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 2022

DIRECTORS' REPORT

The Board of Directors has pleasure in presenting its report and audited financial statements for the year ended 31 December 2022.

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 2022 to the date of this report, the following served as directors of the Company:

Christian Noel Wiseman	
Au Belinda Ming Yee	Appointed on 5 September 2022
Feng Jiang Hua	
Leigh-Ann Bezuidenhout	
Hah Leong Kean	Resigned on 29 September 2022
Eng Tian Ho	Resigned on 9 January 2022
Vuk Panic	Alternative Director to Christian Noel Wiseman
Andrew Luen Cheung Wong	Independent Non-Executive Director
Peter James Crewe	Independent Non-Executive Director

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	Resigned on 29 September 2022
Au Belinda Ming Yee	Appointed on 29 September 2022
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$70,000 and US$1,689,488 respectively. During 2022, 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 2022, 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.

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

Belinda Au

Au Belinda Ming Yee
Director and President
25 April 2023

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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 2022;
- 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 2022, 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.

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Independent Auditor's Report

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

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 Hong Kong 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 HKSAs 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.

Independent Auditor's Report

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

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

As part of an audit in accordance with HKSAs, 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.
- 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 April 2023

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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 2022;
- 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 2022, 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 ("HKSAs") 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.

Independent Auditor's Report

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

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 HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Independent Auditor's Report

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

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

- 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.
- 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$124,869,834 (equivalent to HK$973,984,705) as at 31 December 2022.

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 2022; and

(ii) the value of the assets of the Company as stated in the financial information exceeds its liabilities by not less than US$124,869,834 as at 31 December 2022.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 April 2023

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

ASSETS	Notes	2022	2021
Right of use asset	5a	21,631,612	27,584,783
Property, plant and equipment	5	4,908,625	2,114,520
Intangible assets	6	6,641,928	5,689,934
Financial assets			
Equity securities – available-for-sale	7	211,216,587	214,932,795
Unit trusts – at fair value through profit or loss	7	1,201,328	1,664,642
Debt securities:			
- Available-for-sale	7	2,306,532,700	2,801,023,219
- Held-to-Maturity	7	628,295,564	634,677,177
Unit-linked funds – at fair value through profit or loss:			
- Insurance contracts	7	134,752,767	166,887,065
- Investment contracts	7	87,049,184	109,582,876
Derivative Assets	7, 9	-	14,200,593
Loans and receivables, including insurance receivables	7, 8	168,671,681	157,056,549
Reinsurance contracts	13	16,225,493	21,030,308
Deferred acquisition costs related to investment contracts	10	9,737,574	9,726,024
Cash and cash equivalents	11	69,164,143	72,267,320
Total assets		3,666,029,186	4,238,437,805
EQUITY			
Share capital	12	300,072,049	300,072,049
Share-based payments reserve		785,042	932,337
Investment revaluation reserve	12	(316,569,928)	442,501,243
Retained profits/(Accumulated losses)	12	406,825,734	(285,553,750)
Total equity		391,112,897	457,951,879
LIABILITIES			
Insurance liabilities			
Policy reserve and claims	13	2,147,180,712	2,713,508,340
Dividend payable to policyholders		9,724,268	9,044,879
Dividend on deposits of policyholders		104,024,212	97,440,346
Policyholder account balance		646,656,364	595,554,496
Premiums received in advance		17,170,076	3,746,800
Financial liabilities			
Unit-linked liabilities for insurance contracts	13	134,752,767	166,887,065
Unit-linked liabilities for investment contracts	13	87,049,184	109,582,876
Derivative liabilities	7, 9	61,011,896	17,996,863
Commission payable		5,614,278	6,979,575
Amounts payable under reinsurance contracts		8,642,591	9,690,120
Unearned revenue reserve related to investment contracts	14	5,884,859	5,539,941
Lease liability		22,475,269	27,629,689
Other payables	15	21,697,650	16,166,603
Current tax liabilities	26	3,032,163	718,333
Total liabilities		3,274,916,289	3,780,485,926
Total equity and liabilities		3,666,029,186	4,238,437,805

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 25 April 2023 and were signed on behalf by:

Belinda Au

Au Belinda Ming Yee
Director and President

Feng Jiang Hua
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

(in US Dollars)

	Notes	2022	2021
Insurance premium revenue	16	355,535,805	342,127,096
Insurance premium ceded to reinsurers	16	(21,322,428)	(22,411,925)
Net insurance premium revenue		334,213,377	319,715,171
Fee income			
Insurance contracts	17	4,304,962	5,813,545
Investment contracts	17	2,133,753	3,542,268
(Increase)/decrease in unearned revenue reserve related to investment contracts	14	(344,918)	53,120
Investment income	18	156,406,951	151,517,365
Net realized losses on financial assets	19	(27,657,771)	(12,215)
Net fair value losses on financial assets at fair value through profit or loss	20	(114,833,787)	(42,933,556)
Other operating income	21	1,029,883	683,885
Net income		355,252,450	438,379,583
Insurance benefits and claims	22	(385,445,064)	246,733,486
Insurance claims and loss adjustment expenses recovered from reinsurers	22	(12,654,422)	(18,507,541)
Expenses for the acquisition of insurance contracts	24	27,880,460	30,301,710
Net insurance benefits, claims and expenses		(370,219,026)	258,527,655
Investment contract benefits	23	(20,729,861)	(1,364,990)
(Increase)/decrease in deferred acquisition costs related to investment contracts	10	(11,550)	898,363
Expenses for the acquisition of investment contracts	24	205,248	496,636
Expenses for asset management services rendered		5,077,727	4,791,523
Expenses for sales and marketing	24	3,201,641	2,111,033
Expenses for employee benefit	24	20,619,583	18,230,194
Other operating expenses	24	21,524,793	10,211,087
Total benefits, claims and expenses		(340,331,445)	293,901,501
Profit before taxation and finance costs		695,583,895	144,478,082
Finance costs		108,696	79,085
Profit before taxation		695,475,199	144,398,997
Taxation	26	(3,095,715)	(3,088,286)
Profit for the year		692,379,484	141,310,711
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets	7,12	(755,567,790)	(104,540,162)
Amortization of unrealized gain of held-to-maturity financial assets	12	(3,503,381)	(3,365,659)
Other comprehensive income for the year		(759,071,171)	(107,905,821)
Total comprehensive (loss)/income for the year		(66,691,687)	33,404,890

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	Retained profits/ accumulated Losses	Investment Revaluation Reserve	Total
At 1 January 2021		300,072,049	237,279	(426,864,461)	550,407,064	423,851,931
Comprehensive income for the year						
Profit for the year		-	-	141,310,711	-	141,310,711
Other comprehensive income						
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	12	-		-	(3,365,659)	(3,365,659)
Total comprehensive income/(loss) for the year		-	-	141,310,711	(107,905,821)	33,404,890
Share-based payment arrangement		-	695,058	-	-	695,058
At 31 December 2021		300,072,049	932,337	(285,553,750)	442,501,243	457,951,879
Comprehensive income for the year						
Profit for the year		-	-	692,379,484	-	692,379,484
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	7,12	-	-	-	(755,567,790)	(755,567,790)
Amortization of unrealized gain of held-to-maturity financial	12	-		-	(3,503,381)	(3,503,381)
Total comprehensive income/(loss) for the year		-	-	692,379,484	(759,071,171)	(66,691,687)
Share-based payment arrangement		-	(147,295)	-	-	(147,295)
At 31 December 2022		300,072,049	785,042	406,825,734	(316,569,928)	391,112,897

The investment revaluation reserve of US$316,569,928 included an unrealized gain of US$67,784,988 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	2022	2021
Cash used in operations	27a	(166,691,728)	(92,519,635)
Dividend received		3,942,162	3,536,793
Interest received		149,408,494	139,929,276
Hong Kong profits tax paid		(794,920)	(2,207,407)
Net cash generated from / (used in) operating activities		(14,135,992)	48,739,027
Cash flows from investing activities			
Purchase of intangible assets – computer software	6	(3,196,794)	(1,745,193)
Purchase of property, plant and equipment	5	(3,712,679)	(275,808)
Proceeds from sales of property, plants and equipment		29,985	-
Net cash used in investing activities		(6,879,488)	(2,021,001)
Cash flows from financing activities			
Capital elements	27b	(5,263,116)	(6,104,616)
Net cash used in financing activities		(5,263,116)	(6,104,616)
Net increase / (decrease) in cash and cash equivalents		(26,278,596)	40,613,410
Exchange gain on cash and cash equivalents		23,175,419	606,575
Cash and cash equivalents at beginning of year		72,267,320	31,047,335
Cash and cash equivalents at end of year	11	69,164,143	72,267,320

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

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 25 April 2023.

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 2022

The following relevant new amendments to standards have been adopted for the first time for the financial year ended 31 December 2022 and have no material impact to the Company:

Standards affected	New standard and amendments ralate to
Annual Improvements Project	Annual Improvements to HKFRSs 2018 – 2020 (amendments)
HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments (amendments)
HKFRS 16	Covid-19-Related Rent Concessions beyond 2021 (amendments)*
AG 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

** Effective for 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.*

(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 2022**	**Fair value change for the year ended 31 December 2022**	**Fair value as at 31 December 2021**	**Fair value change for the year ended 31 December 2021**
(a) Financial assets held for trading	-	(64,170,030)	14,200,593	(32,862,014)
(b) Financial assets that are managed and whose performance is evaluated on a fair value basis	434,383,620	(89,441,935)	493,230,553	(668,618)
(c) Financial assets that are neither (a) or (b)				
- the contractual cash flows are solely principal and interest	2,884,444,842	(905,930,030)	3,563,183,914	(143,990,032)
- the contractual cash flows are not solely principal and interest	-	-	-	-
Total	3,318,828,462	(1,059,541,995)	4,070,615,060	(177,520,664)

Financial liabilities	**Fair value as at 31 December 2022**	**Fair value change for the year ended 31 December 2022**	**Fair value as at 31 December 2021**	**Fair value change for the year ended 31 December 2021**
(a) Financial liabilities held for trading	(61,011,896)	(2,000,992)	(17,996,863)	(1,668,429)
Total	(61,011,896)	(2,000,992)	(17,996,863)	(1,668,429)

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 2022**	**Carrying amount as at 31 December 2021**
AAA	84,616,873	103,590,914
AA	410,950,037	527,967,637
A	1,362,975,733	1,610,442,167
BBB	519,092,848	650,786,924
BB	254,021,027	278,265,918
B	174,440,832	165,631,203
CCC	2,619,522	4,078,435
C	-	58,181
Not rated	167,958,886	133,836,704
Total	2,976,675,758	3,474,658,083

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 2022 reporting period and have not been early adopted by the Company:

Standards	Subject of amendment	Effective for annual periods beginning on or after
HKAS 1 and HKFRS Practive Statement 2	Disclosure of Accounting Policies (amendments)	Accounting periods beginning on or after 1 January 2023
HKAS 8	Definition of Accounting Estimates (amendments)	Accounting periods beginning on or after 1 January 2023
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction (amendments)	Accounting periods beginning on or after 1 January 2023
HKFRS 17	Insurance Contracts (new standard)	Accounting periods beginning on or after 1 January 2023
HKFRS 17	Amendments to HKFRS 17	Accounting periods beginning on or after 1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9—Comparative Information	Accounting periods beginning on or after 1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	Accounting periods beginning on or after 1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)	Accounting periods beginning on or after 1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	Accounting periods beginning on or after 1 January 2024
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	HK Int 5 (Revised) has incorporated the references to Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and Amendments to HKAS 1 Noncurrent Liabilities with Covenants. Both amendments are to be applied as a package and are effective for annual reporting periods beginning on or after 1 January 2024.
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	A date to be determined by the IASB

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 2022 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"

  HKFRS 17, "Insurance Contracts", a comprehensive standard that provides guidance on the recognition, measurement, presentation and disclosure of insurance contracts, was issued in January 2018 as replacement for HKFRS 4 Insurance Contracts. The standard was amended in June 2020 and again in December 2021. The adoption date of the standard is 1 January 2023. Therefore, the Company will adopt HKFRS 17 effective 1 January 2023, with 2022 as a comparative period. The standard must be applied retrospectively with restatement of comparatives unless impracticable. Management, in alignment with Chubb's global project plan, has a project plan in place relating to the adoption of this standard. The Company is in the process of accessing the impact of HKFRS 17. The accounting policies, assumptions, judgements, and models relied upon for this estimate will continue to be refined and calibrated for the year 2023.

The Company will present its balance sheet and statement of profit or loss on a go-forward basis in compliance with HKFRS 17. The presentation of the balance sheet and income statement will be substantially different from the presentation under HKFRS 4.

Under HKFRS 17, assets and liabilities associated with insurance contracts issued will be presented as insurance contract assets and insurance contract liabilities and assets and liabilities associated with reinsurance contracts held will be presented as reinsurance contract assets and reinsurance contract liabilities. Insurance and reinsurance contract balances will comprise of the liability for incurred claims ("LIC") and liability for remaining coverage ("LRC").

The statement of profit or loss will reflect insurance revenue as the key revenue line, while insurance service expenses will capture the Company's gross losses and expenses associated with servicing policies. Results associated with reinsurance, both premium and claim related, will be reflected in the new line, net income or expenses from reinsurance contracts held. Insurance finance income or expense will mainly include the accretion of the discount rate on insurance contract assets and liabilities and impact of changes in interest rates.

Underwriting performance will be presented in the statement of income under insurance service result which will be composed of:

- Insurance revenue which includes premiums related to direct and assumed business allocated based on the passage of time of insurance contracts, similar to HKFRS 4.
- Insurance service expenses which include incurred claims and expenses related to direct and assumed business, amortization of insurance acquisition cash flows, and losses and reversal of losses on onerous contracts.
- Net income or expenses from reinsurance contracts held which includes revenues and expenses related to ceded business.

The Company's significant accounting policy decisions include:

(i) Measurement model

Company's insurance contracts will be measured using the General measurement model ("GMM"). No other measurement model will be applied.

(ii) Unit of account

The Company has defined its units of account for insurance contracts issued to align with the lines of business that it uses to report to its primary regulator. For reinsurance contracts held, the unit of account corresponds to the legal form of the reinsurance contract held.

(iii) Onerous contracts

Contracts are recognized as onerous if they are expected to be loss making at inception. These contracts form their own groups, and expected losses are immediately recognized in the statement of profit or loss.

(iv) Recognition and derecognition

The Company has determined that its recognition and derecognition points will not differ significantly between HKFRS 4 and HKFRS 17.

(v) Transition

For contracts measured under the GMM, the fair value approach has been applied. Anticipate that HKFRS 17 will result in an important change to the accounting policies for insurance contracts and is likely to have a material impact on the Company's profit and financial position, together with significant changes in presentation and disclosure.

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 shared-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$27.9 million (2021: US$51.90 million) and US$50.2 million (2021: US$182.2million) 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 and morbidity 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$119 million (2021: US$174 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$131 million (2021: US$195 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 4.87% (2021: 3.24%) and 4.58% (2021: 2.31%) for United States and Hong Kong dollars respectively. The highest valuation interest rates used were 3.95% (2021: 2.55%) and 3.60% (2021: 1.90%) 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 2022, there was one 90-Days Currency Forward Contract with Chubb Tempest Life Reinsurance Ltd. with notional US$125 million (2021: US$125 million). There were Currency Forward contracts with notional US$1,202 million (2021: US$1,169 million) (net currency exposure US$593 million (2021: US$611 million)) managed by PIMCO. With the implementation of the currency derivatives, there was no currency mismatch on Hong Kong dollars and United Stated 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 Stated 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.

	2022	2021
Mean duration of assets	11 years	14 years
Mean duration of liabilities	12 years	33 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;
- Amount due from reinsurers; 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 2022 and 2021 (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 2022	AAA	AA	A	BBB	BB	B	CCC	C	Not Rated	Total
Short-term debt securities	-	-	-	-	4,305,205	-	-	-	177,930	4,483,135
Long-term debt securities	83,330,728	405,126,414	1,345,530,770	510,516,598	245,847,855	171,568,248	2,537,727	-	165,886,789	2,930,345,129
Accrued interest	1,286,145	5,823,623	17,444,963	8,576,250	3,867,967	2,872,584	81,795	-	1,894,167	41,847,494
Total balance related to debt securities bearing credit risk	84,616,873	410,950,037	1,362,975,733	519,092,848	254,021,027	174,440,832	2,619,522	-	167,958,886	2,976,675,758

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	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
Total balance related to debt securities bearing credit risk	103,590,914	527,967,637	1,610,442,167	650,786,924	278,265,918	165,631,203	4,078,435	58,181	133,836,704	3,474,658,083

Reinsurance is used to manage insurance risk. This does not, however, discharges 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 2022 (in US Dollars):

Assets	Carrying amount 31-Dec-22	No stated maturity	Within 1 year	Between 2 and 4 years	5 years or above
Right of use asset	21,631,612	-	-	-	-
Property, plant and equipment	4,908,625	-	-	-	-
Intangible assets	6,641,928	-	-	-	-
Debt securities - available-for-sale:					
Listed - fixed interest rate	1,021,387,030	-	72,187,045	237,513,165	6,109,661,248
Listed - variable interest rate	-	-	-	-	-
Unlisted - fixed interest rate	1,284,967,740	-	82,061,418	287,513,019	2,439,516,965
Unlisted - variable interest rate	-		-	-	-
Debt securities - held-to-maturity:					
Listed - fixed interest rate	471,655,072	-	24,845,764	71,326,369	681,560,224
Listed - variable interest rate	-	-	-	-	-
Unlisted - fixed interest rate	156,640,492	-	9,422,252	23,636,242	266,886,463
Short-term debt securities:					
Commercial paper/Treasury bills	14,175	-	14,175	-	-
Club debentures	163,755	163,755	-	-	-
Equity securities - available-for-sale:					
Listed securities	179,731,138	179,731,138	-	-	-
Unlisted securities	31,485,449	31,485,449	-	-	-
Equity securities - at fair value through profit or loss:					
Unlisted securities	1,201,328	1,201,328	-	-	-
Loans and receivables	168,671,681	80,767,034	87,904,647	-	-
Reinsurance contracts	16,225,493	-	(3,394,378)	(10,491,700)	(374,093,656)
Deferred acquisition cost	9,737,574	-	-	-	-
Unit-linked funds - at fair value through profit or loss	221,801,951	221,801,951	-	-	-
Cash and cash equivalents	69,164,143	69,164,143	-	-	-
Total	3,666,029,186	584,314,798	273,040,923	609,497,095	9,123,531,244

Liabilities	Carrying amount 31-Dec-22	No stated maturity	Within 1 year	Between 2 and 4 years	5 years or above
Policy reserve	2,130,847,586	-	(76,722,605)	(175,784,448)	11,513,210,038
Claims payable	16,333,126	228,491	16,104,635	-	-
Dividend on deposit to policyholders	104,024,212	104,024,212	-	-	-
Policyholder account balance	646,656,364	634,356,206	12,300,158	-	-
Premiums received in advance	17,170,076	-	17,170,076	-	-
Dividend payable to policyholders	9,724,268	-	9,724,268	-	-
Lease Liability	22,475,269	-	6,215,301	11,423,695	5,029,976
Other payables	21,697,650	2,644,542	19,053,108	-	-
Unit-linked liabilities	221,801,951	221,801,951	-	-	-
Commission payable	5,614,278	-	5,614,278	-	-
Reinsurance contracts payable	8,642,591	-	8,642,591	-	-
Current tax liabilities	3,032,163	-	3,032,163	-	-
Derivative liabilities - at fair value through profit or loss	61,011,896	-	(314,016)	5,761,115	55,564,797
Unearned revenue reserve	5,884,859	-	-	-	-
Total	3,274,916,289	963,055,402	20,819,957	(158,599,638)	11,573,804,811
Difference in cash flows		(378,740,604)	252,220,966	768,096,733	(2,450,273,567)

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

Assets	Carrying amount 31-Dec-21	No stated maturity	Within 1 year	Between 2 and 4 years	5 years or above
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	-	-	-
Total	4,238,437,805	624,805,533	257,629,696	392,293,764	7,141,238,293

Liabilities	Carrying amount 31-Dec-21	No stated maturity	Within 1 year	Between 2 and 4 years	5 years or above
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	-	-	-	-
Total	3,780,485,926	956,891,176	(10,883,433)	(34,573,092)	10,506,725,452
Difference in cash flows		(332,085,643)	268,513,129	426,866,856	(3,365,487,159)

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	
	2022	2021	2022	2021
Unit-linked fund				
At fair value through profit or loss				
- Unlisted	134,752,767	166,887,065	87,049,184	109,582,876
Total unit-linked fund assets	134,752,767	166,887,065	87,049,184	109,582,876
Total unit-linked fund liabilities	134,752,767	166,887,065	87,049,184	109,582,876

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.

	2022	2021
Actual surplus	387,580,935	454,650,872
Required surplus	124,869,834	145,175,635
Actual / Required surplus	310%	313%

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 2022, 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 2022, 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 2022

31 December 2022	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value				
through profit or loss				
- Unit-linked funds	223,003,279	-	-	223,003,279
- Derivative	-	-	-	-
Available-for-sale financial assets				
- Equity securities	179,731,138	47,334	31,438,115	211,216,587
- Debt securities	-	2,306,368,945	163,755	2,306,532,700
Total assets	402,734,417	2,306,416,279	31,601,870	2,740,752,566
Liabilities				
Financial liabilities at fair value				
through profit or loss				
- Insurance contracts	134,752,767	-	-	134,752,767
- Investment contracts	87,049,184	-	-	87,049,184
- Derivatives	-	61,011,896	-	61,011,896
Total liabilities	221,801,951	61,011,896	-	282,813,847

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
Assets				
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
Total assets	471,202,404	2,815,139,451	21,949,335	3,308,291,190
Liabilities				
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
Total liabilities	276,469,941	17,996,863	-	294,466,804

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 2022 is the club debentures which are carried at the transaction price at initial recognition. The carrying amount is US$163,755 (2021: US$163,176) which represented approximately 0.00% (2021: 0.00%) of the total assets as at 31 December 2022. No sensitivity test was performed because it is not material to the total portfolio.

Another level 3 assets as at 31 December 2022 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 2022:

	Debt securities at available-for-sale
At 1 January 2022	163,176
Foreign exchange losses	579
At 31 December 2022	163,755
Total gains for the year included in profit or loss for assets held at the end of the reporting period	579

	Private equities at available-for-sale
At 1 January 2022	21,786,159
Payments for purchases	10,309,625
Proceeds from distribution	(170,178)
Net unrealised losses recognised in other comprehensive income during the year	(487,491)
At 31 December 2022	31,438,115
Total losses for the year included in other comprehensive income for assets held at the end of the reporting period	(487,491)

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

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

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

Note 5 Property, plant and equipment

	Furniture, fittings and equipment	Computer equipment	Telecom. equipment	Total
At 1 January 2021				
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)
Net book amount	1,882,747	833,624	13,376	2,729,747
Year ended 31 December 2021				
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)
Closing net book amount	1,358,038	747,723	8,759	2,114,520
At 31 December 2021				
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)
Net book amount	1,358,038	747,723	8,759	2,114,520
Year ended 31 December 2022				
Opening net book amount	1,358,038	747,723	8,759	2,114,520
Additions	2,880,385	832,294	-	3,712,679
Disposals	-	-	-	-
Depreciation charge (Note 24(e))	(536,338)	(378,130)	(4,106)	(918,574)
Closing net book amount	3,702,085	1,201,887	4,653	4,908,625
At 31 December 2022				
Cost	10,358,618	5,420,353	533,399	16,312,370
Accumulated depreciation	(6,656,533)	(4,218,466)	(528,746)	(11,403,745)
Net book amount	3,702,085	1,201,887	4,653	4,908,625

A depreciation charge of US$166,452 (2021: US$146,449) of total depreciation of US$918,574 (2021: US$891,035) was charged back to Chubb INA International Holdings, Ltd. and US$752,122 (2021: US$744,586) has been charged in operating expenses.

Note 5(a) Right-of-use asset

Cost	**US$**
At 1 January 2022, as previously reported	45,260,384
During for the year	-
Balance as at 31 December 2022	45,260,384
Accumulated depreciation	
At 1 January 2022	(17,675,601)
Depreciation charge for the year	(5,953,171)
At 31 December 2022	(23,628,772)
Net book value	
At 31 December 2022	**21,631,612**

Cost	
At 1 January 2021, as previously reported	17,415,658
During for the year	27,844,726
Balance as at 31 December 2021	45,260,384
Accumulated depreciation	
At 1 January 2021	(11,780,039)
Depreciation charge for the year	(5,895,562)
At 31 December 2021	(17,675,601)
Net book value	
At 31 December 2021	**27,584,783**

(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
At 1 January 2021			
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
Year ended 31 December 2021			
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
At 31 December 2021			
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
Year ended 31 December 2022			
Opening net book amount	5,655,813	34,121	5,689,934
Additions	3,196,794	-	3,196,794
Disposals	-	(29,985)	(29,985)
Amortization charge (Note 24(e))	(2,210,679)	(4,136)	(2,214,815)
Closing net book amount	6,641,928	-	6,641,928
At 31 December 2022			
Cost	16,023,442	2,452,698	18,476,140
Accumulated amortization	(9,381,514)	(2,452,698)	(11,834,212)
Net book amount	6,641,928	-	6,641,928

Amortization expense of US$2,214,815 (2021: US$1,454,851) 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:

	2022	2021
Held-to-maturity	628,295,564	634,677,177
Available-for-sale	2,517,749,287	3,015,956,014
Fair value through profit or loss	223,003,279	292,335,176
Loans and receivables	168,671,681	157,056,549
Total financial assets	3,537,719,811	4,100,024,916

The current portion of financial assets is US$2,833,289,862 (2021: US$3,456,145,423), the remaining being non-current.

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

Held-to-maturity financial assets	**2022**	**2021**
At amortized cost:		
Long-term debt securities:		
Listed – fixed interest rate	471,655,072	480,499,187
Listed – variable interest rate	-	6,048,110
Unlisted – fixed interest rate	156,640,492	148,129,880
Total held-to-maturity financial assets	628,295,564	634,677,177

There was no financial assets reclassified out of the available-for-sale category into held-to-maturity category in 2022.

Available-for-sale financial assets	**2022**	**2021**
Equity securities		
Listed	179,731,138	193,067,821
Unlisted	31,485,449	21,864,974
Total equity securities	211,216,587	214,932,795
Long-term debt securities		
Listed –fixed interest rate	1,017,081,825	1,306,062,130
Listed –variable interest rate	-	24,233,693
Unlisted – fixed interest rate	1,284,967,740	1,375,787,133
Unlisted – variable interest rate	-	74,564,253
	2,302,049,565	2,780,647,209
Short-term debt securities		
Listed – fixed interest rate	4,319,380	10,399,392
Unlisted – fixed interest rate	-	9,813,442
Club debentures	163,755	163,176
Total debt securities	2,306,532,700	2,801,023,219
Total available-for-sale financial assets	2,517,749,287	3,015,956,014

Financial assets at fair value through profit or loss	**2022**	**2021**
Unit trusts	1,201,328	1,664,642
Unit-linked funds – insurance contracts (Note 4.2.4)	134,752,767	166,887,065
Unit-linked funds – investment contracts (Note 4.2.4)	87,049,184	109,582,876
Derivative assets	-	14,200,593
Total financial assets at fair value through profit or loss	223,003,279	292,335,176

Unit-linked funds represent investments in investment fund units.

Derivative liabilities at fair value through profit or loss	**2022**	**2021**
Derivative liabilities	(61,011,896)	(17,996,863)
Total derivative liabilities	(61,011,896)	(17,996,863)

The current portion of derivative liabilities due within one year is nil (2021: US$72,092).

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**	
At the beginning of 2021	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 gain (Note 20)	(104,540,162)	-	(8,403,113)	(34,530,443)	(147,473,718)
At 31 December of 2021	3,015,956,014	634,677,177	278,134,583	(3,796,270)	3,924,971,504
At the beginning of 2022	3,015,956,014	634,677,177	278,134,583	(3,796,270)	3,924,971,504
Exchange difference on assets	(738,270)				(738,270)
Additions	515,770,913	-	22,878,611	641,429	539,290,953
Disposals	(243,329,321)	(1,745,385)	(25,345,167)	-	(270,419,873)
Reclassified as held-to-maturity	-	-	-	-	-
Amortization	(1,149,179)	(4,636,228)	-	-	(5,785,407)
Interest accrual for interest rate swap	-	-	-	4,311,984	4,311,984
Impairment	(13,193,080)	-	-	-	(13,193,080)
Net fair value loss (Note 20)	(755,567,790)	-	(52,664,748)	(62,169,039)	(870,401,577)
At 31 December of 2022	2,517,749,287	628,295,564	223,003,279	(61,011,896)	3,308,036,234

Note 8 Loans and receivables

	2022	2021
Receivables arising from insurance and reinsurance contracts		
Premiums receivable	13,648,977	12,639,544
Due from reinsurers	15,031,704	18,731,596
Other loans and receivables		
Policy loans	58,223,922	58,160,991
Advances to agents and brokers	86,777	186,334
Accrued investment income (Note 4.2.2)	41,847,494	38,957,687
Receivables from related parties (Note 29)	6,958,982	1,566,027
Other receivables	32,873,825	26,814,370
Total loans and receivables	168,671,681	157,056,549

	2022	2021
Current portion		
Premiums receivable	13,648,977	12,639,544
Due from reinsurers	15,031,704	18,731,596
Accrued investment income	41,847,494	38,957,687
Receivables from related parties	6,958,982	1,566,027
Other receivables	10,417,490	6,374,036
	87,904,647	78,268,890
Non-current portion		
Policy loans	58,223,922	58,160,991
Advances to agents and brokers	86,777	186,334
Other receivables	22,456,335	20,440,334
	80,767,034	78,787,659
Total loans and receivables	168,671,681	157,056,549

Policy loans are fully collateralized by the cash values of the underlying policies. As of 31 December 2022 and 2021 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 2022, the notional amount of the contract was US$125 million (2021: 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 (2021: 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. As at 31 December 2022, the collateral assets were amounted to US$27,033,400 (2021: nil).

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 2022, the notional amount of Cross Currency Swap contracts was nil (2021: nil). As of 31 December 2022, there were Currency Forward contracts with notional US$1,202 million (2021: US$1,169 million) (with net currency exposure of US$593 million (2021: US$611 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 2022, the collateral assets were amounted to US$21,600,000 (2021: US$19,480,000).

Note 10 Deferred acquisition costs related to investment contracts

	2022	2021
Balance as at 1 January	9,726,024	10,624,387
Additions	166,598	272,341
Impact of assumption changes	242,330	(213,493)
Less: amortization	(397,378)	(957,211)
Balance as at 31 December	9,737,574	9,726,024

Note 11 Cash and cash equivalents

As at 31 December	2022	2021
Cash at bank and on hand	69,164,143	72,267,320
Total cash at bank and on hand	69,164,143	72,267,320

Note 12 Equity and reserve

	2022	2021
Share capital - common shares		
Authorized:		
340,000,000 (2021: 340,000,000) shares of par value US$1.00 each	340,000,000	340,000,000
Issued and fully paid:		
300,072,049 (2021: 300,072,049) shares of par value US$1.00 each	300,072,049	300,072,049
Unearned stock grant compensation reserve	785,042	932,337
Retained earnings/(Accumulated losses)	406,825,734	(285,553,750)
Investment revaluation reserve		
At 1 January	442,501,243	550,407,064
Net change in fair value of available-for-sale financial assets	(755,567,790)	(104,540,162)
Amortization of unrealized gain of held-to-maturity assets	(3,503,381)	(3,365,659)
At 31 December	(316,569,928)	442,501,243
Total	391,112,897	457,951,879

There was no change in authorized share capital and issued common shares during the year (2021: nil).

Note 13 Insurance liabilities and reinsurance assets

(a) Insurance contract liabilities and reinsurance assets

Year ended 31 December	**2022**			**2021**		
Long-term insurance liabilities	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
At beginning of year	2,690,539,761	(21,030,308)	2,669,509,453	2,647,069,591	(22,904,186)	2,624,165,405
Valuation premiums received	185,889,716	4,804,815	190,694,531	218,551,404	1,873,878	220,425,282
Liabilities released for payments on termination in the year	(62,625,443)	-	(62,625,443)	(63,538,817)	-	(63,538,817)
Interest credit	69,198,812	-	69,198,812	57,527,884	-	57,527,884
Expected claims for inforce policy	(32,937,285)	-	(32,937,285)	(31,877,318)	-	(31,877,318)
Bonus payment	(44,538,826)	-	(44,538,826)	(35,410,084)	-	(35,410,084)
Change in valuation interest rate	(713,448,913)	-	(713,448,913)	(108,084,002)	-	(108,084,002)
Change in other assumptions	1,275,439	-	1,275,439	8,419,323	-	8,419,323
Other movements	37,494,323	-	37,494,323	(2,118,220)	-	(2,118,220)
At end of year	2,130,847,586	(16,225,493)	2,114,622,093	2,690,539,761	(21,030,308)	2,669,509,453
Policy contract claims	16,333,126	-	16,333,126	22,968,579	-	22,968,579
At end of year	2,147,180,712	(16,225,493)	2,130,955,219	2,713,508,340	(21,030,308)	2,692,478,032

Net insurance liabilities	**2022**	**2021**
Long-term insurance liabilities with DPF	1,724,714,291	2,185,782,319
Policy contract claims with DPF	1,375,489	1,416,580
Total with DPF	1,726,089,780	2,187,198,899
Long-term insurance liabilities without DPF	389,907,802	483,727,134
Policy contract claims without DPF	14,957,637	21,551,999
Total without DPF	404,865,439	505,279,133
At end of year	2,130,955,219	2,692,478,032

(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 3.95% / 3.60% 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$712 million in year 2022. The changes in assumptions have been updated as follows:

(a) The maximum valuation interest rate was revised from 2.55% and 1.90% in 2021 to 3.95% and 3.60% for United States dollars and Hong Kong dollars respectively in 2022 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 3.86%. Policy reserves were decreased by US$713.4 million in 2022 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$1.4 million mainly due to the change in expense assumption.

(c) Financial liabilities

(i) Unit-linked liabilities for insurance contracts

Year ended 31 December	2022 Gross & Net	2021 Gross & Net
At beginning of year	166,887,065	188,369,037
Premiums (net of charges) received	13,233,250	13,137,479
Liabilities released for payments on termination in the year	(13,885,838)	(28,213,290)
Change in unit-prices	(31,481,710)	(6,406,161)
At end of year	134,752,767	166,887,065

(ii) Unit-linked liabilities for investment contracts

Year ended 31 December	2022 Gross & Net	2021 Gross & Net
At beginning of year	109,582,876	125,598,189
Premiums (net of charges) received	9,079,936	11,180,476
Liabilities released for payments on termination in the year	(10,855,284)	(25,748,837)
Change in unit-prices	(20,782,048)	(1,479,840)
Other movements	23,704	32,888
At end of year	87,049,184	109,582,876

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., Schroder Investment Management (Hong Kong) Ltd., Allianz Global Investors Asia Pacific Limited and Principal Investment & Retirement Services Limited.

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

	2022	2021
Balance as at 1 January	5,539,941	5,593,061
Additions	178,245	270,760
Impact of assumption change	335,633	(57,305)
Less: amortization	(168,960)	(266,575)
Balance as at 31 December	5,884,859	5,539,941

Note 15 Other payables

	2022	2021
Amount due to related parties (Note 29)	1,133,474	262,482
Accrued expenses	11,786,334	7,124,864
Employee benefits payable	5,178,502	4,625,861
Payable for purchase of bonds	1,713,050	2,102,912
Others	1,886,290	2,050,484
Total	21,697,650	16,166,603

The current portion which is due within one year amounts to US$19,053,108 (2021: US$13,474,181).

Note 16 Net insurance premium revenue

	2022	2021
Premium receivable		
New policies		
Single premium	2,942,941	1,397,150
Regular premium	41,991,947	27,895,367
Renewal policies		
Regular premium	309,682,736	312,269,457
Change in due premium		
New policies		
Regular premium	43,556	(32,817)
Renewal policies		
Regular premium	874,625	597,939
Premium revenue arising from insurance contracts issued	355,535,805	342,127,096
Reinsurance contracts		
New policies		
Regular premium	(93,979)	252,227
Renewal policies		
Regular premium	(21,228,449)	(22,664,152)
Premium revenue ceded to reinsurers on insurance contracts issued	(21,322,428)	(22,411,925)
Net insurance premium revenue	334,213,377	319,715,171

Note 17 Fee income

	2022	2021
Policy administration and asset management services:		
Insurance contracts		
Policy administration fee	3,702,924	4,208,859
Surrender charges	1,008,656	1,819,090
Ceded premium	(406,618)	(214,404)
Total Fee Income – Insurance Contracts	4,304,962	5,813,545
Investment contracts		
Policy administration fee	1,908,634	2,917,921
Ceded Premium	(3,981)	-
Surrender charges	229,100	624,347
Total Fee Income – Investment Contracts	2,133,753	3,542,268

Note 18 Investment income

	2022	2021
Available-for-sale		
Dividend income	3,942,162	3,536,793
Interest income	114,559,817	104,542,675
Held-to-Maturity		
Interest income	28,733,229	28,831,104
At fair value through profit or loss		
Derivative instrument – interest income	4,670,580	10,622,570
Policy loan interest income	4,171,122	3,982,660
Cash and cash equivalents interest income	330,041	1,563
Total Investment Income	156,406,951	151,517,365

Note 19 Net realized losses on financial assets

	2022	Restate 2021
Available-for-sale		
Realized losses on financial assets	(14,570,003)	(529,008)
Impairment losses	(13,193,080)	-
	(27,763,083)	(529,008)
At fair value through profit or loss:		
Realized gains	105,312	516,793
	(27,657,771)	(12,215)

Note 20 Net fair value losses on financial assets at fair value through profit or loss

	2022	2021
Unit trusts	(400,990)	(517,113)
Unit-linked funds	(52,263,758)	(7,886,000)
Derivatives	(62,169,039)	(34,530,443)
	(114,833,787)	(42,933,556)

Note 21 Other operating income

	2022	2021
Reinsurance refund	-	9,090
Other income	1,029,883	674,795
	1,029,883	683,885

Note 22 Insurance benefits and claims

	2022	2021
Long-term insurance contracts with fixed and guaranteed terms		
Death, maturity and surrender benefits	151,043,017	141,324,109
Increase in reserve liabilities	(508,261,688)	107,625,187
Interest credit to policyholder	954,225	988,852
Long-term insurance contracts without fixed term (unit-linked)		
Death benefit (in excess of account balances)	2,268,814	3,143,167
Decrease in reserve liabilities	(31,449,432)	(6,347,829)
Total insurance benefits and claims	(385,445,064)	246,733,486
Recovered from reinsurers		
Insurance benefits and claims recovered from reinsurers	(17,050,556)	(20,374,439)
Decrease in reserve liabilities	4,396,134	1,866,898
Total recovered from reinsurers	(12,654,422)	(18,507,541)

Note 23 Investment contract benefits

Investment contract benefits included revaluation loss/gain from unit-linked investment contracts for US$20,782,048 loss (2021: US$1,479,840 loss) accrued to the account of the contract holder as the fair value of the net losses (2021: net losses) 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 2022	Direct	Ceded	Total
Life and annuity			
New policies			
Single	19,539	-	19,539
Regular	16,693,537	(93,494)	16,600,043
Renewal policies			
Regular	10,232,574	(55,427)	10,177,147
	26,945,650	(148,921)	26,796,729
Unit-linked – Insurance contracts			
New policies			
Single	13,267		13,267
Regular	554,881	(48)	554,833
Renewal policies			
Regular	525,296	(7,091)	518,205
	1,093,444	(7,139)	1,086,305
Coinsurance		(2,574)	(2,574)
Total	28,039,094	(158,634)	27,880,460

Year ended 31 December 2021	Direct	Ceded	Total
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
Coinsurance	-	(63,600)	(63,600)
Total	30,536,985	(235,275)	30,301,710

(b) Expenses for the acquisition of investment contracts

Year ended 31 December 2022	Direct	Ceded	Total
Life and annuity			
New policies			
Single	26,910	-	26,910
Regular	15,955	-	15,955
	42,865	-	42,865
Unit-linked – Investment contracts			
New policies			
Single	83,953	-	83,953
Regular	79,067	(77)	78,990
Renewal policies			
Regular	(560)	-	(560)
	162,460	(77)	162,383
Total	205,325	(77)	205,248

Year ended 31 December 2021	Direct	Ceded	Total
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
Total	496,636	-	496,636

(c) Expenses for sales and marketing

	2022	2021
Sales incentive program	2,261,738	1,513,030
Advertising and sponsorship	731,262	542,017
Market research and campaign	208,641	55,986
Total sales and marketing expenses	3,201,641	2,111,033

(d) Expenses for employee benefits

	2022	2021
Wages and salaries	17,652,423	15,921,015
Unutilized annual leave	34,826	(100,544)
Pension cost - mandatory provident fund for staff	340,392	604,371
Pension cost - occupational retirement scheme for agents	320,913	372,977
Others	2,271,029	1,432,375
Total employee benefits expenses	20,619,583	18,230,194

(e) Other operating expenses

	2022	2021
Depreciation and amortization charges (Note 5 & 6)	2,921,747	2,199,437
Deprecation on right-of-use assets (Note 5)	5,953,171	5,895,562
Office services and utilities	1,105,471	1,182,234
Legal and professional fee	575,364	1,786,126
Auditors' remunerations	459,999	286,602
Foreign exchange losses / (gains)	3,761,095	(5,148,310)
Other expenses	6,747,946	4,009,436
Total operating expenses	21,524,793	10,211,087

Note 25 Directors' remuneration

	2022	2021
Pension	73,797	32,862
Share-based payment	250,046	149,069
Other emoluments	1,365,645	617,618
	1,689,488	799,549
Director fee	70,000	43,750
Total	1,759,488	843,299

The aggregate amount of emoluments of the three highest paid directors was US$1,635,499 (2021: US$843,299). Director's remuneration, in respect of their services in connection with the management of the affairs of the Company, of US$1,635,499(2021: US$799,549) 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$70,000 (2021: US$43,750) is included in other operating expenses in the statement of profit or loss and other comprehensive income.

Note 26 Current tax liabilities

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	2022	2021
Hong Kong Profits Tax	3,095,715	3,095,050
Over provision in prior years	-	(6,792)
Withholding tax on investment interest income	-	28
Total	3,095,715	3,088,286

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

	2022	2021
Hong Kong profits tax payable	3,032,163	718,333
Current tax payable	3,032,163	718,333

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

	2022	2021
Profit before taxation	695,475,199	144,398,997
Finance cost charged from lease liability	108,696	79,085
Share based payment	(147,295)	695,058
Interest income	(152,464,789)	(147,980,572)
Gain on disposal and amortization of fix assets	-	-
Exchange loss/ (gain)	3,761,095	(5,148,310)
Depreciation	9,086,559	8,241,447
Operating profit before working capital changes	555,819,465	285,705
Decrease in financial assets - unit trust	463,314	842,715
Decrease in financial assets - equity securities	(37,023,272)	(28,280,237)
Decrease in financial assets - debt securities	(227,187,129)	(262,338,690)
Decrease in financial assets - unit-link fund insurance contract	32,134,298	21,481,972
Decrease in financial assets- unit-link fund investment contract	22,533,692	16,009,614
Increase in financial assets - premium receivable	(936,443)	(567,296)
Decrease in financial assets - due from reinsurers	9,472,631	2,145,918
Decrease in financial assets - policy loan	4,062,289	5,344,775
Decrease in financial assets - advances to agents	198,465	97,941
Increase in financial assets - accrued investment income	(2,889,807)	(3,817,353)
Increase in financial assets - other receivables	(6,133,407)	(2,018,920)
(Increase)/decrease in trade and other receivable amount due from related parties	(5,446,963)	433,253
(Increase)/decrease in deferred acquisition costs	(11,550)	898,363
(Decrease)/increase in insurance contracts policy reserve and claims	(594,500,612)	52,821,663
Increase/(decrease) in unearned revenue reserve	344,918	(53,120)
Increase/(decrease) in insurance contracts dividend payable to policyholders	679,389	(2,316,174)
Increase in insurance contracts dividend on deposit to policyholders	6,583,866	8,403,931
Increase in insurance contracts liabilities and premium received in advance	64,780,540	88,039,269
Decrease in financial liabilities - insurance contracts policyholder account balances	(32,134,298)	(21,481,972)
Decrease in financial liabilities - investment contracts policyholder account balances	(22,533,692)	(16,015,313)
Increase in derivative liabilities	43,015,033	889,603
(Decrease)/increase in commission payable	(1,368,286)	3,461,879
Decrease in amount payable under reinsurance contract	(1,033,983)	(6,065,850)
Increase/(decrease) in trade and other payable amount due to related parties	182,996	(2,165,293)
Increase in other payable - trade payables and accrued expenses	863,102	1,517,283
Increase/(decrease) in other payables - employee benefit	552,641	(373,248)
Decrease in derivative asset	18,871,173	50,329,858
Increase/(decrease) in other payables	3,949,902	(29,911)
Cash outflow used in operations	(166,691,728)	(92,519,635)

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 2022	27,629,689
Interest on lease liabilities	108,696
New lease during the year	-
Cash flows	
Lease liability payments	(5,263,116)
At 31 December 2022	22,475,269

Note 28 Commitments

Capital commitments

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

	2022	2021
Investment in private equity fund	42,761,804	52,832,286

Note 29 Related party transactions

The following transactions were carried out with related parties.

(a) Purchase of services

	2022	2021
Chubb Asset Management, Inc	900,303	1,008,008

The services fee with Chubb Asset Management, Inc included the following:

- mainly 0.0175% (2021: 0.0175%) of the average market value of the assets as reported in the quarterly report to the Investment Committee of the Company
- 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
- certain fee for additional investment advisory services on a consulting and/or administrative support basis

	2022	2021
Reinsurance treaty with Chubb Tempest Reinsurance Ltd.	74,470	69,720

(b) Other intercompany expenses/ (income)

	2022	2021
Chubb Asia Pacific Services PTE Ltd.		
Computer services and other expense	86,000	80,000
Chubb Tempest Life Reinsurance Ltd.		
Loss in currency forward	641,428	778,826
Net interest income from interest rate swap	(4,311,984)	(10,608,495)
Chubb Life Insurance Hong Kong Limited (formerly known as Cigna Worldwide Life Insurance Company Limited)		
Transitional assistance service	(256,410)	-
	(3,840,966)	(9,749,669)

On 1 July 2022, the Company entered into a service agreement with its fellow subsidiary Chubb Life Insurance Hong Kong Limited ("CHK") (formerly known as Cigna Worldwide Life Insurance Company Limited), to provide transitional assistance service to CHK with a consideration of US$256,410.

(c) Key management compensation

	2022	2021
Salary and other short-term employee benefits	2,563,263	2,363,230
Post-employment benefits	191,601	166,144
Termination benefits	441,784	20,285
Share-based payment	305,427	319,393
	3,502,075	2,869,052

(d) Year-end balances

Receivables from/(Payable to) related parties	2022	2021
Chubb Asia Pacific Services PTE Ltd. (Note 15)	(68,213)	16,219
Chubb Life Insurance Company Ltd (Vietnam) (Note 8) (formerly known as "ACE Life Insurance Company Ltd (Vietnam)")	96,169	95,829
Chubb INA International Holdings Ltd (Note 8)	6,554,047	1,453,980
Chubb INA SVCS CRAWLEY DT CTR (Note 8)	54,741	-
Chubb Tempest Reinsurance Ltd.	(144,190)	(69,720)
Chubb American Insurance Co (Note 15)	(239,964)	(3,773)
Chubb Asset Management Inc (Note 15)	(205,514)	(258,709)
Chubb Limited	(202,675)	(223,864)
Chubb Tempest Life Reinsurance Ltd. (Note 15)	(619,783)	21,645
Chubb Int'l Investments Ltd. (Note 8)	254,025	-
	5,478,643	1,031,607

Derivative (liabilities) / asset placed in related party	2022	2021
Chubb Tempest Life Reinsurance Ltd. (Note 9)	(45,657,453)	14,200,593

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 2022, 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

	31 December 2022				31 December 2021			
(in US Dollars)	Life & annuity	Permanent health	Linked long-term	Total	Life & annuity	Permanent health	Linked long-term	Total
Revenues								
Gross premium written direct								
New policies - Single	13,706,970	-	3,678,801	17,385,771	31,780,096	-	4,840,123	36,620,219
- Regular	42,031,223	-	949,060	42,980,283	27,865,442	-	1,120,329	28,985,771
Renewal policies - Regular	305,003,812	191,693	23,147,796	328,343,301	307,223,419	219,462	24,735,156	332,178,037
Total premium	360,742,005	191,693	27,775,657	388,709,355	366,868,957	219,462	30,695,608	397,784,027
Reinsurance premiums ceded								
New policies - Regular	(92,863)	-	(1,116)	(93,979)	253,125	-	(898)	252,227
Renewal policies - Regular	(20,016,328)	(112,238)	(1,510,482)	(21,639,048)	(21,204,473)	(125,773)	(1,548,309)	(22,878,555)
Total reinsurance premium ceded	(20,109,191)	(112,238)	(1,511,598)	(21,733,027)	(20,951,348)	(125,773)	(1,549,207)	(22,626,328)
Net premium income	340,632,814	79,455	26,264,059	366,976,328	345,917,609	93,689	29,146,401	375,157,699
Decrease in unearned revenue reserve related to management of investment contracts	(309,392)	-	(35,526)	(344,918)	(169,568)	-	222,688	53,120
Net investment income - Available-for-sale								
Dividend income on equity funds	3,942,162	-	-	3,942,162	3,536,793	-	-	3,536,793
Interest income								
Listed fixed interest bonds	51,295,475	8,000	225,000	51,528,475	49,738,882	7,969	224,313	49,971,164
Listed variable interest bonds	-	-	-	-	1,261,499	-	-	1,261,499
Unlisted fixed interest bonds	57,405,467	-	-	57,405,467	45,305,116	-	-	45,305,116
Unlisted variable interest bonds	-	-	-	-	2,657,005	-	-	2,657,005
Government fixed interest bonds	6,775,053	-	-	6,775,053	7,489,903	-	-	7,489,903
Derivatives	4,670,580	-	-	4,670,580	10,622,570	-	-	10,622,570
Net amortization of premium								
Listed fixed interest bonds	588,240	126	2,847	591,213	(1,322,967)	-	-	(1,322,967)
Listed variable interest bonds	-	-	-	-	(37,599)	-	-	(37,599)
Unlisted fixed interest bonds	(1,229,552)	-	-	(1,229,552)	(128,268)	-	-	(128,268)
Unlisted variable interest bonds	-	-	-	-	(82,247)	-	-	(82,247)
Government fixed interest bonds	(510,839)	-	-	(510,839)	(570,931)	-	-	(570,931)

	31 December 2022				31 December 2021			
	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	22,373,919	-	-	22,373,919	22,636,074	-	-	22,636,074
Listed variable interest bonds	-	-	-	-	332,969	-	-	332,969
Unlisted fixed interest bonds	6,191,349	-	-	6,191,349	5,607,516	-	-	5,607,516
Unlisted variable interest bonds	-	-	-	-	-	-	-	-
Government fixed interest bonds	1,300,807	-	-	1,300,807	1,300,810	-	-	1,300,810
Net amortization of premium								
Listed fixed interest bonds	(907,705)	-	-	(907,705)	(859,064)	-	-	(859,064)
Listed variable interest bonds	-	-	-	-	(57,959)	-	-	(57,959)
Unlisted fixed interest bonds	(121,252)	-	-	(121,252)	(28,108)	-	-	(28,108)
Unlisted variable interest bonds	-	-	-	-	-	-	-	-
Government fixed interest bonds	(103,889)	-	-	(103,889)	(101,134)	-	-	(101,134)
Fair value net losses (excluding net realized (losses)/gains:								
Designated at fair value through profit or loss upon initial recognition	(62,570,029)		(52,263,758)	(114,833,787)	(42,933,556)	-	-	(42,933,556)
Total net investment income	89,099,786	8,126	(52,035,911)	37,072,001	104,367,304	7,969	224,313	104,599,586
Policy loan interest income	4,171,122	-	-	4,171,122	3,982,660	-	-	3,982,660
Cash and cash equivalents interest income	330,041	-	-	330,041	1,563	-	-	1,563
Net realized loss on investment	(27,657,771)	-	-	(27,657,771)	(12,215)	-	-	(12,215)
	65,943,178	8,126	(52,035,911)	13,915,393	108,339,312	7,969	224,313	108,571,594
Other income	432,386	22	5,398,435	5,830,843	7,394,944	22	7,727,648	15,122,614
Total revenue	**406,698,986**	**87,603**	**(20,408,943)**	**386,377,646**	**461,482,297**	**101,680**	**37,321,050**	**498,905,027**
Expenses								
Increase/(decrease) in long term business reserves								
Long term business reserves	(507,906,585)	(6,272)	(309,909)	(508,222,766)	107,532,690	(6,233)	148,392	107,674,849
Recoverable from reinsurers	4,360,364	2,675	33,095	4,396,134	1,883,938	2,870	(19,909)	1,866,899
	(503,546,221)	(3,597)	(276,814)	(503,826,632)	109,416,628	(3,363)	128,483	109,541,748
Other policyholder benefits								
Surrenders	88,841,160	-	23,704	88,864,864	73,841,393	-	34,593	73,875,986
Dividends to policyholders	14,347,190	-	-	14,347,190	12,538,645	-	-	12,538,645
	103,188,350	-	23,704	103,212,054	86,380,038	-	34,593	86,414,631

	31 December 2022				31 December 2021			
	Life & annuity	Permanent health	Linked long-term	Total	Life & annuity	Permanent health	Linked long-term	Total
Claims								
Death claims	16,530,903	-	391,992	16,922,895	11,841,530	-	396,067	12,237,597
Other claims	31,344,858	9,878	1,843,886	33,198,622	43,107,461	2,284	2,828,822	45,938,567
Total claims	47,875,761	9,878	2,235,878	50,121,517	54,948,991	2,284	3,224,889	58,176,164
Recoverable from reinsurers on death claims	(2,978,357)	-	(99,431)	(3,077,788)	(2,497,742)	-	(266,138)	(2,763,880)
Recoverable from reinsurers on other claims	(13,889,914)	-	(59,047)	(13,948,961)	(17,072,456)	-	(538,103)	(17,610,559)
Total claims recoverable from reinsurers	(16,868,271)	-	(158,478)	(17,026,749)	(19,570,198)	-	(804,241)	(20,374,439)
	31,007,490	9,878	2,077,400	33,094,768	35,378,793	2,284	2,420,648	37,801,725
Net policyholder account balance	11,718,253	-	(30,444,857)	(18,726,604)	31,371,797	-	16,797,418	48,169,215
(Increase)/Decrease in deferred acquisition cost related to investment contracts	(190,836)	-	179,286	(11,550)	(102,719)	-	1,001,082	898,363
Expenses for asset management services rendered	5,077,727	-	-	5,077,727	4,791,523	-	-	4,791,523
Commissions								
New policies								
Single	46,449	-	97,219	143,668	102,210	-	132,915	235,125
Regular	16,929,236	-	633,892	17,563,128	18,238,342	-	810,437	19,048,779
Renewal policies								
Regular	10,017,759	2,738	517,125	10,537,622	11,243,594	8,486	497,637	11,749,717
Total gross commissions	26,993,444	2,738	1,248,236	28,244,418	29,584,146	8,486	1,440,989	31,033,621
Reinsurance commission ceded								
New policies								
Regular	(93,494)	-	(124)	(93,618)	(106,123)	-	(268)	(106,391)
Renewal policies								
Regular	(58,001)	-	(7,091)	(65,092)	(121,073)	-	(7,811)	(128,884)
Total reinsurance commission ceded	(151,495)	-	(7,215)	(158,710)	(227,196)	-	(8,079)	(235,275)
Net commission	26,841,949	2,738	1,241,021	28,085,708	29,356,950	8,486	1,432,910	30,798,346

	31 December 2022				31 December 2021			
	Life & annuity	**Permanent health**	**Linked long-term**	**Total**	**Life & annuity**	**Permanent health**	**Linked long-term**	**Total**
Management expenses								
Staff costs	19,214,147	9,780	1,378,979	20,602,906	16,876,880	9,619	1,343,695	18,230,194
Occupancy	5,885,721	2,996	422,412	6,311,129	5,825,519	3,320	463,813	6,292,652
Sales and marketing	2,729,033	1,389	195,860	2,926,282	1,954,321	1,114	155,598	2,111,033
Depreciation	2,766,947	1,408	198,581	2,966,936	2,036,162	1,161	162,114	2,199,437
Auditor's remunerations	428,993	218	30,788	459,999	265,326	151	21,125	286,602
Directors' remuneration	923,729	470	66,295	990,494	740,195	422	58,932	799,549
Other expenses	8,825,496	4,492	633,397	9,463,385	5,573,998	3,177	443,788	6,020,963
	40,774,066	20,753	2,926,312	43,721,131	33,272,401	18,964	2,649,065	35,940,430
Total expenses	**(285,129,223)**	**29,772**	**(24,273,947)**	**(309,373,398)**	**329,865,411**	**26,371**	**24,464,199**	**354,355,981**
Underwriting profit transferred to profit or loss account	**691,828,209**	**57,831**	**3,865,004**	**695,751,044**	**131,616,886**	**75,309**	**12,856,851**	**144,549,046**

30.2 PROFIT OR LOSS ACCOUNT FOR THE YEARS ENDED 31 DECEMBER

(in US Dollars)	2022	2021
Underwriting profit transferred from revenue account	695,751,044	144,549,046
Other expenses	(275,845)	(150,049)
Profit before taxation	**695,475,199**	**144,398,997**
Taxation	(3,095,715)	(3,088,286)
Profit after taxation	**692,379,484**	**141,310,711**
Accumulated losses brought forward	(285,553,750)	(426,864,461)
Accumulated profits/(losses) carried forward	**406,825,734**	**(285,553,750)**

30.3 STATEMENT OF FINANCIAL POSITION

	31 December 2022					31 December 2021				
(in US Dollars)	Life & annuity	Permanent health	Linked long-term	Other than LT Business	Total	Life & annuity	Permanent health	Linked long-term	Other than LT Business	Total
Assets										
Fixed assets	-	-	-	4,908,625	4,908,625	-	-	-	2,114,520	2,114,520
Intangible assets	-	-	-	6,641,928	6,641,928	34,121	-	-	5,655,813	5,689,934
Right of use asset	-	-	-	21,631,612	21,631,612	-	-	-	27,584,783	27,584,783
Fixed interest securities										
Available for sale										
Government bonds - listed	32,691,829	-	-	-	32,691,829	62,902,284	-	-	-	62,902,284
Government bonds – unlisted	95,475,230	-	-	-	95,475,230	38,711,843	-	-	-	38,711,843
Corporate bonds – listed	984,785,035	164,160	3,760,181	-	988,709,376	1,248,044,934	233,363	5,280,941	-	1,253,559,238
Corporate bonds – unlisted	1,189,492,510	-	-	-	1,189,492,510	1,346,888,732	-	-	-	1,346,888,732
Held to maturity										
Government bonds – listed	1,197,898	-	-	-	1,197,898	1,197,849	-	-	-	1,197,849
Government bonds – unlisted	27,002,983	-	-	-	27,002,983	18,670,796	-	-	-	18,670,796
Corporate bonds – listed	470,457,174	-	-	-	470,457,174	479,301,338	-	-	-	479,301,338
Corporate bonds – unlisted	129,637,509	-	-	-	129,637,509	129,459,084	-	-	-	129,459,084
Variable interest securities										
Available for sale										
Corporate bonds – listed	-	-	-	-	-	24,233,693	-	-	-	24,233,693
Corporate bonds – unlisted	-	-	-	-	-	74,564,253	-	-	-	74,564,253
Held to Maturity										
Corporate bonds – unlisted	-	-	-	-	-	6,048,110	-	-	-	6,048,110
Corporate bonds – listed	-	-	-	-	-	-	-	-	-	-
Equity funds										
Available for sale	211,216,587	-	-	-	211,216,587	214,932,795	-	-	-	214,932,795
At fair value through profit or loss	1,201,328	-	-	-	1,201,328	1,664,642	-	-	-	1,664,642
Derivative assets										
At fair value through profit or loss	-	-	-	-	-	14,200,593	-	-	-	14,200,593
Unit-linked funds	-	-	221,801,951	-	221,801,951	-	-	276,469,941	-	276,469,941
Policy loans - fully secured	58,223,922	-	-	-	58,223,922	58,160,991	-	-	-	58,160,991
Club debentures	-	-	-	163,755	163,755	-	-	-	163,176	163,176
Accrued investment income - unsecured	41,847,494	-	-	-	41,847,494	38,957,687	-	-	-	38,957,687

Premiums receivable - unsecured	13,389,864	6,135	252,978	-	13,648,977	12,459,653	11,515	168,376	-	12,639,544
Advances to agents	86,777	-	-	-	86,777	186,334	-	-	-	186,334
Reinsurance contracts	15,501,943	23,678	699,872	-	16,225,493	20,270,988	26,353	732,967	-	21,030,308
Accounts receivable under reinsurance contracts ceded	15,031,704	-	-	-	15,031,704	18,731,596	-	-	-	18,731,596
Amounts due from affiliates	-	-	-	6,958,982	6,958,982	-	-	-	1,566,027	1,566,027
Other receivables	10,359,127	-	-	22,514,698	32,873,825	6,374,035	-	-	20,440,335	26,814,370
Deferred acquisition costs related to management of investment contracts	1,649,244	-	8,088,330	-	9,737,574	1,458,408	-	8,267,616	-	9,726,024
Cash and cash equivalents	68,667,439	259,703	237,001	-	69,164,143	59,114,235	258,653	12,894,432	-	72,267,320
Taxation receivable	-	-	-	-	-	-	-	-	-	-
Intra Fund Transfer	(226,087,995)	(435,156)	3,760,768	222,762,383	-	(269,229,296)	(507,537)	(9,444,714)	279,181,547	-
Total assets	**3,141,827,602**	**18,520**	**238,601,081**	**285,581,983**	**3,666,029,186**	**3,607,339,698**	**22,347**	**294,369,559**	**336,706,201**	**4,238,437,805**
Liabilities and shareholder's equity										
Long term business reserves	2,126,394,672	16,069	4,436,845	-	2,130,847,586	2,685,765,703	19,666	4,754,393	-	2,690,539,762
Policyholder account balance	646,656,364	-	221,801,951	-	868,458,315	595,554,496	-	276,469,941	-	872,024,437
Dividend payable to policyholder	9,724,268	-	-	-	9,724,268	9,044,879	-	-	-	9,044,879
Dividend on deposits to policyholders	104,024,212	-	-	-	104,024,212	97,440,346	-	-	-	97,440,346
Policy contract claims	16,333,126	-	-	-	16,333,126	22,968,578	-	-	-	22,968,578
Premiums received in advance	17,170,076	-	-	-	17,170,076	3,746,800	-	-	-	3,746,800
Commissions payable – direct	5,614,278	-	-	-	5,614,278	6,979,575	-	-	-	6,979,575
Derivative liabilities										
At fair value through profit or loss	61,011,896	-	-	-	61,011,896	17,996,863	-	-	-	17,996,863
Amounts due under reinsurance contracts	8,642,591	-	-	-	8,642,591	9,690,120	-	-	-	9,690,120
Unearned revenue reserve related to management to investment contracts	2,734,974	-	3,149,885	-	5,884,859	2,425,582	-	3,114,359	-	5,539,941
Other creditors – unsecured	20,981,285	-	-	-	20,981,285	15,680,256	-	-	-	15,680,256
Taxation payable	3,032,163	-	-	-	3,032,163	718,333	-	-	-	718,333
Amounts due to fellow subsidiary	-	-	-	716,365	716,365	-	-	-	486,347	486,347
Lease Liability	-	-	-	22,475,269	22,475,269	-	-	-	27,629,689	27,629,689
Total liabilities	**3,022,319,905**	**16,069**	**229,388,681**	**23,191,634**	**3,274,916,289**	**3,468,011,531**	**19,666**	**284,338,693**	**28,116,036**	**3,780,485,926**
Fund surplus/Shareholder's equity	**119,507,697**	**2,451**	**9,212,400**	**262,390,349**	**391,112,897**	**139,328,167**	**2,681**	**10,030,866**	**308,590,165**	**457,951,879**
Total liabilities and fund surplus/ shareholder's equity	**3,141,827,602**	**18,520**	**238,601,081**	**285,581,983**	**3,666,029,186**	**3,607,339,698**	**22,347**	**294,369,559**	**336,706,201**	**4,238,437,805**