MSIG Insurance (Hong Kong) Limited

Public Disclosure

For the financial year ended
31 December 2025

MSIG

PROTECTING
GOALS
POWERING
FUTURES

A Member of MS&AD INSURANCE GROUP

Disclosure Statement at 31 December 2025

This disclosure statement is prepared in accordance with the requirements under the Insurance (Valuation and Capital) Rules and the Insurance (Public Disclosure) Rules.

1. Company profile

(a) Authorised insurer's name

MSIG Insurance (Hong Kong) Limited

(b) Nature of the business, and places of business operations

The principal activity of MSIG Insurance (Hong Kong) Limited ("MSIG" or "the Company") comprises the underwriting of general insurance, including statutory insurance and the acceptance of reinsurance, in Hong Kong and Macau. MSIG's major lines of business include accident and health, motor vehicle, ship and transportation, property damage, employee compensation, general liability and pecuniary Loss.

(c) Description of corporate structure

MSIG is a company incorporated and domiciled in Hong Kong. MSIG is a wholly owned subsidiary of Mitsui Sumitomo Insurance Company Limited which is incorporated in Japan and is a member of the MS&AD Insurance Group, Inc. It is among the world's leading non-life insurance groups based on gross revenue, with an A+ Stable credit rating and an extensive global presence. MS&AD Insurance Group is committed to achieving sustainable growth and to enhancing enterprise value, driven by five business domains: domestic (Japanese) non-life insurance, domestic (Japanese) life insurance, overseas business, financial services business and risk-related business.

2. Corporate governance framework

The Company has established a framework of responsibilities which is consistent with the following generally recognised basic principles of sound risk management practice:

- Appropriate overview by a Board of Directors (the "Board") and an Executive Committee; the Company has a Board Risk Committee and a Risk Management Committee which includes the Board of Directors and the Executive Committee, respectively, to oversee the overall risk management framework.
- An adequate risk management process that provides for continuous risk monitoring by the Executive Committee; and
- Comprehensive internal controls and assurance processes linked to key business risks.

The Board has established two committees: the Audit Committee and the Board Risk Committee. Each committee is responsible for the review and oversight of the activities within its defined terms of reference.

Audit committee

The primary duties of the Audit Committee are to oversee the Company's financial reporting system and internal control procedures, monitor the integrity of the preparation of the Company's financial statements including interim and annual results of the Company, oversee and manage the relationship with the Company's external auditors, including reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, review the Company's financial and accounting policies and practices, review whistle-blowing arrangements and oversee the internal audit process by the internal audit department of the Company.

Board Risk Committee

The primary duties of the Board Risk Committee are to advise on the risk profile and risk management strategy of the Company, to consider, review and approve risk management policies and guidelines, and to decide on risk levels, the risk governance structure and major risks. The Company has an Enterprise Risk Management ("ERM") framework that enables the Company to meet the regulatory requirements and to support risk-based decision making.

Reporting to the Board committees are various management committees comprising members of the Executive Committee, operating under authorities delegated by the Board to oversee key areas of the Company's operations. These include the Underwriting and Reinsurance Committee, the Investment Committee, the Reserve Committee, the Risk Management Committee and the Compliance Committee.

3. Financial position

(a) Balance sheet determined under the Insurance (Valuation and Capital) Rules

(Unit: in HKD thousands)	**As at 31 December 2025**	**As at 31 December 2024**
	Total	**Total**
Total assets	**2,658,211**	**2,582,840**
Cash and deposits	475,738	412,447
Debt securities	1,304,788	1,338,446
Equities (including portfolio investments)	332,491	314,125
Other financial assets	160,249	149,182
Reinsurance assets	339,461	311,175
Tax assets	13	6
Other assets, not elsewhere shown	45,471	57,458
Total liabilities	**1,471,041**	**1,477,668**
Insurance liabilities	1,226,520	1,221,502
Reinsurance liabilities	88,295	100,817

(Unit: in HKD thousands)	**As at 31 December 2025**	**As at 31 December 2024**
	Total	**Total**
Other financial liabilities	26,588	26,851
Tax liabilities	28,970	18,421
Other liabilities, not elsewhere shown	100,668	110,078
Net assets	**1,187,170**	**1,105,171**

Total assets increased modestly during the financial year, primarily driven by higher cash and deposits and growth in reinsurance assets, partially offset by a reduction in debt securities holdings. Insurance liabilities remained broadly stable, while net assets increased as a result of the Company's profitable operations during the financial year.

The Company's financial position remained strong, supported by a prudent investment portfolio, adequate liquidity and a capital position that remained well above regulatory requirements.

4. Investments

(a) Assumptions and methods used for valuation of investments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation or sale.

Fair value of the Company's investments is based on quoted market prices at the end of the reporting period without any deduction for transaction costs. Where quoted prices are not available, the fair value of interest-bearing investments is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

5. Insurance liabilities

(a) Total insurance liabilities determined under the Insurance (Valuation and Capital) Rules

Insurance liabilities of general business

(Unit: in HKD thousands)	As at 31 December 2025									
	Direct insurance							Reinsurance		Total general business
	Accident & Health	Motor Vehicle	Marine, Aviation & Transport	Property Damage	Employees' Compensation	General Liability	Pecuniary Loss	Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	**1,221,502**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**94,501**	**177,544**	**34,982**	**299,197**	**381,011**	**159,339**	**20,174**	**59,771**	**-**	**1,226,502**
Outstanding claims liabilities	28,703	122,374	26,892	223,944	302,893	132,005	8,701	45,820	-	891,332
Premium liabilities	57,713	41,131	4,935	66,248	53,788	18,683	11,273	11,363	-	265,134
Margin over current estimate for outstanding claims liabilities	1,884	9,015	2,454	4,997	19,123	7,145	52	1,555	-	46,227
Margin over current estimate for premium liabilities	6,201	5,024	701	4,008	5,206	1,506	148	1,032	-	23,827
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**94,377**	**173,521**	**29,829**	**96,817**	**367,450**	**93,819**	**1,427**	**29,817**	**-**	**887,058**

(Unit: in HKD thousands)	As at 31 December 2024									
	Direct insurance							Reinsurance		Total general business
	Accident & Health	Motor Vehicle	Marine, Aviation & Transport	Property Damage	Employees' Compensation	General Liability	Pecuniary Loss	Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	**1,221,502**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**91,002**	**181,902**	**35,591**	**246,779**	**418,541**	**177,864**	**15,275**	**54,548**	**-**	**1,221,502**
Outstanding claims liabilities	33,013	129,577	26,886	175,294	332,219	151,409	6,094	45,086	-	899,577
Premium liabilities	50,010	38,122	5,217	63,567	59,610	17,754	8,928	6,987	-	250,196
Margin over current estimate for outstanding claims liabilities	2,448	9,598	2,705	4,580	20,735	7,315	113	1,706	-	49,201
Margin over current estimate for premium liabilities	5,530	4,605	783	3,338	5,977	1,386	140	769	-	22,527
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**90,633**	**177,429**	**30,194**	**84,494**	**402,122**	**93,249**	**2,392**	**29,815**	**-**	**910,327**

(b) Assumptions and method used to determine insurance liabilities

Best estimate claims liability

The best estimate claims liability is intended to represent the mean value of future claims payments, in respect to past accidents. This estimate is not intended to contain any explicit or implicit margins for prudence or optimism.

Standard actuarial loss development methods are applied to derive the best estimate claims liability. The incurred chain ladder ("ICL") method has been mainly used to establish the estimates for older accident periods. This method computes claims development ratios from historical data. The ratios are then used to project ultimate claims cost for accident periods where further claims development is expected. The ICL method takes into account claims payments and case estimate information.

Apart from the ICL method, the incurred to date ("ITD") method is also appropriate for older accident periods where further claims development is not expected.

For recent accident periods where there is less credible claims data, greater reliance is placed on the expected claims ratio ("ECR") and Bornhuetter-Ferguson method. The ECR method applies the initial expected loss ratio ("IELR") to earned premiums in each accident period, and hence places no reliance on claims data. The Bornhuetter-Ferguson method takes a weighted average of estimates from the ICL and ECR methods, based on the expected claims development pattern.

A different methodology for the Employees' Compensation class has been adopted as statutory and common law claims have significantly different claims development patterns.

The unallocated loss adjustment expense ("ULAE") is intended to cover the indirect costs of administering outstanding claims until all claims have been fully settled. In making these assumptions, the Company is assumed to continue on a going-concern basis over the specific period. The ULAE assumptions are reviewed annually or when there is a change in business operations. The ULAE is included as a part of the best estimate of claims liability.

Reinsurance bad debt provision ("RI bad debt provision") is held for outstanding reinsurance recoverables on unpaid claims and is included within the incurred but not reported ("IBNR") in the returns.

The best estimate of claims liability and margin on the current estimate ("MOCE") was discounted based on estimated future cash flows using the Hong Kong government bond yield curve as prescribed by the Insurance Authority ("IA").

Margin on current estimate

The MOCE is included in the actuarial claims liability to ensure reserves are sufficient at an aggregate level with 75 per cent probability.

In determining the MOCE, it is necessary to measure the variability of the outcomes of the outstanding claims estimates. There are a number of accepted actuarial methods available. The approach adopted incorporates multiple techniques, including the Mack method and bootstrapping.

Diversification reduces the required MOCE when classes of business are aggregated rather than isolated. Diversification arises from imperfect correlation between different classes of business.

The diversification credit has been estimated using consistent methods applied in deriving the MOCE for each class of business as described above.

On the net of reinsurance basis, MOCE has not been applied to large losses exceeding the excess of loss reinsurance ("XOL") retention and large losses reserved at the maximum sum insured.

The MOCE held on the gross of reinsurance basis is set equal to the net of reinsurance MOCE as prescribed.

The MOCE assumptions were reviewed during the financial year, and will continue to be reassessed when there are material changes in the business underlying risk characteristics or size.

Premium liability

The actuarial unexpired risk reserve ("actuarial URR") is estimated based on the analysis of claims liability, allowing for any premium rate changes and other relevant factors. The best estimate of actuarial URR includes the expected future claims cost from unexpired policies, as well as the ULAE and policy administration expense ("PAE") incurred in managing the policies and associated claims which has been included as "other expenses" in the returns.

The ULAE assumption used in estimating the premium liability is consistent to that used in estimating the claims liability.

The allowance for PAE is intended to cover the cost of administering unexpired policies. In determining the expense assumptions, consideration is given to the relevant functions involved in the administration of both renewal and new business. The PAE assumptions are similarly reviewed every year.

The URR LR assumption adopted for estimating the expected claims cost is generally consistent with our projections on claims liabilities.

Similar to the claims liability, the actuarial URR includes a MOCE to provide a 75 per cent probability of sufficiency. This MOCE assumption is typically higher than that for claims liability to reflect the higher uncertainty associated with the unexpired risks covered under premium liability. The additional uncertainty includes the possibility of large claims and catastrophes from unearned exposure.

The premium liability is the actuarial URR, discounted using the same yield curve as the claim liability but at a longer duration to account for the premium earning pattern.

Discounting

The liability cashflows were discounted based on the Hong Kong government bond yield curve as at 31 December 2025 with no illiquidity premium.

The Hong Kong government bond yield curve is considered an appropriate risk-free yield curve for valuing insurance liabilities, reflecting the nature and duration of the Company's projected cash flows.

6. Financial performance

(a) Financial performance in total and at a segmented level, including premiums, investment returns and claims

Performance analysis on premiums and claims

(Unit: in HKD thousands)	For the financial year ended 31 December 2025	For the financial year ended 31 December 2024
	Total	Total
Gross premiums[1]	1,204,133	1,203,278
Net premiums	828,948	749,866
Gross claims paid	359,318	347,984
Net claims paid	290,790	299,680

Performance analysis on investment returns

(Unit: in HKD thousands)	For the financial year ended 31 December 2025	For the financial year ended 31 December 2024
	Total	Total
Investment returns[2]	126,139	66,363

Gross premiums remained broadly stable, while net premiums increased primarily from reinsurance adjustments.

Gross and net claims paid for the financial year remained broadly consistent to the previous year.

Investment returns increased compared to the previous financial year, primarily driven by unrealised gains on mark-to-market bond investments following the reduction in interest rates during the financial year.

(b) Underwriting Results for general business (for pricing adequacy disclosure purposes)

Underwriting results of general business

(Unit: in HKD thousands)	For the financial year ended 31 December 2025									
	Direct insurance							Reinsurance		Total general business
	Accident & Health	Motor Vehicle	Marine, Aviation & Transport	Property Damage	Employees' Compensation	General Liability	Pecuniary Loss	Proportional	Non-proportional	
Gross premium	185,300	143,568	63,771	300,980	274,212	101,221	51,958	83,123	-	1,204,133
Net premium	181,462	134,381	52,267	94,016	254,554	70,870	4,474	36,924	-	828,948
Net undiscounted best estimate combined business results, relating to current year	(10,198)	(3,754)	9,240	(49,495)	22,701	(2,161)	(1,927)	(7,131)	-	(42,725)
Net undiscounted best estimate combined business results, relating to prior year	4,457	22,011	4,142	20,862	74,206	13,039	514	(1,821)	-	137,410
Undiscounted underwriting results - profit / (loss)	(5,176)	18,840	13,633	(29,048)	98,519	11,047	(1,353)	(8,806)	-	97,656

(Unit: in HKD thousands)	For the financial year ended 31 December 2024									
	Direct insurance							Reinsurance		Total general business
	Accident & Health	Motor Vehicle	Marine, Aviation & Transport	Property Damage	Employees' Compensation	General Liability	Pecuniary Loss	Proportional	Non-proportional	
Gross premium	165,211	132,188	62,427	332,584	279,544	105,351	49,587	76,386	-	1,203,278
Net premium	161,539	121,557	49,948	50,096	261,362	65,334	3,457	36,573	-	749,866
Net undiscounted best estimate combined business results, relating to	(12,036)	(7,798)	7,800	(18,975)	(5,583)	(1,728)	(1,153)	(526)	-	(39,999)

current year										
Net undiscounted best estimate combined business results, relating to prior year	(432)	16,767	9,910	19,527	54,464	6,965	1,118	(1,512)	-	106,807
Undiscounted underwriting results – profit / (loss)	(11,991)	9,827	18,453	1,873	48,842	4,904	(135)	(1,906)	-	69,867

Underwriting profit increased to HKD97.7 million this financial year, from HKD69.9 million in the previous financial year. The improvement was primarily driven by higher underwriting results in the Employees' Compensation, Motor Vehicle and General Liability portfolios, partially offset by less favourable experience in the Property Damage and Accident & Health classes.

Overall underwriting results further benefited from prior year reserve movements, particularly from the Employees' Compensation portfolio.

7. Capital adequacy

(a) Prescribed capital amount at total level and risk capital amount ("RCA") by sub-risk, determined in accordance with the Insurance (Valuation and Capital) Rules (without applying the transitional arrangement under Part 7 of the Insurance (Valuation and Capital) Rules)

Prescribed capital amount

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Market risk (diversified RCA)	**162,473**	**161,891**
Interest rate risk RCA	132,842	131,546
Credit spread risk RCA	88,954	89,927
Currency risk RCA	7,098	6,945
Diversification benefits within market risk	(66,421)	(66,528)
General insurance risk (diversified RCA)	**270,862**	**302,116**
Reserve and premium risk RCA	202,479	204,759
Natural catastrophe risk RCA	77,224	120,885
Man-made non-systemic catastrophe risk RCA	111,969	128,982
Man-made systemic catastrophe risk RCA	170	127
Diversification benefits within general insurance risk	(121,160)	(152,637)
Counterparty default and other risk RCA	**20,871**	**19,980**
Diversification benefits among risk modules	(98,201)	(100,617)
Operational risk RCA	**33,114**	**33,090**
Adjustment for tax effect	(47,450)	(52,610)
Prescribed capital amount	**341,488**	**363,850**

(b) Composition of capital base determined in accordance with the Insurance (Valuation and Capital) Rules

Capital base

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Unlimited Tier 1 capital	1,186,360	1,104,445
Capital base	**1,186,360**	**1,104,445**

(c) Ratio of capital base to prescribed capital amount

	As at 31 December 2025	As at 31 December 2024
Ratio of capital base to prescribed capital amount	*347.4%*	*303.5%*

(d) The ratio of capital base to prescribed capital amount has improved by 43 percentage points from the previous financial year. This improvement was primarily driven by higher available capital, supported by profits generated in the financial year and unrealised mark-to-market gains on bond investments, and a lower prescribed capital amount, mainly from general insurance risk.

The reduction in general insurance risk is driven by change in the Company's reinsurance programme which reduced the natural catastrophe risk, and changes in the Company's largest property risk exposure, which reduced the non-systemic man-made catastrophe risk.

The prescribed capital amount for market risk, counterparty default risk and operational risk have remained broadly consistent to the previous financial year.

The effective tax rate applied in determining the prescribed capital amount was 12.2%, a slight reduction from 12.6% last financial year.

Under the Insurance (Valuation and Capital) Rules, an insurer is required to maintain a capital base that is at least equal to the greater of its prescribed capital amount and HKD20 million at all times.

The Company remained fully compliant with the applicable solvency requirements throughout thfinancial year.

8. Risk management

(a) Risk appetite and risk governance framework

The Company has a risk strategy and philosophy, and takes a broad view of risk events in order to maximise business opportunities whilst minimising adverse outcomes and thus benefit both policyholders and other stakeholders. The core objectives of the Company's risk management strategy are understanding, reviewing and accepting, and actively managing risk in business operations, rather than seeking to eliminate all risks arising from the business.

The Company strives to identify, assess and respond to risks and opportunities, taking into account any impact on its financial position and development. In managing risks, MSIG Hong Kong will:

- Protect policyholders' interests by ensuring the ability to meet future obligations;
- Maintain adequate financial strength to compete and continue conducting business;
- Maintain financial flexibility which balances the need for liquidity, profitability and capital management;
- Seek earnings consistency in order to maximise long-term shareholder value; and
- Enhance value through the effective understanding, quantification and mitigation of risks.

The Company maintains an ERM framework designed to identify, assess, monitor and manage risks that may impact its strategic objectives, financial strength and policyholder obligations, and is aligned with GL21 Guideline on Enterprise Risk Management. The framework is embedded across business operations and supports informed decision-making and sustainable business growth.

The ERM framework is overseen by the Board and is guided by an established Risk Appetite and Risk Tolerance framework, which defines the nature and level of risk the Company is prepared to accept in pursuit of its strategic objectives. Risk oversight is supported by a Three Lines of Defence model, comprising business functions and risk owners as the first line, the risk management and compliance functions as the second line, and internal audit as the third line providing independent assurance. The framework is integrated into key business processes, including strategic and business planning, capital management, product and underwriting governance, and risk assessment activities. Risk information is captured and monitored through risk registers, risk profiles, management reporting, stress testing and solvency assessments, enabling timely escalation and informed decision-making. Supported by a strong risk culture, clearly defined roles and responsibilities, and ongoing monitoring, the ERM framework seeks to promote the Company's financial resilience and ability to meet its obligations to policyholders and other stakeholders.

Risk governance

The Company has established a robust risk governance framework to support the effective management of risks across the organisation. The Board retains ultimate ownership for risk oversight and is supported by the Board Risk Committee, which oversees the Company's risk profile, risk appetite, capital adequacy, emerging risks and the efficacy of the risk management framework. The Executive Committee is responsible for the day-to-day management of risks, while the Risk Management Committee supports the implementation and continuous enhancement of risk management practices and promotes a strong risk culture across the organisation. Together, these governance bodies ensure that risks are managed in line with the Company's strategic objectives, risk appetite and regulatory requirements.

Risk appetite and risk tolerance

The Company operates within an approved Risk Appetite Framework that articulates the maximum amount of risks the Company is willing to accept to achieve its strategic objectives and meet its financial obligations.

The risk appetite is set by the Board as advised by the Board Risk Committee. The Risk Management Committee ensures that the potential risk exposures are identified and assessed to be within the stipulated risk appetite. The framework is reviewed on an annual basis and revised in accordance with the changing business environment and business strategy when deemed necessary.

The Risk Appetite Framework also sets out corporate objectives that form the reward element generated from risk taking activities. The corporate objectives are stated at Company-level, and individual risk appetite and tolerance statements are articulated for each material risk category.

Established risk tolerances are monitored regularly and reported at the Risk Management Committee and Board Risk Committee.

(b) Insurance risk management

The risk under an insurance contract is the possibility of the occurrence of an insured event, and the uncertainty of the amount and timing of the resulting claim. The principal risk the Company faces under such contracts is that the actual claims exceed the carrying amount of insurance liabilities. This could occur due to any of the following:

Occurrence risk	• The possibility that the number of insured events will differ to those expected

Severity risk	• The possibility that the costs of the events will differ to those expected
Development risk	• The possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategy and guidelines.

The Company has an objective to control and minimise insurance risk in order to reduce the volatility of operating profits. The Company manages insurance risk mainly through the following mechanisms:

(i) Actuarial models based on historical experience and statistical techniques assist in monitoring claims patterns and ensure appropriate pricing.

(ii) Guidelines are issued for concluding insurance contracts and assuming insurance risks.

(iii) Proactive claims handling procedures are followed to investigate and adjust claims, thereby preventing settlement of dubious or fraudulent claims.

(iv) Diversification is accomplished by achieving a sufficiently large population of risks to reduce the variability of the expected outcome. The diversification strategy seeks to ensure that underwritten risks are well diversified in terms of type and amount of risk and industry.

(v) Reinsurance arrangements to limit the Company's exposure to large claims and natural catastrophes, by placing risk with reinsurers providing high security.

(vi) The natural catastrophe exposure is analysed using sum insured information as well as referring to external probabilistic natural catastrophe models. Reinsurance is then purchased at the appropriate level.

(vii) Appropriate authority limits relevant to risk acceptance and claims settlement, and policies of underwriting, retention and reinsurance, reserving and claims, are set up.

The adequacy of insurance liabilities is independently assessed by the Appointed Actuary, on a quarterly basis in accordance with GL9 Guideline on Actuarial Review of Insurance Liabilities in respect of General Business, while portfolio performance, underwriting results and emerging risk trends are monitored through actuarial reviews and various management committees.

As part of the second line of defence, the risk management function independently assesses reserving and premium risks on a regular basis. Reserving risk refers to the risk associated with fluctuations from unpaid insurance loss estimates from prior accident periods, and premium risk refers to the risk of insufficient premiums relative to costs, including claims, acquisition costs, reinsurance and expenses. These processes support the timely identification of adverse trends and enable appropriate management actions to safeguard insurance risk undertaken by the Company.

(c) Investment risk management

The Company's investment objective is to preserve capital, maintain sufficient liquidity to meet policyholder obligations, and generate sustainable risk-adjusted investment returns within its approved risk appetite. Investment activities are conducted in accordance with Board-approved investment policies and guidelines, taking into consideration the nature, currency and duration of insurance liabilities to support effective asset-liability management. Investment risks, including market, credit, concentration and liquidity risks, are managed through established asset allocation limits, counterparty and issuer exposure limits, minimum credit quality requirements, duration limits and regular portfolio monitoring.

The Company principally invests in fixed income securities, cash and deposits within approved limits. The use of derivatives for investment purposes is prohibited. Environmental, social and governance ("ESG") considerations are also incorporated into the investment process, including restrictions on certain sectors and investment activities. The Company continuously assesses investment exposure and concentration to ensure that risks remain within approved limits and that the investment portfolio remains aligned with the Company's risk appetite.

The Board retains ultimate responsibility for overseeing the Company's investment activities and investment risk management framework. The Board is supported by the Investment Committee, which oversees investment strategy, asset allocation, portfolio performance, investment risk exposures and compliance with investment policies and regulatory requirements. The Investment Committee also reviews the suitability and performance of external fund managers, monitors adherence to investment limits and risk tolerances, and recommends appropriate actions where emerging risks or market developments may impact the investment portfolio. Regular reporting is provided to the Investment Committee and the Board to support effective oversight and decision-making.

As part of the second line of the defence, the Risk Management function independently assesses investment market and credit risks on a regular basis, using the value-at-risk ("VaR") measure which describes the extent of investable assets the Company would lose in a macroeconomic shock. These governance arrangements help ensure that investment risks are appropriately identified, monitored and managed in a prudent and disciplined manner.

(d) Liquidity risk management

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining a prudent level of liquid assets, monitoring cash flows and funding requirements, and aligning investment assets with the nature and duration of insurance liabilities. Liquidity positions are regularly assessed through stress testing under severe but plausible scenarios, including natural catastrophe and large loss events. In addition, contingency funding arrangements, including reinsurance recoveries and group support mechanisms, are maintained to strengthen the Company's financial resilience.

(e) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. The Company maintains an operational risk management framework comprising policies, procedures, internal controls and governance processes designed to identify, assess, monitor and mitigate operational risks across its business activities. Key areas of focus include internal controls, business conduct, outsourcing, business continuity, cybersecurity and information security. Operational risk exposures are regularly monitored by management and relevant governance committees, with independent assurance provided through internal audit activities. The Company continues to strengthen its operational resilience through ongoing control enhancements, staff training and risk awareness programmes, supporting the effective delivery of services to customers and compliance with regulatory requirements.

Particular attention is given to cybersecurity and information security risks through a dedicated framework for monitoring and managing cyber threats, enhancing security controls, promoting staff awareness and maintaining incident response capabilities.

(1) Statement of Compliance

(i) I am satisfied with the completeness, accuracy and consistency of the information disclosed in this disclosure statement in respect of MSIG Insurance (Hong Kong) Limited;

(ii) I am satisfied that the information in this disclosure statement is prepared in accordance with the Insurance (Public Disclosure) Rules and the Insurance (Valuation and Capital) Rules (subject to any variation or relaxation applied thereto);

(iii) I am satisfied that the information in this disclosure statement can be reconciled with the relevant specified annual forms, on each of which an auditor's report is provided, of MSIG Insurance (Hong Kong) Limited's annual returns for the financial year to which this disclosure statement relates, as submitted under rule 4(1) of the Insurance (Submission of Statements, Reports and Information) Rules; and

(iv) I am satisfied that MSIG Insurance (Hong Kong) Limited has complied with all capital requirements that apply to it under the Insurance (Valuation and Capital) Rules (as relaxed or varied, if applicable), during the financial year to which this disclosure statement relates.

Name:	**Philip Graham Kent**
Position:	**Chief Executive Officer**
Company Name:	**MSIG Insurance (Hong Kong) Limited**