BEST'S MARKET SEGMENT REPORT

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Health and Property Lines Drive Hong Kong's Non-Life Insurance Growth

More than half of the authorised insurance companies in Hong Kong are pure non-life insurers

Principal Takeaways

- The non-life segment is heavily fragmented, with intense competition and low concentration; no single company holds more than a 10% market share.
- A strong turnaround for the accident and health segment led to underwriting profitability in 2025, despite continued margin pressure from medical inflation.
- The Wang Fuk Court fire in late 2025 prompted primary insurers and reinsurers to review their risk exposure and strengthen underwriting, while a significant share of the gross losses was ceded to the reinsurance market.
- Favourable prior-year reserve releases contributed to stronger underwriting performance and helped improve the combined ratio for the employees' compensation insurance segment in 2025.
- Progressive regulatory strategies balance market resilience and industry development by introducing targeted initiatives to streamline compliance and support sustainable growth.

Hong Kong's non-life market recorded stable growth in 2025, with gross written premiums (GWP) growing 8% to HKD 108.5 billion, representing 13.1% of the overall insurance industry. The performance was driven by steady growth in direct business and inward reinsurance activities, both capitalising on broader regional and economic demands.

Accident and health (A&H) insurance remains the largest premium contributor, representing 36.6% of the market GWP (**Exhibit 1**). The other two core business segments — property damage at 26.0% and general liability (including employees' compensation) at 17.2% — hold a consistent market share to the overall non-life GWP in 2024 and 2025. The remaining lines of business each holds less than a 10% share.

Top 10 Non-Life Insurers' Market Share Remains Stable

As of 31 March 2026, there were 161 authorised insurance companies in Hong Kong, comprising 87 pure non-life insurers (including five non-life reinsurers), 52 pure long-term life insurers (including one long-term life reinsurer), 19 composite insurers (including 11 composite reinsurers), and 3 special purpose insurers. This intense crowding creates tight price competition and margin pressures across the industry, making organic growth difficult for some entities.

Based on AM Best's analysis of the Insurance Authority (IA) data, the top 10 non-life insurers captured an aggregate GWP market share of 46.7% in 2025, while the top 20 had 68% (**Exhibit 2**). This highlights a highly fragmented industry where the remaining premiums were dispersed among dozens of smaller domestic and international firms.

AXA General Insurance Hong Kong Limited remains the leading non-life company by GWP, with a market share of 7%, followed by Bupa (Asia) Limited with 5.8% and AIA International

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with 5.3%. AIA International rose to the third spot after its GWP surged 26.3% in 2025, while the previous year's third-place insurer, Asia Insurance, fell to the ninth spot after posting a 27.6% decline in GWP.

Among the top 10 non-life insurers are three AM Best-rated entities, which contributed 12.5% to the direct non-life market premiums in 2025. The 13 AM Best-rated direct non-life insurers collectively held 21.5% of the market GWP, up slightly from the prior year's 21.2% (**Exhibit 3**).

Rising Claims and Reserves Pressure Underwriting Profit

In 2025, the non-life industry's overall operating profit reached HKD 11.4 billion, up nearly 40% year over year, including HKD 2.9 billion in underwriting profit, on an undiscounted basis, the IA data shows. The industry's undiscounted underwriting profit shrank 12.5% last year, mainly due to the severe claims and reserve provisions linked to the devastating fire at the Wang Fuk Court residential complex in November 2025, coupled with reinsurance inward underwriting results swinging from a healthy surplus to a marginal loss.

Exhibit 1

Hong Kong Non-life GWP Mix, 2025

GWP Mix	2019	2020	2021	2022	2023	2024	2025
A&H	32.9	29.2	28.4	29.4	31.7	34.5	36.6
Motor	11.2	10.4	8.8	8.3	8.4	9.5	8.9
Transportation	7.9	7.6	7.8	8.2	7.9	6.3	6.6
PD	18.4	20.6	21.4	21.0	22.2	26.3	26.0
GL (including EC)	22.8	23.1	22.9	23.2	22.0	18.6	17.2
Pecuniary Loss	5.2	7.8	9.5	8.7	6.7	4.9	4.8
Treaty	1.5	1.4	1.3	1.2	1.2	0.0	0.0

Source: Hong Kong Insurance Authority

Exhibit 2

Hong Kong - Non-life GWP Market Share, 2025

Domicile	(%)
AXA General	7.0
Bupa	5.8
AIA International	5.3
Generali	5.1
CTPI(HK); Best's FSR = A	4.5
BOC Group Insurance; Best's FSR = A	4.2
Zurich Insurance	4.1
PICC (HK); Best's FSR = A	3.8
Asia Insurance	3.6
AIA (HK)	3.3
Top 10	**46.7**
Next 10 Largest	**21.3**
Rest of Industry	**32.0**

Source: Hong Kong Insurance Authority

Exhibit 3

Hong Kong Non-Life Market Share, 2025

	Top 10 Non-Life Insurers	AM Best-Rated Companies
Share of GWP in Direct Non-Life Market	46.7	21.5
Share of Underwriting Profit/(Loss) in Direct Non-Life Market	22.8	15.4

Source: Hong Kong Insurance Authority, AM Best data and research

The combined underwriting profit of the top 10 non-life insurers totalled HKD 835.3 million, an increase of 51.1% from the previous year. Their share of total direct market underwriting profits was 22.8% in 2025.

For AM Best-rated insurers, their aggregate underwriting profit amounted to HKD 563.4 million, representing 15.4% of the overall industry underwriting profits.

To counteract volatile underwriting income, Hong Kong's non-life insurers rely heavily on investment returns to achieve bottom-line growth. In 2025, the non-life segment's investment income surged 45.7% to HKD 9.3 billion, outpacing underwriting income as the primary driver of profitability.

In terms of investment strategy, Hong Kong non-life insurers invest the majority of their asset portfolios in cash and fixed income, benefitting from the Hong Kong Monetary Authority's move to keep its base rate at 4.25% in lockstep with the US Federal Reserve. Simultaneously, the broader financial market (tracked by the Hang Seng Index (HSI)) has experienced strong reflation and upward trajectories since early 2025. This momentum has continued into 2026, with the HSI trading firmly above the 24,000-point level. These favourable market conditions will continue to bolster the investment yields and operational profitability for non-life entities holding equity and fixed-income portfolios.

Drivers of A&H Dominance

The A&H segment's GWP amounted to HKD 39.6 billion in 2025, up 14.5% from HKD 34.6 billion a year ago. Within the segment, Bupa (Asia) Limited is the largest A&H insurance provider, followed by AIA International Limited, AXA General Insurance Hong Kong Limited, and AIA Company Limited. They collectively contributed to around 51% of total A&H premiums (by accident year) in 2025.

The double-digit GWP growth was driven by strong onshore business demand, an aging population, and the city's role as a regional hub for private medical services and cross-border protection. The rapid physical integration of the Greater Bay Area (GBA), a major urban and economic cluster in southern China that connects Hong Kong and Macau with nine cities in Guangdong province, has also led to considerable non-local demand.

In addition, the rising demand for group medical plans is fuelling growth in the A&H insurance segment, as large corporations increasingly offer these benefits to attract talent and boost retention in a highly competitive job market. However, this surge is driving premiums higher, with employee medical insurance costs rising significantly due to sustained high hospital utilisation.

While small and medium-sized enterprises (SMEs) recognise the necessity of attracting talent, tight operating margins often force them to scale back corporate health packages. High costs, surging medical inflation, restrictive underwriting terms, and complex policy structures are major barriers to A&H insurance adoption for Hong Kong SMEs.

In recent years, major A&H insurers also have benefitted from cross-selling synergies with the life insurance segment. In particular, these insurers are increasingly cross-selling A&H riders into life policies, shifting the industry toward integrated medical and critical illness protection. This strategy helps address a growing health protection gap by offering comprehensive critical illness and medical coverage alongside long-term wealth accumulation, succession planning, and retirement products.

Following four consecutive years of underwriting losses from 2021 to 2024, the underwriting conditions in direct A&H business rebounded in 2025 largely owing to strong consumer demand and strategic pricing adjustments, as well as a normalisation of post-pandemic deferred medical claims. The combined ratio, based on net premiums written, improved to 95.1% in 2025, from 102.3% in 2024.

Despite this turnaround, the A&H market continues to face pressure from persistent medical inflation, which hovers around 10% annually, increasing client demand for flexible coverage, and higher claims frequency driven by growing consumer awareness. To protect margins in a highly competitive environment, insurers must proactively address challenges in claims management and cost escalation by modernising digital infrastructure and revisiting reimbursement terms.

Price Softening in Property Insurance Tempered by the Wong Fuk Court Fire

Property damage is consistently one of the largest lines of business, ranking second by non-life GWP in the past three years. The segment's GWP rose 7.1% to HKD 28.3 billion last year, buoyed by dense urban concentration, and rising commercial risk demand fuelled by more frequent CAT events, as well as the expansion of inward reinsurance portfolios.

After years of rate hikes, property damage premium rates in Hong Kong experienced softening through 2024 and 2025. This was driven by abundant market capacity and intense competition among insurers vying for market share following several years of profitable underwriting.

Overall, the underwriting profit for direct property damage business shrank 86.7% to HKD 89.7 million, owing largely to huge claims payouts and substantial reserves set aside by insurers following the Wang Fuk Court fire. As of early February 2026, around 85% of claims for damage have been settled, with nearly HKD 510 million paid (mainly personal insurance, including homeowners and domestic helpers) to affected individuals two months after the blaze that killed 168 people. The IA report shows that of 1,030 non-life claims, 863 were settled for approximately HKD 450 million, while 169 of 188 long-term insurance claims were resolved for about HKD 60 million.

A material portion of the gross incurred losses from the Wong Fuk Court fire was transferred to reinsurers, with limited impact on pricing. However, the scale of the event has caused primary insurers and reinsurers to review underwriting portfolios and reassess their risk appetite and strategy, leading to stricter underwriting standards, particularly for high-rise renovations and high-risk construction locations.

Some Hong Kong insurers are also accelerating efforts to underwrite inward reinsurance to spread exposures across different geographies and portfolios, protecting their balance sheets against localised catastrophes and further strengthening geographical diversification. This strategy also serves as a strategic pathway to build international underwriting expertise away from the saturated domestic market. Additionally, major Chinese insurers are using their Hong Kong subsidiaries to underwrite overseas projects, leveraging parent support and extensive corporate networks for Chinese Interest Abroad (CIA) activities.

Growth in Employees' Compensation Business Despite Ongoing Market Pressures

General liability insurance, which includes employees' compensation (EC), is the third-largest business line, representing 17.2% of total non-life GWP in 2025. This line of business has consistently been the leading bottom-line contributor for the non-life industry over the past five years.

The EC insurance segment has been experiencing rate reductions, driven by a soft, competitive market. Despite this, the segment has grown, reporting an improved combined ratio during 2025 due to favourable prior-year reserve developments and prudent underwriting adjustments. In particular, the release of reserves helped offset the challenging market dynamics of competitive premium rates and rising medical and compensation costs.

While reserve releases have helped improve underwriting results, the EC segment continues to face profitability pressures. This segment is highly sensitive to macroeconomic and regulatory factors, directly impacting premium costs, claims frequencies, and corporate liability. For instance, the Hong Kong government implemented the Employees' Compensation Ordinance (Cap. 282) amendments, effective 17 April 2025, increasing the payout limits and statutory amounts across nine items, such as medical expenses, permanent incapacity, and death benefits, which subsequently propels insurers to reprice policies. Additionally, to keep pace with inflation, the Labour Department revised upwards the maximum daily rates of reimbursable medical expenses for employees injured at work or suffering from prescribed occupational diseases starting 1 January 2026.

In response to these statutory changes and tough operating conditions, many insurers are prioritising claims management and fraud control, as well as maintaining rigorous reserve positions to prepare for higher payout obligations.

Regulatory Initiatives Enhance Market Development

On the regulatory front, the IA has been executing progressive strategies to balance market resilience with industry development. The transition to Hong Kong Risk-Based Capital (HKRBC) in July 2024 and the adoption of HKFRS 17 (the local equivalent of IFRS 17) for financial reporting in January 2023 represent two most monumental regulatory shifts for the local insurance industry. These frameworks have completely overhauled how companies measure liabilities, manage capital adequacy, assess risk, and report profitability. Other main regulatory initiatives include the targeted pushes into captive insurance, insurance-linked securities, and GBA cross-border products.

On 8 May 2026, almost two years into the adoption of HKRBC, the IA published the consultation conclusions on proposed amendments to the Insurance (Valuation and Capital) Rules (Cap. 41R). These changes are expected to improve the regime's responsiveness to market conditions while supporting insurers' long-term strategies. (See Commentary: Proposed RBC Changes Credit Positive for Hong Kong's Non-Life (Re)insurers)

For the non-life segment, the proposed updated rules will introduce technical refinements affecting several areas of risk assessment and capital treatment. These include reductions in risk capital amounts for natural catastrophe risks, man-made non-systemic catastrophe risks, and reserve risks. In addition, the rules will provide relief for offshore reinsurance business written by Hong Kong insurers or designated insurers that are part of non-Hong Kong insurance groups, subject to regulatory approval. Set to take effect on 31 December 2026, these updates could bolster Hong Kong's position as a global reinsurance and risk management hub.

Although HKFRS 17 has been effective for annual reporting periods beginning on or after 1 January 2023, many insurance companies, especially small-to-medium-sized insurers, remain in a transitional phase in applying it as their performance management framework. Navigating the adoption of HKFRS 17 presents Hong Kong's non-life insurers with operational and strategic hurdles, including stringent data demands, clashes with legacy systems, and severe talent shortages. To date, some

insurance companies are still managing their key performance indicators (KPIs) under IFRS 4, while evaluating how to best align KPIs with the new framework.

The outlook for Hong Kong's non-life industry is bolstered by the Chief Executive's 2025 Policy Address, which introduced targeted initiatives to expand market reach and strengthen the city's status as a global risk management centre. Key strategic benefits for the industry include expanding captive and marine risk capacity to solidify the city's status as an international shipping hub, and encouraging increased participation in infrastructure financing and providing tailored coverage for the emerging low-altitude economy (which covers economic activities operating in airspace under 1,000 metres, and features diverse application scenarios spanning rescue operations, surveys, cargo delivery, and passenger transportation). The 2025 Policy Address also focused on facilitating insurance solutions for local residents accessing medical/elderly care in mainland China and expanding coverage for cross-boundary driving in the GBA.

These directives, coupled with ongoing regulatory directives, will serve as a major catalyst to strengthen the city's overall risk management capabilities, enhance competitive advantage, and drive operational resilience.

Appendix

Hong Kong Domiciled Rated Non-Life Companies

Ratings as of 26 October 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook
91430	AIG Insurance Hong Kong Limited (CS)	American International Group, Inc.	a+	Positive	A	Positive
93272	Bank of China Group Insurance Co Ltd	China Investment Corporation	a-	Stable	A-	Stable
77690	China BOCOM Insurance Company Limited	Bank of Communications Co., Ltd.	a-	Negative	A-	Negative
88780	China Ping An Insurance (HK) Co Ltd	Ping An Ins (Group) Co of China Ltd	a-	Stable	A-	Stable
85402	China Taiping Insurance (HK) Co. Ltd. (CS)	China Taiping Insurance Group Ltd.	a	Stable	A	Stable
84822	CMB Wing Lung Insurance Company Limited	China Merchants Group Limited	a	Stable	A	Stable
92800	Dah Sing Insurance Company Limited	Dah Sing Financial Holdings Limited	a	Stable	A	Stable
86939	Hong Leong Insurance (Asia) Limited	Hong Leong Company (Malaysia) Berhad	a-	Stable	A-	Stable
92147	Min Xin Insurance Company Limited	Fujian Invest & Development Grp Co Ltd	bbb+	Positive	B++	Positive
77936	Peoples Ins Co of China (Hong Kong)	People's Ins Co (Group) of China Ltd	a	Stable	a	Stable
43769	SAIC Motor Insurance Limited	Shanghai Auto Industry (Group) Co Ltd	a-	Stable	A-	Stable
90772	Starr International Ins (Asia) Limited	Starr International Company, Inc.	a+	Positive	A	Positive
87838	Sun Hung Kai Properties Insurance Ltd (C)	Sun Hung Kai Properties Limited	a	Stable	A	Stable

Source: BESTLINK

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