10Life Financial Limited
16/F, Greatmany Centre, 109–115 Queen's Road East, Wanchai, Hong Kong

23 July 2026

The Insurance Authority
19th Floor, 41 Heung Yip Road, Wong Chuk Hang, Hong Kong

Attention: Mr Marty Lui, Executive Director (Long Term Business)
Mr Alan Wu, Acting Head of Conduct Supervision

Dear Mr Lui and Mr Wu,

Re: Open enquiry on the sale of premium-financed long-term insurance 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 means, have been placed into large, long-dated, non-guaranteed life policies funded substantially by bank premium financing, on terms they did not understand and cannot sustain. The pattern recurs, and we set out three questions below. We are writing in parallel to the HKMA on matters within its remit as supervisor of the lending bank. This open letter and any reply will be published on our platform, in the shared interest of public confidence in the insurance and banking sectors, and we would welcome the Authority's response being shared alongside these questions.

Q1. How can an insurer detect an overstated declaration when the safeguard is disabled by the overstatement?

The Authority requires insurers to verify a customer's asset and income proof and to decline an application where affordability is in doubt.[1] That safeguard is conditional. It applies only where the insurer first identifies a risk of over-leveraging, and it falls away entirely where the customer appears to hold enough of their own funds to pay the premium without financing.[2] Both tests turn on the customer's declared assets, so an overstated declaration produces no finding of risk, the additional measures do not apply, and the verification that would have exposed the overstatement is never performed.

We therefore ask how an insurer is to detect an overstated declaration when the overstatement itself disables the safeguard designed to catch it. Should verification apply to every premium-financed application, rather than only to those already flagged? The insurer is the principal of

[1] Insurance Authority, Circular on the supervisory standards and key requirements on the use of premium financing to take out long term insurance policies, 1 April 2022, paragraphs 10 and 11.

[2] Ibid., paragraph 8 and footnote 6. Paragraph 8 defines risk of over-leveraging by reference to whether a repayment demanded before policy maturity can be met from the customer's own funds. Footnote 6 disapplies paragraphs 8 to 11 where the customer has own funds sufficient to pay the premium in full without financing.

the intermediary and carries its own duty to verify and assess suitability at underwriting,[3] and we ask where the Authority places responsibility when verification never takes place.

Q2. Does a loan-funded policy genuinely close a protection gap?

These sales are justified on the basis that the policy closes a protection gap, yet where the policy is funded by a loan secured against it, it does not. On death the loan is repaid first and the family receives only a fraction of the sum assured, and each interest payment erodes the position further. The difficulty is structural: the needs analysis computes the need in one section and records the financing in another, and nothing requires the need to be stated net of the charge over the policy sold to meet it. As an independent platform that helps customers identify their real protection needs, we regard this as a central concern.

We ask what the Authority expects of a needs analysis, so that the gap it identifies is stated net of any charge over the policy sold to close it. Does the Authority agree that a loan-funded policy should not be presented to a customer as closing a protection gap?

Q3. Why is no one required to put the two halves together?

The Benefit Illustration and the loan terms sit in the same application pack, yet nothing requires anyone to reconcile them. The illustration ignores the financing cost, and affordability is confirmed by a declaration rather than a calculation. The two sides are also mismatched in both certainty and timing. The asset is a non-guaranteed cash value that depends on the insurer's fulfilment of projected dividends and is suppressed by surrender charges in the early years, while the liability is contractual, fixed only briefly and then repriced or renewed at the lender's discretion. The Authority already accepts that benefits will be less than illustrated and asks only that the customer be reminded of a potential shortfall,[4] but on these facts the shortfall is not merely potential but calculable from figures already to hand.

We ask what the Authority will do to require that the net position be computed and shown to the customer across the realistic life of the arrangement, reflecting the financing cost, the early-year surrender charges and the repricing of the loan.

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
10Life Financial Limited
Insurance Authority Licence No. FB1526

[3] Guideline on Underwriting Long Term Insurance Business (GL16), paragraph 7.6

[4] IA circular of 1 April 2022, paragraph 16.