Liquidity risk

The Company is exposed to daily calls on its available cash resources mainly from claims arising from benefit payments. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Daily cash flow requirements are monitored to determine the minimum cash balance that should be held. Over 90% of investments are fixed interest securities traded on a liquid market, which can be realized in a short period of time.

The Company manages the liquidity risk by monitoring the match of contractual cash inflows from the assets and expected cash outflows from insurance liabilities.

The following table analyses the contractual/expected timing of undiscounted cash flows as at 31 December 2021 (in US Dollars):

<b>Assets</b>	<b>Carrying amount 31-Dec-21</b>	<b>No stated maturity</b>	<b>Within 1 year</b>	<b>Between 2 and 4 years</b>	<b>5 years or above</b>
Right of use asset	27,584,783	-	-	-	-
Property, plant and equipment	2,114,520	-	-	-	-
Intangible assets	5,689,934	-	-	-	-
Debt securities - available-for-sale:					
Listed - fixed interest rate	1,306,062,129	-	52,120,944	147,221,031	1,853,757,222
Listed - variable interest rate	24,233,693	-	1,202,679	3,608,037	3,988,040,109
Unlisted - fixed interest rate	1,375,787,133	-	52,761,381	152,598,490	913,982,855
Unlisted - variable interest rate	74,564,254	-	2,730,223	8,055,468	57,391,453
Debt securities - held-to-maturity :					
Listed - fixed interest rate	480,499,187	-	22,684,324	67,326,904	307,240,724
Listed - variable interest rate	6,048,110	-	332,970	998,910	1,004,460
Unlisted - fixed interest rate	148,129,880	-	6,854,323	20,221,391	134,192,987
Short-term debt securities:					
Commercial paper/Treasury bills	20,212,834	-	20,212,834	-	-
Club debentures	163,176	163,176	-	-	-
Equity securities - available-for-sale:					
Listed securities	193,067,821	193,067,821	-	-	-
Unlisted securities	21,864,974	21,864,974	-	-	-
Equity securities - at fair value through profit or loss:					
Unlisted securities	1,664,642	1,664,642	-	-	-
Loans and receivables	157,056,549	59,307,659	97,748,890	-	-
Reinsurance contracts	21,030,308	-	981,128	(7,736,467)	(128,828,970)
Deferred acquisition cost	9,726,024	-	-	-	-
Unit-linked funds - at fair value through profit or loss	276,469,941	276,469,941	-	-	-
Derivative Assets - at fair value through profit or loss	14,200,593	-	-	-	14,457,453
Cash and cash equivalents	72,267,320	72,267,320	-	-	-
<b>Total</b>	<b>4,238,437,805</b>	<b>624,805,533</b>	<b>257,629,696</b>	<b>392,293,764</b>	<b>7,141,238,293</b>

<b>Liabilities</b>	<b>Carrying amount 31-Dec-21</b>	<b>No stated maturity</b>	<b>Within 1 year</b>	<b>Between 2 and 4 years</b>	<b>5 years or above</b>
Policy reserve	2,690,539,761	-	(98,107,137)	(54,601,667)	10,500,617,737
Claims payable	22,968,579	228,132	22,740,447	-	-
Dividend on deposit to policyholders	97,440,346	97,440,346	-	-	-
Policyholder account balance	595,554,496	580,060,335	15,494,161	-	-
Premiums received in advance	3,746,800	-	3,746,800	-	-
Dividend payable to policyholders	9,044,879	-	9,044,879	-	-
Lease Liability	27,629,689	-	5,263,116	17,638,996	5,029,976
Other payables	16,166,603	2,692,422	13,474,181	-	-
Unit-linked liabilities	276,469,941	276,469,941	-	-	-
Commission payable	6,979,575	-	6,979,575	-	-
Reinsurance contracts payable	9,690,120	-	9,690,120	-	-
Current tax liabilities	718,333	-	718,333	-	-
Derivative liabilities - at fair value through profit or loss	17,996,863	-	72,092	2,389,579	1,077,739
Unearned revenue reserve	5,539,941	-	-	-	-
<b>Total</b>	<b>3,780,485,926</b>	<b>956,891,176</b>	<b>(10,883,433)</b>	<b>(34,573,092)</b>	<b>10,506,725,452</b>
<b>Difference in cash flows</b>		<b>(332,085,643)</b>	<b>268,513,129</b>	<b>426,866,856</b>	<b>(3,365,487,159)</b>

The following table analyses the contractual/expected timing of undiscounted cash flows as at 31 December 2020 (in US Dollars):

<b>Assets</b>	<b>Carrying amount 31-Dec-20</b>	<b>No stated maturity</b>	<b>Within 1 year</b>	<b>Between 2 and 4 years</b>	<b>5 years or above</b>
Right of use asset	5,635,619	-	-	-	-
Property, plant and equipment	2,729,747	-	-	-	-
Intangible assets	5,399,592	-	-	-	-
Debt securities - available-for-sale:					
Listed - fixed interest rate	1,378,389,697	-	52,525,860	145,153,205	5,332,135,298
Listed - variable interest rate	6,142,406	-	374,450	1,123,350	6,607,412
Unlisted - fixed interest rate	1,241,811,293	-	48,027,305	140,909,563	1,897,836,163
Unlisted - variable interest rate	12,705,087	-	607,138	1,821,413	18,627,917
Debt securities - held-to-maturity :					
Listed - fixed interest rate	483,402,424	-	22,636,324	67,586,367	735,080,702
Listed - variable interest rate	6,174,981	-	332,970	998,910	6,349,133
Unlisted - fixed interest rate	150,011,694	-	6,908,073	20,569,811	272,071,943
Short-term debt securities:					
Commercial paper/Treasury bills	14,612,138	-	14,612,138	-	-
Club debentures	164,224	164,224	-	-	-
Equity securities - available-for-sale:					
Listed securities	177,857,889	177,857,889	-	-	-
Unlisted securities	4,591,268	4,591,268	-	-	-
Equity securities - at fair value through profit or loss:					
Unlisted securities	2,507,357	2,507,357	-	-	-
Loans and receivables	155,112,527	60,677,830	74,695,857	-	18,750,000
Reinsurance contracts	22,904,186	-	557,904	(4,244,614)	(117,545,796)
Deferred acquisition cost	10,624,387	-	-	-	-
Unit-linked funds - at fair value through profit or loss	313,967,226	313,967,226	-	-	-
Derivative Assets - at fair value through profit or loss	53,907,881	-	16,541,619	-	37,983,285
Cash and cash equivalents	31,047,335	31,047,335	-	-	-
Current tax assets	171,014	-	-	-	-
<b>Total</b>	<b>4,079,869,972</b>	<b>590,813,129</b>	<b>237,819,638</b>	<b>373,918,005</b>	<b>8,207,896,057</b>

<b>Liabilities</b>	<b>Carrying amount 31-Dec-20</b>	<b>No stated maturity</b>	<b>Within 1 year</b>	<b>Between 2 and 4 years</b>	<b>5 years or above</b>
Policy reserve	2,647,069,591	-	(109,691,972)	(47,393,842)	8,458,413,414
Claims payable	15,017,181	228,782	14,788,398	-	-
Dividend on deposit to policyholders	89,036,415	89,036,415	-	-	-
Policyholder account balance	507,936,294	487,147,112	21,003,747	-	-
Premiums received in advance	3,018,824	-	3,018,824	-	-
Dividend payable to policyholders	11,362,860	-	11,362,860	-	-
Lease Liability	5,810,495	-	6,158,250	5,901,656	-
Other payables	17,156,769	3,537,430	13,240,225	-	-
Unit-linked liabilities	313,967,225	313,967,225	-	-	-
Commission payable	7,227,132	-	7,227,132	-	-
Reinsurance contracts payable	15,714,933	-	15,714,933	-	-
Current tax liabilities	(171,014)	-	(171,014)	-	-
Derivative liabilities - at fair value through profit or loss	17,107,260	-	902,394	563,880	17,409,327
Unearned revenue reserve	5,593,061	-	-	-	-
<b>Total</b>	<b>3,655,847,026</b>	<b>893,916,964</b>	<b>(16,446,223)</b>	<b>(40,928,306)</b>	<b>8,475,822,741</b>
<b>Difference in cash flows</b>		<b>(303,103,835)</b>	<b>254,265,861</b>	<b>414,846,311</b>	<b>(267,926,684)</b>

#### 4.2.4 Unit-linked contracts

For unit-linked contracts, the Company matches all the assets on which the unit prices are based with assets in the portfolio. There is therefore no currency, credit, or interest rate risk for these contracts that are borne by the Company.

	Investment held at risk of insurance contract holders		Investment held at risk of investment contract holders	
	2021	2020	2021	2020
<b>Unit-linked fund</b>				
At fair value through profit or loss				
- Unlisted	166,887,065	188,369,037	109,582,876	125,598,189
<b>Total unit-linked fund assets</b>	<b>166,887,065</b>	<b>188,369,037</b>	<b>109,582,876</b>	<b>125,598,189</b>
<b>Total unit-linked fund liabilities</b>	<b>166,887,065</b>	<b>188,369,037</b>	<b>109,582,876</b>	<b>125,598,189</b>

#### 4.2.5 Capital management

The Company's objectives when managing capital are:

- To comply with the solvency maintenance requirements set out in the Hong Kong Insurance Ordinance. The Company manages its capital on a basis of 150% of its minimum regulatory capital position as presented in the table below. Management considers the quantitative threshold of 150% sufficient to maximize shareholders' return and to support the capital required to write each of its businesses;
- To safeguard the Company's ability to continue as a going concern basis so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The local insurance regulator specifies the minimum amount and type of capital that must be held in addition to their insurance liabilities. The minimum required surplus (capital) (presented in the table below) must be maintained at all times throughout the year. The Company has embedded in its Asset Liability Management Framework the necessary tests to ensure continuous and full compliance with such regulations.

The table below summarizes the minimum required surplus (capital) across the Company and the regulatory capital held against each of them.

	2021	2020
Actual surplus	454,650,872	420,578,237
Required surplus	145,175,635	141,580,689
Actual / Required surplus	313%	297%

Effective from 31 December 2011, the Company signed a subordinated loan agreement with Chubb Tempest Life Reinsurance Ltd. that Chubb Tempest Life Reinsurance Ltd. would make available subordinated loan to the Company for a loan or a series of loans in aggregate principle amount of US\$15,000,000 upon request by the Company. Such amount was subsequently raised to US\$35,000,000 in 2020. The subordinated loan is unsecured, at a fixed interest rate of 1% per annum. The facility is open-ended with repayment subject to regulatory approval. As of 31 December 2021, the Company has no request on the subordinated loan.

The Company has no external borrowing. The capital of the company represents the share capital as described in Note 12.

Certain financial assets and financial liabilities of the Company are subject to enforceable master netting arrangements or similar agreements. The agreement between the Company and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such mutual consent, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. These financial assets and financial liabilities of the Company are not offset in accordance with HKFRS.

As at 31 December 2021, the amount of the financial assets and financial liabilities subject to enforceable master netting arrangements or similar agreements is not material to the Company.

### 4.3 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets and liabilities that are measured at fair value as at 31 December 2021

31 December 2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Unit-linked funds	278,134,583	-	-	278,134,583
- Derivative	-	14,200,593	-	14,200,593
Available-for-sale financial assets				
- Equity securities	193,067,821	78,815	21,786,159	214,932,795
- Debt securities	-	2,800,860,043	163,176	2,801,023,219
<b>Total assets</b>	<b>471,202,404</b>	<b>2,815,139,451</b>	<b>21,949,335</b>	<b>3,308,291,190</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Insurance contracts	166,887,065	-	-	166,887,065
- Investment contracts	109,582,876	-	-	109,582,876
- Derivatives	-	17,996,863	-	17,996,863
<b>Total liabilities</b>	<b>276,469,941</b>	<b>17,996,863</b>	<b>-</b>	<b>294,466,804</b>

The following table presents the Company's financial assets and liabilities that are measured at fair value as at 31 December 2020

31 December 2020	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Unit-linked funds	316,474,583	-	-	316,474,583
- Derivative	-	53,907,881	-	53,907,881
Available-for-sale financial assets				
- Equity securities	177,857,889	37,200	4,554,068	182,449,157
- Debt securities	-	2,653,660,620	164,225	2,653,824,845
<b>Total assets</b>	<b>494,332,472</b>	<b>2,707,605,701</b>	<b>4,718,293</b>	<b>3,206,656,466</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Insurance contracts	188,369,037	-	-	188,369,037
- Investment contracts	125,598,189	-	-	125,598,189
- Derivatives	-	17,107,260	-	17,107,260
<b>Total liabilities</b>	<b>313,967,226</b>	<b>17,107,260</b>	<b>-</b>	<b>331,074,486</b>

The fair value of financial instruments traded in active markets is based on quoted market prices as at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices for unit-linked funds and equity instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of currency forward with Chubb Tempest Life Reinsurance Ltd. is calculated with reference to the forward exchange rate quoted from Bloomberg.
- The fair value of debt investments, cross currency swap contracts and forward contracts managed by PIMCO are provided by Intercontinental Exchange, Inc. ("ICE") (formerly known as Interactive Data (Hong Kong) Limited) which is based on market data. ICE utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information and for structured securities, cash flow and, when available, loan performance data.

One of the level 3 assets as at 31 December 2021 is the club debentures which are carried at the transaction price at initial recognition. The carrying amount is US\$163,176 (2020: US\$164,224) which represented approximately 0.00% (2020: 0.01%) of the total assets as at 31 December 2021. No sensitivity test was performed because it is not material to the total portfolio.

Another level 3 assets as at 31 December 2021 is private equity funds. The valuations are produced in accordance with International Private Equity & Venture Capital Valuation ("IPEV") guidelines.

In the absence of an active market, the fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors, or the price at which similar companies have changed ownership. The exercise of judgement is required because of uncertainties inherent in estimating fair value for private equity investments. Given the bespoke nature of the analysis in respect of each holding, it is not practical to quote a range of key unobservable inputs

The following table presents the change in level 3 instruments for the year ended 31 December 2021:

	<b>Debt securities at available-for-sale</b>
At 1 January 2021	164,224
Foreign exchange losses	(1,048)
At 31 December 2021	163,176
<b>Total losses for the year included in profit or loss for assets held at the end of the reporting period</b>	<b>(1,048)</b>

	<b>Private equities at available-for-sale</b>
At 1 January 2021	4,554,068
Payments for purchases	16,089,301
Proceeds from distribution	(319,054)
Net unrealised gains recognised in profit or loss during the year	1,461,844
At 31 December 2021	21,786,159
<b>Total gains for the year included in profit or loss for assets held at the end of the reporting period</b>	<b>1,461,844</b>

The following table presents the change in level 3 instruments for the year ended 31 December 2020:

	<b>Debt securities at available-for-sale</b>
At 1 January 2020	163,037
Foreign exchange gains	1,187
At 31 December 2020	164,224
<b>Total gains for the year included in profit or loss for assets held at the end of the reporting period</b>	<b>1,187</b>



	Private equities at available-for-sale
At 1 January 2020	1,558,037
Payments for purchases	2,936,912
Proceeds from distribution	-
Net unrealised gains recognised in profit or loss during the year	59,119
At 31 December 2020	4,554,068
<b>Total gains for the year included in profit or loss for assets held at the end of the reporting period</b>	<b>59,119</b>

## Note 5 Property, plant and equipment

	Furniture, fittings and equipment	Computer equipment	Telecom. equipment	Total
<b>At 1 January 2020</b>				
Cost	7,249,707	4,848,711	568,569	12,666,987
Accumulated depreciation	(4,927,606)	(3,920,490)	(556,400)	(9,404,496)
<b>Net book amount</b>	<b>2,322,101</b>	<b>928,221</b>	<b>12,169</b>	<b>3,262,491</b>
<b>Year ended 31 December 2020</b>				
Opening net book amount	2,322,101	928,221	12,169	3,262,491
Additions	213,625	258,286	8,306	480,217
Disposals	-	(6,129)	-	(6,129)
Depreciation charge (Note 24(e))	(652,979)	(346,754)	(7,099)	(1,006,832)
<b>Closing net book amount</b>	<b>1,882,747</b>	<b>833,624</b>	<b>13,376</b>	<b>2,729,747</b>
<b>At 31 December 2020</b>				
Cost	7,463,332	4,327,152	533,399	12,323,883
Accumulated depreciation	(5,580,585)	(3,493,528)	(520,023)	(9,594,136)
<b>Net book amount</b>	<b>1,882,747</b>	<b>833,624</b>	<b>13,376</b>	<b>2,729,747</b>
<b>Year ended 31 December 2021</b>				
Opening net book amount	1,882,747	833,624	13,376	2,729,747
Additions	14,901	260,907	-	275,808
Disposals	-	-	-	-
Depreciation charge (Note 24(e))	(539,610)	(346,808)	(4,617)	(891,035)
<b>Closing net book amount</b>	<b>1,358,038</b>	<b>747,723</b>	<b>8,759</b>	<b>2,114,520</b>
<b>At 31 December 2021</b>				
Cost	7,478,233	4,588,059	533,399	12,599,691
Accumulated depreciation	(6,120,195)	(3,840,336)	(524,640)	(10,485,171)
<b>Net book amount</b>	<b>1,358,038</b>	<b>747,723</b>	<b>8,759</b>	<b>2,114,520</b>

A depreciation charge of US\$146,449 (2020: US\$149,292) of total depreciation of US\$891,035 (2020: US\$1,006,832) was charged back to Chubb INA International Holdings, Ltd. and US\$744,586 (2020: US\$857,540) has been charged in operating expenses.

**Note 5(a) Right-of-use asset**

<i>Cost</i>	US\$
At 1 January 2021, as previously reported	17,415,658
During for the year	27,844,726
<b>Balance as at 31 December 2021</b>	<b>45,260,384</b>
<i>Accumulated depreciation</i>	
At 1 January 2021	(11,780,039)
Depreciation charge for the year	(5,895,562)
<b>At 31 December 2021</b>	<b>(17,675,601)</b>
<i>Net book value</i>	
<b>At 31 December 2021</b>	<b>27,584,783</b>
<i>Cost</i>	
At 1 January 2020, as previously reported	17,415,658
During for the year	-
<b>Balance as at 31 December 2020</b>	<b>17,415,658</b>
<i>Accumulated depreciation</i>	
At 1 January 2020	(5,886,983)
Depreciation charge for the year	(5,893,056)
<b>At 31 December 2020</b>	<b>(11,780,039)</b>
<i>Net book value</i>	
<b>At 31 December 2020</b>	<b>5,635,619</b>

(i) *The Company's leasing activities and how these are accounted for*

The Company leases the office. Rental contract is typically made for fixed periods but may have extension options as described in (ii) below.

(ii) *Extension and termination options*

Extension and termination options are included in the lease, across the Company. These are used to maximize operational flexibility in terms of managing the assets used in the company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the lessor.

## Note 6 Intangible assets

US\$	Computer software	Agency intangible	Total
<b>At 1 January 2020</b>			
Cost	7,733,886	2,482,683	10,216,569
Accumulated amortization	(4,851,847)	(2,423,750)	(7,275,597)
Net book amount	2,882,039	58,933	2,940,972
<b>Year ended 31 December 2020</b>			
Opening net book amount	2,882,039	58,933	2,940,972
Additions	3,347,569	-	3,347,569
Disposals	-	-	-
Amortization charge (Note 24(e))	(876,543)	(12,406)	(888,949)
Closing net book amount	5,353,065	46,527	5,399,592
<b>At 31 December 2020</b>			
Cost	11,081,455	2,482,683	13,564,138
Accumulated amortization	(5,728,390)	(2,436,156)	(8,164,546)
Net book amount	5,353,065	46,527	5,399,592
<b>Year ended 31 December 2021</b>			
Opening net book amount	5,353,065	46,527	5,399,592
Additions	1,745,193	-	1,745,193
Disposals	-	-	-
Amortization charge (Note 24(e))	(1,442,445)	(12,406)	(1,454,851)
Closing net book amount	5,655,813	34,121	5,689,934
<b>At 31 December 2021</b>			
Cost	12,826,648	2,482,683	15,309,331
Accumulated amortization	(7,170,835)	(2,448,562)	(9,619,397)
Net book amount	5,655,813	34,121	5,689,934

Amortization expense of US\$1,454,851 (2020: US\$888,949) has been charged in other operating expenses.

## Note 7 Financial instruments

The Company's financial instruments are summarized by measurement category in the tables below:

	2021	2020
Held-to-maturity	634,677,177	639,589,099
Available-for-sale	3,015,956,014	2,836,274,002
Fair value through profit or loss	292,335,176	370,382,464
Loans and receivables (Note 8)	157,056,549	155,112,527
<b>Total financial assets</b>	<b>4,100,024,916</b>	<b>4,001,358,092</b>

The current portion of financial assets is US\$3,456,145,423 (2020: US\$3,313,175,999), the remaining being non-current.

	2021	2020
Fair value through profit or loss, including derivatives	(17,996,863)	(17,107,260)
<b>Total derivative liabilities</b>	<b>(17,996,863)</b>	<b>(17,107,260)</b>

The current portion of derivative liabilities due within one year is US\$72,092 (2020: US\$902,394).

The financial instruments included in each of the categories above are detailed in the tables below.

<b>Held-to-maturity financial assets</b>	2021	2020
At amortized cost:		
Long-term debt securities:		
Listed – fixed interest rate	480,499,187	483,402,424
Listed – variable interest rate	6,048,110	6,174,981
Unlisted – fixed interest rate	148,129,880	150,011,694
<b>Total held-to-maturity financial assets</b>	<b>634,677,177</b>	<b>639,589,099</b>

There was no financial assets reclassified out of the available-for-sale category into held-to-maturity category in 2021.

Available-for-sale financial assets	2021	2020
Equity securities		
Listed	193,067,821	177,857,889
Unlisted	21,864,974	4,591,268
Total equity securities	214,932,795	182,449,157
Long-term debt securities		
Listed – fixed interest rate	1,306,062,130	1,378,389,697
Listed – variable interest rate	24,233,693	6,142,406
Unlisted – fixed interest rate	1,375,787,133	1,241,811,293
Unlisted – variable interest rate	74,564,253	12,705,087
	2,780,647,209	2,639,048,483
Short-term debt securities		
Listed – fixed interest rate	10,399,392	-
Unlisted – fixed interest rate	9,813,442	14,612,138
Club debentures	163,176	164,224
Total debt securities	2,801,023,219	2,653,824,845
<b>Total available-for-sale financial assets</b>	<b>3,015,956,014</b>	<b>2,836,274,002</b>
<b>Financial assets at fair value through profit or loss</b>	<b>2021</b>	<b>2020</b>
Unit trusts	1,664,642	2,507,357
Unit-linked funds – insurance contracts (Note 4.2.4)	166,887,065	188,369,037
Unit-linked funds – investment contracts (Note 4.2.4)	109,582,876	125,598,189
Derivative assets	14,200,593	53,907,881
<b>Total financial assets at fair value through profit or loss</b>	<b>292,335,176</b>	<b>370,382,464</b>

Unit-linked funds represent investments in investment fund units.

Derivative liabilities at fair value through profit or loss	2021	2020
Derivative liabilities	(17,996,863)	(17,107,260)
<b>Total derivative liabilities</b>	<b>(17,996,863)</b>	<b>(17,107,260)</b>

Movement of financial instruments are detailed in the table below:

	Available for sale	Held to Maturity	Fair value through profit or loss		Total
			Non-derivatives	Derivatives	
<b>At the beginning of 2020</b>	2,328,396,769	643,764,694	282,830,513	(24,487,401)	3,230,504,575
Exchange difference on assets	2,084,459	-	-	-	2,084,459
Additions	763,440,854	-	24,689,709	-	788,130,563
Disposals	(431,088,511)	-	(48,041,075)	(866,679)	(479,996,265)
Reclassified as held-to-maturity	-	-	-	-	-
Amortization	(2,759,155)	(4,175,595)	-	-	(6,934,750)
Interest accrual for Interest Rate Swap	-	-	-	2,097,560	2,097,560
Impairment	(228,524)	-	-	-	(228,524)
Net fair value gain (Note 20)	176,428,110	-	56,995,436	60,057,141	293,480,687
<b>At 31 December of 2020</b>	<b>2,836,274,002</b>	<b>639,589,099</b>	<b>316,474,583</b>	<b>36,800,621</b>	<b>3,829,138,305</b>
<b>At the beginning of 2021</b>	2,836,274,002	639,589,099	316,474,583	36,800,621	3,829,138,305
Exchange difference on assets	(736,021)	-	-	-	(736,021)
Additions	536,818,678	-	24,793,518	-	561,612,196
Disposals	(249,718,470)	(500,000)	(54,730,405)	(16,674,943)	(321,623,818)
Reclassified as held-to-maturity	-	-	-	-	-
Amortization	(2,142,013)	(4,411,922)	-	-	(6,553,935)
Interest accrual for interest rate swap	-	-	-	10,608,495	10,608,495
Impairment	-	-	-	-	-
Net fair value loss (Note 20)	(104,540,162)	-	(8,403,113)	(34,530,443)	(147,473,718)
<b>At 31 December of 2021</b>	<b>3,015,956,014</b>	<b>634,677,177</b>	<b>278,134,583</b>	<b>(3,796,270)</b>	<b>3,924,971,504</b>

## Note 8 Loans and receivables

	2021	2020
Receivables arising from insurance and reinsurance contracts		
Premiums receivable	12,639,544	12,077,465
Due from reinsurers	18,731,596	19,271,357
Other loans and receivables		
Policy loans	58,160,991	59,436,977
Advances to agents and brokers	186,334	282,488
Accrued investment income (Note 4.2.2)	38,957,687	37,282,347
Receivables from related parties (Note 29)	1,566,027	2,008,453
Other receivables	26,814,370	24,753,440
<b>Total loans and receivables</b>	<b>157,056,549</b>	<b>155,112,527</b>
	2021	2020
Current portion		
Premiums receivable	12,639,544	12,077,465
Due from reinsurers	18,731,596	19,271,357
Accrued investment income	38,957,687	37,282,347
Receivables from related parties	1,566,027	2,008,453
Other receivables	6,374,036	4,798,093
	78,268,890	75,437,715
Non-current portion		
Policy loans	58,160,991	59,436,977
Advances to agents and brokers	186,334	282,488
Other receivables	20,440,334	19,955,347
	78,787,659	79,674,812
<b>Total loans and receivables</b>	<b>157,056,549</b>	<b>155,112,527</b>

Policy loans are fully collateralized by the cash values of the underlying policies. As of 31 December 2021 and 2020 the estimated fair values of loans and receivables approximate the carrying amounts.



## Note 9 Derivative financial instruments

The Company has two types of derivative financial instruments, namely Currency Forward and Interest Rate Swap.

Under the Currency Forward with Chubb Tempest Life Reinsurance Ltd. which was first effective on 30 December 2011, the Company was under obligation to receive Hong Kong dollars and deliver United States dollars at an agreed price from 90 days after the effective date or rollover date of the agreement. The Company intends to rollover the forward contract every 90 days. No collateral is required as long as the value of Currency Forward is below US\$25 million. Collateral is required when the derivative value is above US\$25 million. Maximum exposure for both parties is US\$50 million. Value of the derivative is settled every five years. As of 31 December 2021, the notional amount of the contract was US\$125 million (2020: US\$125 million).

Under the Interest Rate Swap with Chubb Tempest Life Reinsurance Ltd. effective on 30 December 2011, the Company pays market floating rate in return of a fixed rate against the volatile market interest environment. The variable interest rate is referenced to the Hong Kong 6 months HIBOR and is reset semi-annually. No collateral is required as long as the value of Interest Rate Swap is below US\$25 million. Collateral is required when the derivative value is above US\$25 million for three consecutive months. Maximum collateral amount for both parties is US\$30 million. The notional amount of the interest rate swap contract is US\$ 650 million (2020: US\$650 million). The interest rate swap reduces the surplus volatility due to reserve movement from further drop of Hong Kong dollars interest rates. Maximum exposure for both parties is US\$50 million.

Under the currency derivative arrangement managed by PIMCO effective on 23 April 2012, PIMCO would manage the currency derivative to exchange Hong Kong dollars from United States dollars. As of 31 December 2021, the notional amount of Cross Currency Swap contracts was nil (2020: nil). As of 31 December 2021, there were Currency Forward contracts with notional US\$1,169million (2020: US\$891 million) (with net currency exposure of US\$611 million (2020: US\$570 million)). A maximum of 4% of the total portfolio value are held in cash or short-term investments at the discretion of PIMCO for potential collateral requirement. As at 31 December 2021, the collateral assets were amounted to US\$19,480,000 (2020: US\$18,990,000).

## Note 10 Deferred acquisition costs related to investment contracts

	2021	2020
Balance as at 1 January	10,624,387	11,954,346
Additions	272,341	429,166
Impact of assumption changes	(213,493)	-
Less: amortization	(957,211)	(1,759,125)
<b>Balance as at 31 December</b>	<b>9,726,024</b>	<b>10,624,387</b>

## Note 11 Cash and cash equivalents

	2021	2020
As at 31 December		
Cash at bank and on hand	72,267,320	31,047,335
<b>Total cash at bank and on hand</b>	<b>72,267,320</b>	<b>31,047,335</b>

## Note 12 Equity and reserve

	2021	2020
Share capital - common shares		
Authorized:		
340,000,000 (2020: 340,000,000) shares of par value US\$1.00 each	340,000,000	340,000,000
Issued and fully paid:		
300,072,049 (2020: 300,072,049) shares of par value US\$1.00 each	300,072,049	300,072,049
Unearned stock grant compensation reserve	932,337	237,279
Accumulated losses	(285,553,750)	(426,864,461)
Investment revaluation reserve		
At 1 January	550,407,064	377,221,450
Net change in fair value of available-for-sale financial assets	(104,540,162)	176,428,110
Amortization of unrealized gain of held-to-maturity assets	(3,365,659)	(3,242,496)
At 31 December	442,501,243	550,407,064
<b>Total</b>	<b>457,951,879</b>	<b>423,851,931</b>

There was no change in authorized share capital and issued common shares during the year (2020: nil).

## Note 13 Insurance liabilities and reinsurance assets

### (a) Insurance contract liabilities and reinsurance assets

Year ended 31 December	2021			2020		
Long-term insurance liabilities	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At beginning of year	2,647,069,591	(22,904,186)	2,624,165,405	2,146,898,063	(22,216,356)	2,124,681,707
Valuation premiums received	218,551,404	1,873,878	220,425,282	255,591,270	(687,830)	254,903,440
Liabilities released for payments on termination in the year	(63,538,817)	-	(63,538,817)	(59,907,025)	-	(59,907,025)
Interest credit	57,527,884	-	57,527,884	52,553,467	-	52,553,467
Other movements *	(169,070,301)	-	(169,070,301)	251,933,816	-	251,933,816
<b>At end of year</b>	<b>2,690,539,761</b>	<b>(21,030,308)</b>	<b>2,669,509,453</b>	<b>2,647,069,591</b>	<b>(22,904,186)</b>	<b>2,624,165,405</b>
Policy contract claims	22,968,579	-	22,968,579	15,017,181	-	15,017,181
<b>At end of year</b>	<b>2,713,508,340</b>	<b>(21,030,308)</b>	<b>2,692,478,032</b>	<b>2,662,086,772</b>	<b>(22,904,186)</b>	<b>2,639,182,586</b>

\* Other movement mainly represent the impact of assumption change, bonus payment, expected claims for in-force. For the impact of assumption change, please refer to Note 13(b)(ii) Changes in assumptions.

Net insurance liabilities	2021	2020
Long-term insurance liabilities with DPF	2,185,782,319	2,137,478,413
Policy contract claims with DPF	1,416,580	6,336,913
<b>Total with DPF</b>	<b>2,187,198,899</b>	<b>2,143,815,326</b>
Long-term insurance liabilities without DPF	483,727,134	486,686,992
Policy contract claims without DPF	21,551,999	8,680,268
<b>Total without DPF</b>	<b>505,279,133</b>	<b>495,367,260</b>
<b>At end of year</b>	<b>2,692,478,032</b>	<b>2,639,182,586</b>

## **(b) Assumptions and changes in assumptions**

### **(i) Process used to decide on assumptions**

For insurance contracts, estimates are made in two stages. At inception of the contract, the Company determines assumptions in relation to future deaths (or other morbidity rates for critical illness, hospitalization, accident and disability), investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to the mortality, morbidity and investment return assumptions.

Subsequently, new estimates are developed at each reporting date to determine the liabilities based on the latest estimates. The Company carries out claim experience study annually to review the actual experience against previous estimates, and determined if changes are necessary.

The process used in determining the assumptions used for valuing the insurance contracts disclosed in this note are as follows:

#### **Investment return**

The determination of long term policyholder liabilities by the Company incorporates the latest local regulatory requirements. It is a weighted average rate of investment return derived from the yield on the existing financial assets and the yield on sums to be invested in the future. The yield on existing financial assets is the expected return of different asset type that is normally benchmarked to the latest market information, except for the held-to-maturity securities to which the book yield at the date of classification of held-to-maturity is applied. The yield on sums to be invested in the future is based on the average of the yield at the valuation date and the forward-looking yield, which is the average yield for the last five preceding years.

#### **Mortality**

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into the Company's experience over the most recent three years is performed to derive our own assumptions based on the chosen mortality table.

For most whole life basic plans, One-and-a-Half Years Full Preliminary Term Net Premium Valuation Method with 2.55% / 1.90% interest rate for United States dollars/Hong Kong dollars currency respectively and 55% HKA01 mortality table is used to reflect the initial acquisition expenses and sufficiently provide the contractual benefits, while unearned net premium valuation method is used for supplementary contracts.

#### **Morbidity**

##### *Critical illnesses*

The rate of diagnosis of critical illnesses and recovery from disability is derived from reinsurers' information, adjusted where appropriate for the Company's own experience.

##### *Hospitalization, accident and disability*

The company uses assumptions based on the Company's internal experience to measure its claims liabilities. Internal experience is derived mostly from the Company's annual claims studies.

#### **Expense**

Expense reserve is set up based on marginal maintenance expense after policies are paid up. The expense assumption is based on the cost that would be likely to be incurred in fulfilling existing contract obligations.

### **(ii) Changes in assumptions**

Changes in assumptions resulted in the total reserve being decreased by US\$104.2 million in year 2021. The changes in assumptions have been updated as follows:

- (a) The maximum valuation interest rate was revised from 2.45% and 1.70% in 2020 to 2.55% and 1.90% for United States dollars and Hong Kong dollars respectively in 2021 in view of the interest rate market change for the respective currencies. A lower valuation interest is used for products with a lower guaranteed cash value interest or dividend interest rate. The average valuation interest rate weighted by the liability reserve was 2.35%. Policy reserves were decreased by US\$108.1 million in 2021 due to the change of the valuation interest rate.
- (b) The assumptions were updated based on the latest experience. The statutory reserve was increased by US\$3.9 million mainly due to the change in expense and dividend assumptions.

**(c) Financial liabilities**

**(i) Unit-linked liabilities for insurance contracts**

	2021	2020
Year ended 31 December	Gross & Net	Gross & Net
At beginning of year	188,369,037	158,987,976
Premiums (net of charges) received	13,137,479	13,379,599
Liabilities released for payments on termination in the year	(28,213,290)	(24,289,695)
Change in unit-prices	(6,406,161)	40,291,157
At end of year	166,887,065	188,369,037

**(ii) Unit-linked liabilities for investment contracts**

	2021	2020
Year ended 31 December	Gross & Net	Gross & Net
At beginning of year	125,598,189	120,451,502
Premiums (net of charges) received	11,180,476	10,855,425
Liabilities released for payments on termination in the year	(25,748,837)	(22,593,310)
Change in unit-prices	(1,479,840)	16,803,326
Other movements	32,888	81,246
At end of year	109,582,876	125,598,189

The liability for unit-linked investment contracts represents the account values of the policies.

The benefits offered under the Company's unit-linked contracts are based on the return of investment funds. This investment mix is unique, it cannot be associated with an individual benchmark index with a sufficiently high correlation with the asset selection operated by the Company of its linked funds. The Company invested in the following fund houses: INVESCO Asset Management Asia Ltd., Baring Asset Management (Asia) Ltd., BNP Paribas Investment Partners Asia Ltd., Fidelity Investments Management (HK) Ltd., JP Morgan Funds (Asia) Ltd., First Sentier Investors (HK) Ltd., abrdn Hong Kong Ltd., Amundi Hong Kong Ltd. and Schroder Investment Management (Hong Kong) Ltd..

All financial interests held under unit-linked products are designated by the Company as fair value through profit or loss account. The liabilities originating from unit-linked contracts are measured with reference to their respective underlying assets of these contracts.

**Note 14 Unearned revenue reserve related to investment contracts**

	2021	2020
Balance as at 1 January	5,593,061	5,882,743
Additions	270,760	316,555
Impact of assumption change	(57,305)	-
Less: amortization	(266,575)	(606,237)
Balance as at 31 December	5,539,941	5,593,061

**Note 15 Other payables**

	2021	2020
Amount due to related parties (Note 29)	262,482	2,427,775
Accrued expenses	7,124,864	6,969,810
Employee benefits payable	4,625,861	4,999,109
Payable for purchase of bonds	2,102,912	679,680
Others	2,050,484	2,080,395
Total	16,166,603	17,156,769

The current portion which is due within one year amounts to US\$13,474,181 (2020: US\$13,240,225).

## Note 16 Net insurance premium revenue

	2021	2020
Premium receivable		
New policies		
Single premium	1,397,150	1,352,299
Regular premium	27,895,367	32,003,344
Renewal policies		
Regular premium	312,269,457	333,964,026
Change in due premium		
New policies		
Regular premium	(32,817)	(29,190)
Renewal policies		
Regular premium	597,939	3,763,522
Premium revenue arising from insurance contracts issued	342,127,096	371,054,001
Reinsurance contracts		
New policies		
Regular premium	252,227	(864,457)
Renewal policies		
Regular premium	(22,664,152)	(21,054,794)
Premium revenue ceded to reinsurers on insurance contracts issued	(22,411,925)	(21,919,251)
<b>Net insurance premium revenue</b>	<b>319,715,171</b>	<b>349,134,750</b>

## Note 17 Fee income

	2021	2020
Policy administration and asset management services:		
Insurance contracts		
Policy administration fee	4,208,859	4,077,821
Surrender charges	1,819,090	2,030,908
Ceded premium	(214,404)	(209,242)
<b>Total Fee Income – Insurance Contracts</b>	<b>5,813,545</b>	<b>5,899,487</b>
Investment contracts		
Policy administration fee	2,917,921	2,987,248
Surrender charges	624,347	627,002
<b>Total Fee Income – Investment Contracts</b>	<b>3,542,268</b>	<b>3,614,250</b>

## Note 18 Investment income

	2021	2020
Available-for-sale		
Dividend income	3,536,793	1,873,954
Interest income	104,542,675	95,900,907
Held-to-Maturity		
Interest income	28,831,104	30,010,457
At fair value through profit or loss		
Derivative instrument – interest income	10,622,570	2,200,091
Policy loan interest income	3,982,660	4,184,181
Cash and cash equivalents interest income	1,563	80,286
<b>Total Investment Income</b>	<b>151,517,365</b>	<b>134,249,876</b>

**Note 19 Net realized (losses)/ gains on financial assets**

	2021	2020
Available-for-sale		
Realized (losses) on debt securities	(5,657,146)	(3,619,324)
Impairment losses	-	(228,524)
	(5,657,146)	(3,847,848)
At fair value through profit or loss:		
Realized gains	5,644,931	43,994,387
	(12,215)	40,146,539

**Note 20 Net fair value (losses)/ gains on financial assets at fair value through profit or loss**

	2021	2020
Unit trusts	(517,113)	(99,047)
Unit-linked funds	(7,886,000)	57,094,483
Derivatives	(34,530,443)	60,057,141
	(42,933,556)	117,052,577

**Note 21 Other operating income**

	2021	2020
Reinsurance refund	9,090	4,504
Other income	674,795	1,607,348
	683,885	1,611,852

**Note 22 Insurance benefits and claims**

	2021	2020
Long-term insurance contracts with fixed and guaranteed terms		
Death, maturity and surrender benefits	141,324,109	131,356,480
Increase in reserve liabilities	107,625,187	559,620,165
Interest credit to policyholder	988,852	1,056,357
Long-term insurance contracts without fixed term (unit-linked)		
Death benefit (in excess of account balances)	3,143,167	3,171,260
(Decrease) / Increase in reserve liabilities	(6,347,829)	40,588,543
<b>Total insurance benefits and claims</b>	<b>246,733,486</b>	<b>735,792,805</b>
Recovered from reinsurers		
Insurance benefits and claims recovered from reinsurers	(20,374,439)	(16,948,033)
Decrease / (Increase) in reserve liabilities	1,866,898	(16,292)
<b>Total recovered from reinsurers</b>	<b>(18,507,541)</b>	<b>(16,964,325)</b>

**Note 23 Investment contract benefits**

Investment contract benefits included revaluation loss/gain from unit-linked investment contracts for US\$1,479,840 loss (2020: US\$16,807,327 gain) accrued to the account of the contract holder as the fair value of the net losses (2020: net gains) arising from the underlying linked assets. All these contracts have been designated as fair value through profit or loss upon initial recognition.



## Note 24 Expenses by nature

### (a) Expenses for the acquisition of insurance contracts

Year ended 31 December 2021	Direct	Ceded	Total 2021
Life and annuity			
New policies			
Single	26,453	-	26,453
Regular	18,111,950	(103,228)	18,008,722
Renewal policies			
Regular	11,252,080	(60,368)	11,191,712
	29,390,483	(163,596)	29,226,887
Unit-linked – Insurance contracts			
New policies			
Single	17,104	-	17,104
Regular	667,469	(268)	667,201
Renewal policies			
Regular	461,929	(7,811)	454,118
	1,146,502	(8,079)	1,138,423
Coinurance	-	(63,600)	(63,600)
<b>Total</b>	<b>30,536,985</b>	<b>(235,275)</b>	<b>30,301,710</b>

Year ended 31 December 2020	Direct	Ceded	Total 2020
Life and annuity			
New policies			
Single	25,838	-	25,838
Regular	22,806,220	(98,459)	22,707,761
Renewal policies			
Regular	13,068,372	(66,231)	13,002,141
	35,900,430	(164,690)	35,735,740
Unit-linked – Insurance contracts			
New policies			
Single	11,594	-	11,594
Regular	185,049	(243)	184,806
Renewal policies			
Regular	553,705	(8,590)	545,115
	750,348	(8,833)	741,515
Coinurance	-	(98,031)	(98,031)
<b>Total</b>	<b>36,650,778</b>	<b>(271,554)</b>	<b>36,379,224</b>

**(b) Expenses for the acquisition of investment contracts**

<b>Year ended 31 December 2021</b>	<b>Direct</b>	<b>Ceded</b>	<b>Total</b>
Life and annuity			
New policies			
Single	75,757	-	75,757
Regular	126,392	-	126,392
	202,149	-	202,149
Unit-linked – Investment contracts			
New policies			
Single	115,811	-	115,811
Regular	142,968	-	142,968
Renewal policies			
Regular	35,708	-	35,708
	294,487	-	294,487
<b>Total</b>	<b>496,636</b>	<b>-</b>	<b>496,636</b>

<b>Year ended 31 December 2020</b>	<b>Direct</b>	<b>Ceded</b>	<b>Total</b>
Life and annuity			
New policies			
Single	26,030	-	26,030
Regular	29,075	-	29,075
	55,105	-	55,105
Unit-linked – Investment contracts			
New policies			
Single	72,940	-	72,940
Regular	81,727	-	81,727
Renewal policies			
Regular	67,431	-	67,431
	222,098	-	222,098
<b>Total</b>	<b>277,203</b>	<b>-</b>	<b>277,203</b>

**(c) Expenses for sales and marketing**

	<b>2021</b>	<b>2020</b>
Sales incentive program	1,513,030	2,294,998
Advertising and sponsorship	542,017	569,419
Market research and campaign	55,986	38,376
<b>Total sales and marketing expenses</b>	<b>2,111,033</b>	<b>2,902,793</b>

**(d) Expenses for employee benefits**

	<b>2021</b>	<b>2020</b>
Wages and salaries	15,921,015	16,415,070
Unutilized annual leave	(100,544)	51,144
Pension cost - mandatory provident fund for staff	604,371	683,439
Pension cost - occupational retirement scheme for agents	372,977	269,220
Others	1,432,375	1,447,831
<b>Total employee benefits expenses</b>	<b>18,230,194</b>	<b>18,866,704</b>

**(e) Other operating expenses**

	2021	2020
Depreciation and amortization charges (Note 5 & 6)	2,199,437	1,746,490
Depreciation on right-of-use assets (Note 5)	5,895,562	5,893,057
Office services and utilities	1,182,234	812,965
Legal and professional fee	1,786,126	1,147,220
Auditors' remunerations	286,602	543,509
Foreign exchange (gains) / losses	(5,148,310)	5,948,697
Other expenses	4,009,436	2,958,135
<b>Total operating expenses</b>	<b>10,211,087</b>	<b>19,050,073</b>

**Note 25 Directors' remuneration**

	2021	2020
Pension	32,862	32,136
Share-based payment	149,069	185,191
Other emoluments	617,618	638,583
	799,549	855,910
Director fee	43,750	50,000
<b>Total</b>	<b>843,299</b>	<b>905,910</b>

The aggregate amount of emoluments of the paid directors and the three highest paid directors was US\$843,299 (2020: US\$905,910). Director's remuneration, in respect of their services in connection with the management of the affairs of the Company, of US\$799,549 (2020: US\$855,910) is included in expenses for employee benefits in the statement of profit or loss and other comprehensive income. Independent Non-Executive Director's remuneration of US\$43,750 (2020: US\$50,000) is included in other operating expenses in the statement of profit or loss and other comprehensive income.

**Note 26 Current tax liabilities/(assets)**

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for Hong Kong profits tax purposes, which is based on premium income.

**(a) The amount of taxation charged in the statement of profit or loss and other comprehensive income represents:**

Taxation	2021	2020
Hong Kong Profits Tax	3,095,050	3,174,294
Over provision in prior years	(6,792)	(2,668)
Withholding tax on investment interest income	28	-
<b>Total</b>	<b>3,088,286</b>	<b>3,171,626</b>

**(b) The amount of taxation in the statement of financial position represents:**

	2021	2020
Hong Kong profits tax payable / (receivable)	718,333	(171,014)
<b>Current tax payable / (receivable)</b>	<b>718,333</b>	<b>(171,014)</b>

Hong Kong profits tax is based on premium income. Therefore, no tax will be imposed on other comprehensive income.

## Note 27(a) Cash used in operations

	2021	2020
Profit/(loss) before taxation	144,398,997	(167,047,939)
Finance cost charged from lease liability	79,085	263,161
Share based payment	695,058	237,279
Interest income	(147,980,572)	(132,375,920)
Gain on disposal and amortization of fix assets	-	6,129
Exchange (gain)/ loss	(5,148,310)	5,948,697
Depreciation	8,241,447	7,788,837
Operating profit/ (loss) before working capital changes	285,705	(285,179,756)
Decrease in financial assets - unit trust	842,715	883,679
Increase/(decrease) in financial assets - equity securities	(28,280,237)	147,640,497
Increase in financial assets - debt securities	(262,338,690)	(484,206,069)
Decrease/(increase) in financial assets - unit-link fund insurance contract	21,481,972	(29,381,061)
Decrease/(increase) in financial assets- unit-link fund investment contract	16,009,614	(5,146,687)
Increase in financial assets - premium receivable	(567,296)	(3,742,212)
Decrease/(increase) in financial assets - due from reinsurers	2,145,918	(4,237,444)
Decrease in financial assets - policy loan	5,344,775	4,223,255
Decrease in financial assets - advances to agents	97,941	36,875
Increase in financial assets - accrued investment income	(3,817,353)	(5,832,101)
Increase in financial assets - other receivables	(2,018,920)	(914,577)
Decrease in trade and other receivable amount due from related parties	433,253	6,168,677
Decrease in deferred acquisition costs	898,363	1,329,959
Increase in insurance contracts policy reserve and claims	52,821,663	503,221,955
Decrease in unearned revenue reserve	(53,120)	(289,682)
(Decrease)/increase in insurance contracts dividend payable to policyholders	(2,316,174)	340,598
Increase in insurance contracts dividend on deposit to policyholders	8,403,931	9,495,487
Increase in insurance contracts liabilities and premium received in advance	88,039,269	51,805,661
(Decrease)/increase in financial liabilities - insurance contracts policyholder account balances	(21,481,972)	29,381,061
(Decrease)/increase in financial liabilities - investment contracts policyholder account balances	(16,015,313)	5,146,687
Increase/(decrease) in derivative liabilities	889,603	(7,380,141)
Increase in commission payable	3,461,879	(7,845,434)
(Decrease)/increase in amount payable under reinsurance contract	(6,065,850)	3,732,592
(Decrease)/increase in trade and other payable amount due to related parties	(2,165,293)	2,218,593
Increase/(decrease) in other payable - trade payables and accrued expenses	1,517,283	(4,714,347)
Decrease in other payables - employee benefit	(373,248)	(718,081)
Decrease/(increase) in derivative asset	50,329,858	(51,707,790)
Decrease in other payables	(29,911)	(3,618,845)
<b>Cash outflow used in operations</b>	<b>(92,519,635)</b>	<b>(129,288,651)</b>

The Company classifies the cash flows for the purchase and disposal of financial assets in its operating cash flows, as the purchases are funded from the cash flows associated with the origination of insurance and investment contracts, net of the cash flows for payments of insurance benefits and claims and investment contract benefits.

## Note 27 (b) Reconciliation of liabilities arising from financing activities

	Lease liabilities
At 1 January 2021	5,810,495
Interest on lease liabilities	79,085
New lease during the year	27,844,725
Cash flows	
Lease liability payments	(6,104,616)
At 31 December 2021	27,629,689

## Note 28 Commitments

### (a) Capital commitments

The Company has capital commitments at the end of the year contracted as follows:

	2021	2020
Investment in private equity fund	52,832,286	13,602,533

## Note 29 Related party transactions

The following transactions were carried out with related parties.

### (a) Purchase of services

	2021	2020
Chubb Asset Management, Inc	1,008,008	911,945
The services fee with Chubb Asset Management, Inc included the following:		
<ul style="list-style-type: none"> <li>mainly 0.0175% (2020: 0.0175%) of the average market value of the assets as reported in the quarterly report to the Investment Committee of the Company</li> <li>amounts paid to State Street – Kansas City for Investment Account and Reporting services on behalf of the Company calculating based on 0.01% of the average market value of the assets as reported in the quarterly report to the Investment Committee of the Company</li> <li>certain fee for additional investment advisory services on a consulting and/or administrative support basis</li> </ul>		
Reinsurance treaty with Chubb Tempest Reinsurance Ltd.	69,720	50,400

### (b) Other intercompany expenses/ (income)

	2021	2020
Chubb Asia Pacific Services PTE Ltd.		
Computer services and other expense	80,000	80,000
Chubb Tempest Life Reinsurance Ltd.		
Loss/ (gain) in currency forward	778,826	(866,679)
Net interest income from interest rate swap	(10,608,495)	(2,097,560)
	(9,749,669)	(2,884,239)

### (c) Key management compensation

	2021	2020
Salary and other short-term employee benefits	2,363,230	2,881,745
Post-employment benefits	166,144	196,485
Termination benefits	20,285	19,315
Share-based payment	319,393	408,774
	2,869,052	3,506,319

**(d) Year-end balances**

<b>Receivables from/(Payable to) related parties</b>	<b>2021</b>	<b>2020</b>
Chubb Asia Pacific Services PTE Ltd. (Note 15)	16,219	100,453
Chubb Life Insurance Company Ltd (Vietnam) (Note 8) (formerly known as "ACE Life Insurance Company Ltd (Vietnam)")	95,829	96,445
Chubb INA International Holdings Ltd (Note 8)	1,453,980	1,678,250
Chubb INA SVCS CRAWLEY DT CTR	-	(14,112)
Chubb Tempest Reinsurance Ltd.	(69,720)	(25,200)
Chubb American Insurance Co (Note 8)	(3,773)	27,606
Chubb Indonesia Life (Note 8)	-	105,700
Chubb Asset Management Inc (Note 15)	(258,709)	(240,440)
Chubb INA Services UK Ltd.	-	(49,522)
Chubb Limited	(223,864)	(44,014)
Chubb Tempest Life Reinsurance Ltd. (Note 15)	21,645	(2,123,701)
	<b>1,031,607</b>	<b>(488,535)</b>

<b>Derivative asset / (liabilities) placed in related party</b>	<b>2021</b>	<b>2020</b>
Chubb Tempest Life Reinsurance Ltd. (Note 9)	14,200,593	53,907,881

Except for payable to Chubb Tempest Life Reinsurance Ltd., All the inter-company balances are unsecured, have no fixed terms of repayment and are interest-free.

The general credit term for the payable to Chubb Tempest Life Reinsurance Ltd. is 5 years after the date of settlement of derivative financial instruments. The payable is unsecured in nature and bear no interest.

Effective from 31 December 2011, the Company signed a subordinated loan agreement with Chubb Tempest Life Reinsurance Ltd. that Chubb Tempest Life Reinsurance Ltd. would make available subordinated loan to the Company for a loan or a series of loans in aggregate principle amount of US\$35,000,000 upon request by the Company. As of 31 December 2021, the Company has no request on the subordinated loan.

Note 30 Revenue financial statements and profit or loss account disclosure required under the Hong Kong Insurance Ordinance

30.1 REVENUE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

(in US Dollars)	31 DECEMBER 2021				31 DECEMBER 2020			
	Life & annuity	Permanent health	Linked long-term	Total	Life & annuity	Permanent health	Linked long-term	Total
<b>Revenues</b>								
Gross premium written direct								
New policies - Single	31,780,096	-	4,840,123	36,620,219	11,764,234	-	3,236,806	15,001,040
- Regular	27,865,442	-	1,120,329	28,985,771	31,967,346	(248)	266,460	32,233,558
Renewal policies - Regular	307,223,419	219,462	24,735,156	332,178,037	331,960,423	227,535	27,468,852	359,656,810
Total premium	366,868,957	219,462	30,695,608	397,784,027	375,692,003	227,287	30,972,118	406,891,408
Reinsurance premiums ceded								
New policies - Regular	253,125	-	(898)	252,227	(669,850)	(1,942)	(192,665)	(864,457)
Renewal policies - Regular	(21,204,473)	(125,773)	(1,548,309)	(22,878,555)	(19,812,457)	(135,709)	(1,315,871)	(21,264,037)
Total reinsurance premium ceded	(20,951,348)	(125,773)	(1,549,207)	(22,626,328)	(20,482,307)	(137,651)	(1,508,536)	(22,128,494)
Net premium income	345,917,609	93,689	29,146,401	375,157,699	355,209,696	89,636	29,463,582	384,762,914
Decrease in unearned revenue reserve related to management of investment contracts	(169,568)	-	222,688	53,120	(25,184)		314,866	289,682
Net investment income - Available-for-sale								
Dividend income on equity funds	3,536,793	-	-	3,536,793	1,873,954	-	-	1,873,954
Interest income								
Listed fixed interest bonds	49,738,882	7,969	224,313	49,971,164	46,257,045	7,875	222,288	46,487,208
Listed variable interest bonds	1,261,499	-	-	1,261,499	622,316	-	-	622,316
Unlisted fixed interest bonds	45,305,116	-	-	45,305,116	36,702,638	-	-	36,702,638
Unlisted variable interest bonds	2,657,005	-	-	2,657,005	606,856	-	-	606,856
Government fixed interest bonds	7,489,903	-	-	7,489,903	7,264,426	-	-	7,264,426
Derivatives								
Net amortization of premium	10,622,570	-	-	10,622,570	2,200,091	-	-	2,200,091
Listed fixed interest bonds	(1,322,967)	-	-	(1,322,967)	(618,940)	-	-	(618,940)
Listed variable interest bonds	(37,599)	-	-	(37,599)	(25,503)	-	-	(25,503)
Unlisted fixed interest bonds	(128,268)	-	-	(128,268)	(2,152,537)	-	-	(2,152,537)
Unlisted variable interest bonds	(82,247)	-	-	(82,247)	(11,423)	-	-	(11,423)
Government fixed interest bonds	(570,931)	-	-	(570,931)	(168,885)	-	-	(168,885)

31 DECEMBER 2021 31 DECEMBER 2020

	31 DECEMBER 2021				31 DECEMBER 2020			
	Life & annuity	Permanent health	Linked long-term	Total	Life & annuity	Permanent health	Linked long-term	Total
Net investment income – Held-to-Maturity								
Interest income								
Listed fixed interest bonds	22,636,074	-	-	22,636,074	26,833,921	-	-	26,833,921
Listed variable interest bonds	332,969	-	-	332,969	332,969	-	-	332,969
Unlisted fixed interest bonds	5,607,516	-	-	5,607,516	9,244,903	-	-	9,244,903
Unlisted variable interest bonds	-	-	-	-	-	-	-	-
Government fixed interest bonds	1,300,810	-	-	1,300,810	1,469,924	-	-	1,469,924
Net amortization of premium								
Listed fixed interest bonds	(859,064)	-	-	(859,064)	(144,252)	-	-	(144,252)
Listed variable interest bonds	(57,959)	-	-	(57,959)	(23,441)	-	-	(23,441)
Unlisted fixed interest bonds	(28,108)	-	-	(28,108)	(484,166)	-	-	(484,166)
Unlisted variable interest bonds	-	-	-	-	-	-	-	-
Government fixed interest bonds	(101,134)	-	-	(101,134)	(24,653)	-	-	(24,653)
Fair value net (losses)/gains (excluding net realized (losses)/gains:								
Designated at fair value through profit or loss upon initial recognition	(42,933,556)	-	-	(42,933,556)	117,052,577	-	-	117,052,577
Total net investment income	104,367,304	7,969	224,313	104,599,586	246,807,820	7,875	222,288	247,037,983
Policy loan interest income	3,982,660	-	-	3,982,660	4,184,181	-	-	4,184,181
Cash and cash equivalents interest income	1,563	-	-	1,563	80,286	-	-	80,286
Net realized (loss)/gain on investment	(12,215)	-	-	(12,215)	(16,947,944)	-	-	(16,947,944)
Other income	108,339,312	7,969	224,313	108,571,594	234,124,343	7,875	57,316,771	291,448,989
Total revenue	7,394,944	22	7,727,648	15,122,614	(2,826,717)	11	7,494,616	4,667,910
	461,482,297	101,680	37,321,050	498,905,027	586,482,138	97,522	94,589,835	681,169,495
Expenses								
Increase/(decrease) in long term business reserves								
Long term business reserves	107,532,690	(6,233)	148,392	107,674,849	559,617,205	2,961	244,566	559,864,732
Recoverable from reinsurers	1,883,938	2,870	(19,909)	1,866,899	(39,476)	177	23,008	(16,291)
	109,416,628	(3,363)	128,483	109,541,748	559,577,729	3,138	267,574	559,848,441
Other policyholder benefits								
Surrenders	73,841,393	-	34,593	73,875,986	74,504,401	-	82,933	74,587,334
Dividends to policyholders	12,538,645	-	-	12,538,645	15,561,574	-	-	15,561,574
	86,380,038	-	34,593	86,414,631	90,065,975	-	82,933	90,148,908



31 DECEMBER 2021				31 DECEMBER 2020				
	Life & annuity	Permanent health	Linked long-term	Total	Life & annuity	Permanent health	Linked long-term	Total
Claims								
Death claims	11,841,530	-	396,067	12,237,597	12,618,519	-	685,954	13,304,473
Other claims	43,107,461	2,284	2,828,822	45,938,567	28,672,315	1,582	2,562,268	31,236,165
Total claims	54,948,991	2,284	3,224,889	58,176,164	41,290,834	1,582	3,248,222	44,540,638
Recoverable from reinsurers on death claims	(2,497,742)	-	(266,138)	(2,763,880)	(3,630,878)	-	(77,432)	(3,708,310)
Recoverable from reinsurers on other claims	(17,072,456)	-	(538,103)	(17,610,559)	(12,708,753)	-	(530,970)	(13,239,723)
Total claims recoverable from reinsurers	(19,570,198)	-	(804,241)	(20,374,439)	(16,339,631)	-	(608,402)	(16,948,033)
Net policyholder account balance	35,378,793	2,284	2,420,648	37,801,725	24,951,203	1,582	2,639,820	27,592,605
(Increase)/Decrease in deferred acquisition cost related to investment contracts	31,371,797	-	16,797,418	48,169,215	11,468,291	-	81,801,731	93,270,022
Expenses for asset management services rendered	(102,719)	-	1,001,082	898,363	(8,381)	-	1,338,340	1,329,959
	4,791,523	-	-	4,791,523	4,237,042	-	-	4,237,042
Commissions								
New policies								
Single	102,210	-	132,915	235,125	51,868	-	84,534	136,402
Regular	18,238,342	-	810,437	19,048,779	23,306,699	(263)	263,872	23,570,308
Renewal policies								
Regular	11,243,594	8,486	497,637	11,749,717	12,598,109	2,026	621,136	13,221,271
Total gross commissions	29,584,146	8,486	1,440,989	31,033,621	35,956,676	1,763	969,542	36,927,981
Reinsurance commission ceded								
New policies								
Regular	(106,123)	-	(268)	(106,391)	(153,736)	-	(243)	(153,979)
Renewal policies								
Regular	(121,073)	-	(7,811)	(128,884)	(108,986)	-	(8,590)	(117,576)
Total reinsurance commission ceded	(227,196)	-	(8,079)	(235,275)	(262,722)	-	(8,833)	(271,555)
Net commission	29,356,950	8,486	1,432,910	30,798,346	35,693,954	1,763	960,709	36,656,426

	31 DECEMBER 2021				31 DECEMBER 2020			
	Life & annuity	Permanent health	Linked long-term	Total	Life & annuity	Permanent health	Linked long-term	Total
Management expenses								
Staff costs	16,876,880	9,619	1,343,695	18,230,194	17,577,056	6,092	1,283,556	18,866,704
Occupancy	5,825,519	3,320	463,813	6,292,652	84,589	51	6,179	90,819
Sales and marketing	1,954,321	1,114	155,598	2,111,033	2,703,668	1,640	197,485	2,902,793
Depreciation	2,036,162	1,161	162,114	2,199,437	1,626,684	987	118,819	1,746,490
Auditor's remunerations	265,326	151	21,125	286,602	506,225	307	36,977	543,509
Directors' remuneration	740,195	422	58,932	799,549	797,196	484	58,230	855,910
Other expenses	5,573,998	3,177	443,788	6,020,963	9,140,729	5,544	667,671	9,813,944
	33,272,401	18,964	2,649,065	35,940,430	32,436,147	15,105	2,368,917	34,820,169
Total expenses	329,865,411	26,371	24,464,199	354,355,981	758,421,960	21,587	89,460,024	847,903,571
Underwriting profit/(loss) transferred to profit or loss account	131,616,886	75,309	12,856,851	144,549,046	(171,939,822)	75,935	5,129,811	(166,734,076)

Net investment gain and net realized loss of US\$43,508,419 and US\$12,215 respectively for the year were assigned by the Company as gain/loss in Long-Term Business.

## 30.2 PROFIT OR LOSS ACCOUNT FOR THE YEARS ENDED 31 DECEMBER

(in US Dollars)	2021	2020
Underwriting profit/(loss) transferred from revenue account	144,549,046	(166,734,076)
Other expenses	(150,049)	(313,863)
<b>Profit/(loss) before taxation</b>	<b>144,398,997</b>	<b>(167,047,939)</b>
Taxation	(3,088,286)	(3,171,626)
<b>Profit/(loss) after taxation</b>	<b>141,310,711</b>	<b>(170,219,565)</b>
Accumulated losses brought forward	(426,864,461)	(256,644,896)
<b>Accumulated losses carried forward</b>	<b>(285,553,750)</b>	<b>(426,864,461)</b>

### 30.3 STATEMENT OF FINANCIAL POSITION

(in US Dollars)	31 DECEMBER 2021					31 DECEMBER 2020				
	Life & annuity	Permanent health	Linked long-term	Other than LT Business	Total	Life & annuity	Permanent health	Linked long-term	Other than LT Business	Total
<b>Assets</b>										
Fixed assets	-	-	-	2,114,520	2,114,520	-	-	-	2,729,747	2,729,747
Intangible assets	34,121	-	-	5,655,813	5,689,934	46,526	-	-	5,353,066	5,399,592
Right of use asset	-	-	-	27,584,783	27,584,783	-	-	-	5,635,619	5,635,619
<b>Fixed interest securities</b>										
Available for sale										
Government bonds - listed	62,902,284	-	-	-	62,902,284	73,644,950	-	-	-	73,644,950
Government bonds - unlisted	38,711,843	-	-	-	38,711,843	136,794,584	-	-	-	136,794,584
Corporate bonds - listed	1,248,044,934	233,363	5,280,941	-	1,253,559,238	1,299,190,937	251,883	5,301,927	-	1,304,744,747
Corporate bonds - unlisted	1,346,888,732	-	-	-	1,346,888,732	1,119,628,847	-	-	-	1,119,628,847
<b>Held to maturity</b>										
Government bonds - listed	1,197,849	-	-	-	1,197,849	1,197,803	-	-	-	1,197,803
Government bonds - unlisted	18,670,796	-	-	-	18,670,796	27,498,514	-	-	-	27,498,514
Corporate bonds - listed	479,301,338	-	-	-	479,301,338	482,204,620	-	-	-	482,204,620
Corporate bonds - unlisted	129,459,084	-	-	-	129,459,084	122,513,181	-	-	-	122,513,181
<b>Variable interest securities</b>										
Available for sale										
Corporate bonds - listed	24,233,693	-	-	-	24,233,693	6,142,406	-	-	-	6,142,406
Corporate bonds - unlisted	74,564,253	-	-	-	74,564,253	12,705,087	-	-	-	12,705,087
<b>Held to Maturity</b>										
Corporate bonds - unlisted	6,048,110	-	-	-	6,048,110	6,174,981	-	-	-	6,174,981
Corporate bonds - listed	-	-	-	-	-	-	-	-	-	-
<b>Equity funds</b>										
Available for sale	214,932,795	-	-	-	214,932,795	182,449,157	-	-	-	182,449,157
At fair value through profit or loss	1,664,642	-	-	-	1,664,642	2,507,357	-	-	-	2,507,357
<b>Derivative assets</b>										
At fair value through profit or loss	14,200,593	-	-	-	14,200,593	53,907,881	-	-	-	53,907,881
Unit-linked funds	-	-	276,469,941	-	276,469,941	-	-	313,967,226	-	313,967,226
Policy loans - fully secured	58,160,991	-	-	-	58,160,991	59,436,977	-	-	-	59,436,977
Club debentures	-	-	-	163,176	163,176	-	-	-	164,225	164,225
Accrued investment income - unsecured	38,957,687	-	-	-	38,957,687	37,282,346	-	-	-	37,282,346

Premiums receivable - unsecured	12,459,653	11,515	168,376	-	12,639,544	11,908,008	6,653	162,805	-	12,077,466
Advances to agents	186,334	-	-	-	186,334	282,488	-	-	-	282,488
Reinsurance contracts	20,270,988	26,353	732,967	-	21,030,308	22,161,906	29,223	713,058	-	22,904,187
Accounts receivable under reinsurance contracts ceded	18,731,596	-	-	-	18,731,596	19,271,357	-	-	-	19,271,357
Amounts due from affiliates	-	-	-	-	1,566,027	-	-	-	2,008,453	2,008,453
Other receivables	6,374,035	-	-	-	20,440,335	4,798,092	-	-	19,955,346	24,753,438
Deferred acquisition costs related to management of investment contracts	1,458,408	-	8,267,616	-	9,726,024	1,364,070	-	9,260,317	-	10,624,387
Cash and cash equivalents	59,114,235	258,653	12,894,432	-	72,267,320	29,611,129	260,378	1,175,828	-	31,047,335
Taxation receivable	-	-	-	-	-	171,014	-	-	-	171,014
Intra Fund Transfer	(269,229,296)	(507,537)	(9,444,714)	279,181,547	-	(275,216,450)	(158,316)	7,927,600	267,447,166	-
<b>Total assets</b>	<b>3,607,339,698</b>	<b>22,347</b>	<b>294,369,559</b>	<b>336,706,201</b>	<b>4,238,437,805</b>	<b>3,437,677,768</b>	<b>389,821</b>	<b>338,508,761</b>	<b>303,293,622</b>	<b>4,079,869,972</b>
<b>Liabilities and shareholder's equity</b>										
Long term business reserves	2,685,765,703	19,666	4,754,393	-	2,690,539,762	2,642,425,517	23,030	4,621,045	-	2,647,069,592
Policyholder account balance	595,554,496	-	276,469,941	-	872,024,437	507,936,295	-	313,967,226	-	821,903,521
Dividend payable to policyholder	9,044,879	-	-	-	9,044,879	11,362,860	-	-	-	11,362,860
Dividend on deposits to policyholders	97,440,346	-	-	-	97,440,346	89,036,415	-	-	-	89,036,415
Policy contract claims	22,968,578	-	-	-	22,968,578	15,017,181	-	-	-	15,017,181
Premiums received in advance	3,746,800	-	-	-	3,746,800	3,018,824	-	-	-	3,018,824
Commissions payable – direct	6,979,575	-	-	-	6,979,575	7,227,132	-	-	-	7,227,132
Derivative liabilities	-	-	-	-	-	-	-	-	-	-
At fair value through profit or loss	17,996,863	-	-	-	17,996,863	17,107,260	-	-	-	17,107,260
Amounts due under reinsurance contracts	9,690,120	-	-	-	9,690,120	15,714,933	-	-	-	15,714,933
Unearned revenue reserve related to management to investment contracts	2,425,582	-	3,114,359	-	5,539,941	2,256,014	-	3,337,047	-	5,593,061
Other creditors – unsecured	15,680,256	-	-	-	15,680,256	16,808,682	-	-	-	16,808,682
Taxation payable	718,333	-	-	-	718,333	-	-	-	-	-
Amounts due to fellow subsidiary	-	-	-	486,347	486,347	-	-	-	348,085	348,085
Lease Liability	-	-	-	27,629,689	27,629,689	-	-	-	5,810,495	5,810,495
<b>Total liabilities</b>	<b>3,468,011,531</b>	<b>19,666</b>	<b>284,338,693</b>	<b>28,116,036</b>	<b>3,780,485,926</b>	<b>3,327,911,113</b>	<b>23,030</b>	<b>371,925,318</b>	<b>6,158,580</b>	<b>3,656,018,041</b>
<b>Fund surplus/Shareholder's equity</b>	<b>139,328,167</b>	<b>2,681</b>	<b>10,030,866</b>	<b>308,590,165</b>	<b>457,951,879</b>	<b>109,766,655</b>	<b>366,791</b>	<b>16,583,443</b>	<b>297,135,042</b>	<b>423,851,931</b>
<b>Total liabilities and fund surplus/ shareholder's equity</b>	<b>3,607,339,698</b>	<b>22,347</b>	<b>294,369,559</b>	<b>336,706,201</b>	<b>4,238,437,805</b>	<b>3,437,677,768</b>	<b>389,821</b>	<b>338,508,761</b>	<b>303,293,622</b>	<b>4,079,869,972</b>