10Life Financial Limited
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23 July 2026

The Hong Kong Monetary Authority
55th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

Attention: Mr Kenneth Hui, Executive Director (Banking Conduct)

Dear Mr Hui,

Re: Open enquiry on bank premium-financing lending to vulnerable customers

10Life Financial Limited is a licensed insurance broker company and an independent insurance comparison platform. Our work is to help the public understand their real protection needs and compare products against those needs, and we write from that vantage point.

We are seeing a growing number of cases, brought to us directly and reported publicly, in which vulnerable customers, including elderly retirees of modest and often undocumented means, have been placed into large insurance policies funded by bank premium-financing loans they did not understand and cannot sustain. The pattern recurs, and we set out three questions below, on matters within the Authority's remit as supervisor of the lending bank in its capacity both as lender and as insurance intermediary. We are writing in parallel to the Insurance Authority. This open letter and any reply will be published on our platform, in the shared interest of public confidence in the banking and insurance sectors, and we would welcome the Authority's response being shared alongside these questions.

Q1. What consequence follows for a bank that does what the Authority's own review found?

The Authority's review of November 2025 found bank staff bundling the premium-financing loan with the insurance application, promoting financing as means to earn higher returns, and failing to disclose that rates fluctuate and early surrender can cause significant loss.[1] This matches what we observe. In response, the Authority set out further expected standards on how financing must be presented and how its risks must be disclosed, applying only to new facilities from January 2026.

We ask what direct, enforceable consequence follows for a bank whose staff act in this way, and why further expected standards, which carry no such consequence, are a sufficient answer to findings of this kind.

Q2. Why may an affordability assessment rest on unverified figures?

The Authority requires a bank acting as insurance intermediary to assess whether the customer can pay the unfinanced premium, meet every scheduled repayment and repay the sum owed if

[1] HKMA, Observations from Review on Premium Financing Activities for Insurance Policies, 19 November 2025, Annex, paragraphs 1.1, 1.2 and 2.1. The expected standards apply to facilities entered into on or after 1 January 2026.

it is demanded before the policy matures.[2] Properly applied, that test would answer most of what we raise, yet nothing requires the figures behind it to be documented or verified, and in the cases we see they are often completed by bank staff rather than the customer. The further safeguard, which weighs the loan against the customer's own resources and discloses that ratio, applies only where a risk of over-leveraging is found, and it rests on those same unverified figures. A residential mortgage of comparable size requires documented income,[3] yet a loan secured against a complex, long-dated life policy is held to a much looser evidential standard.

We ask on what basis an unverified figure, often supplied by the bank rather than the customer, is an adequate foundation for this assessment. Will the Authority require documented and independently verified income and assets, and require the ratio to be computed in every case, rather than leaving that decision to the intermediary that arranges the loan?

Q3. Is a customer shown how loan repayments rise if interest rates increase?

Premium-financing loans are commonly floating, referenced to HIBOR or the Prime Rate, so repayments rise as rates rise. We observe that customers are not consistently shown how their repayments would change if rates increased, whether as a range, a stressed figure or in any other form, and the Authority's own review found staff failing to disclose that rates fluctuate.[4]

We ask what the Authority expects a bank to show a customer about how the cost of a floating-rate premium-financing loan changes as rates move, and whether a stressed repayment figure should be shown and tested for affordability before the loan is granted.

We raise these questions constructively and in good faith, in the belief that clear public answers would strengthen confidence in the market. A substantive response within 30 days would be appreciated, so that the Authority's position can be shared alongside these questions.

Yours sincerely,

Iris Lun

Iris Lun **FIAA FASHK**
Director and Responsible Officer
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[2] HKMA, Use of Premium Financing to take out Long Term Insurance Policies, 1 April 2022, Annex; IA circular of the same date, paragraph 2.

[3] HKMA supervisory framework for residential mortgage lending. The borrower interest-rate stress test was suspended in 2024; the documented-income and debt-servicing discipline remains. We cite it as the established affordability principle for bank lending of comparable size.

[4] HKMA circular of 19 November 2025, Annex, paragraph 2.1.