



# BTIR 2.0 – BUY TERM, INVEST THE REST

THE CASE FOR CHANGING THE WAY LIFE INSURANCE AND INVESTMENTS  
ARE BOUGHT IN HONG KONG IN THE AGE OF DIGITAL D2C SOLUTIONS

DECEMBER 2025

QUINLAN  
& ASSOCIATES

# TABLE OF CONTENTS

<b>SECTION</b>	<b>TITLE</b>	<b>PAGE</b>
<b>SECTION 1</b>	<b>HONG KONG LIFE INSURANCE MARKET</b>	<b>6</b>
<b>SECTION 2</b>	<b>INTRODUCTION TO BTIR</b>	<b>23</b>
<b>SECTION 3</b>	<b>BTIR 2.0</b>	<b>32</b>
<b>SECTION 4</b>	<b>THE WAY FORWARD</b>	<b>41</b>
<b>SECTION 5</b>	<b>HOW WE CAN HELP</b>	<b>50</b>

# FOREWORD

Hong Kong remains the world's global leader when it comes to insurance penetration and density, with life insurance representing an HKD 374 billion premium pool in 2024, comprising 59% of total gross written premiums. And within the life segment, three in every four life policies purchased in Hong Kong are whole life plans.

Despite their benefits (i.e., combining insurance and investments into a single product with guaranteed returns), whole life insurance policies come with various risks and limitations; from modest returns and potential conflicts of interest to poor fulfilment ratios and heavily discounted surrender values. Coupled with their high premiums, leading to affordability constraints, a multi-trillion-dollar protection gap continues to hang over the local populous. This opens the door to a critical question: is there an alternative solution to plug this gap?

We firmly believe that the onset of the “buy term, invest the rest (‘BTIR’)” movement, catalysed by the rise of low-cost, user-friendly D2C virtual insurers and WealthTechs is set to change the way insurance is bought in Hong Kong over the coming decade.

BTIR is not a product but rather an approach that, unlike whole life (where both protection and investments are managed as one by a single insurer), consumers mix purely protective term life insurance alongside investing independently of an insurance policy. Through this two-step approach, consumers can take advantage of lower premiums, assume greater control of their personal investments to better align with their risk profiles and financial goals, potentially generate higher long-term returns through more suitable portfolio allocation and considerably lower fees, and improve their liquidity profile by making their capital more readily accessible.

Looking ahead, we anticipate a growing shift in consumer purchase habits that's set to impact a broad variety of stakeholders beyond just policyholders. Insurers stand to benefit by spearheading efforts to bring deliver more affordable term life policies to un-/under-insured while expanding into wealth management. To enable this, intermediaries should look to re-train / re-tool their workforce, moving from pure insurance sales to more holistic wealth and financial advisory solutions, while traditional wealth managers explore tie-ups with insurers to provide investment avenues to their policyholders. For local regulators, BTIR also represents an opportunity to bridge the city's protection gap, especially for the un-/under-insured.

With a paradigm shift on the horizon, we believe the insurance industry is likely to experience a shake-up that can act as a golden opportunity for those fast enough to act.

**Benjamin Quinlan**

CEO & Managing Partner

**Quinlan & Associates**

# EXECUTIVE SUMMARY (1/2)

With HKD 638 billion in gross premiums being collected annually by insurers, of which the majority originates from life insurance (59% in 2024), Hong Kong remains one of the world's most lucrative markets for the life insurance industry. And driving the lion's share of the life insurers' business in the city are whole life plans, which offer lifetime protection with a savings element, accounting for 77% of the in-force life insurance premiums by value and 72% by volume.

While whole life policies may be propelling life insurers' fortunes in Hong Kong, they also carry various drawbacks – and risks – for policyholders:

- 1. Potential Conflicts of Interest:** 96% of life insurance premiums originate via intermediary channels, such as agents, who receive the highest proportion of first year premium payouts for whole life insurance, higher than that of term life insurance, thereby incentivising them to sell whole life policies;
- 2. Conservative Risk Appetite:** 60% of five of Hong Kong's leading insurers' investments are in debt securities, reflecting a conservative investment profile that may not align with individual policyholders' investment goals and risk appetites, potentially resulting in lower returns. For instance, between 2020-24, returns on the portfolios of Hong Kong's largest life insurers lagged the S&P 500 index – and did so by a notable margin – in all but one year;
- 3. High Premiums:** a comparison of premiums charged by traditional life insurers in Hong Kong revealed that whole life insurance policies can be up to 22x more expensive than term life policies from the same insurer for the same payment term and coverage for customers with similar profiles. Furthermore, whole life insurance policies have “low leverage”, i.e., much of the premium goes towards investing rather than protection, such that if the same premium amount was instead put towards a term life insurance plan then it would yield a much greater protection component;
- 4. Discounted Surrender Value:** almost 2/3<sup>rd</sup>s of Hong Kongers terminate their policies. Surrendering a whole life insurance policy during the initial few years post-purchase can subsume the entirety of one's premiums paid. In fact, it can take between 14-19 years before achieving break-even upon surrendering a whole life insurance policy, before accounting for inflation and the opportunity cost of not having invested elsewhere;
- 5. Hidden Costs:** we estimate that life insurers paid ~HKD 33 billion in commissions to intermediaries in 2024, a portion of which may be implicitly passed on by insurers to policyholders in the form of higher premiums. Furthermore, profit-sharing of the non-guaranteed savings component of a whole life policy (i.e., 5-15% is often retained by the insurer) can translate into an effective performance fee that's well in excess of what's typically charged by other investment avenues, such as wealth managers; and
- 6. Low Fulfilment Ratio:** Moreover, these non-guaranteed payouts frequently fail to materialise as illustrated at the time of policy purchase, with the average long-term (11+ years) fulfilment ratio of 135 whole life insurance policies issued by 10 leading Hong Kong insurers averaging 79%, with only 6/135 policies in force for 11+ years delivering a fulfilment ratio of at least 100%.

# EXECUTIVE SUMMARY (2/2)

Given the drawbacks of whole life insurance, an alternative approach, known as BTIR, has begun to gain popularity in the West in recent years, wherein individuals opt for cheaper term life plans and invest the premium differential independently of whole life insurance policies, such as via wealth managers. This strategy can yield a number of benefits, including:

1. **Lower Premiums:** as previously highlighted, whole life insurance policies can be up to 22x more expensive than term life policies from the same insurer;
2. **More Investment Control:** policyholders can invest as per their own personal investment needs, risk appetites, and financial goals;
3. **Higher Return Potential:** insurers tend to invest more conservatively, thus investing with a more moderate or aggressive allocation can yield potentially higher returns; and
4. **Greater Liquidity:** investments made outside of insurance plans in the case of BTIR should be easier to liquidate without incurring exorbitant surrender charges.

Making the case even more robust is the rise of digital D2C players, such as virtual insurers (e.g., Bowtie) and WealthTechs (e.g., Syfe), who are ushering in a new era of BTIR 2.0:

1. **A More Intuitive User Journey:** digital-centric user journeys that are seamless and fast (e.g., onboarding / application completion within 10 minutes);
2. **Lower Costs:** lower costs from saving on overheads (e.g., offices, relationship manager salaries) and intermediary commissions, with the ability to pass these cost savings on to end-customers in the form of lower premiums for term insurance (~14.1x lower) and lower fees for wealth management (~1.9x lower); and
3. **Higher Returns:** higher long-term returns than a traditional BTIR approach, significantly outperforming not only whole life insurance (by ~2.5-6.8x), but also the traditional BTIR 1.0 by ~1.3x.

We expect BTIR strategies to gain momentum in Hong Kong in the coming years, impacting various different industry stakeholders:

1. **Insureds:** prior to choosing between a whole life insurance policy and BTIR, insureds need to bear in mind a range of factors, including their risk appetite, financial discipline, investment acumen, time availability, liquidity need, cash flow predictability, and legacy planning concerns;
2. **Insurers:** a four-fold strategy is required of insurers to contend with the rise of BTIR, including protecting margins in their whole life business by launching innovative new features, penetrating the un-/under-insured segment via low-cost / more affordable term life insurance plans, proliferating into investment / wealth management solutions as an additional means of cross-selling to term life policyholders, and pioneering investment-linked products (“ILPs”) with more flexibility of investment choice and higher returns;
3. **Agencies:** insurance agencies should look to evolve their agency workforce from insurance sales-oriented persons to holistic financial planners, capable of addressing policyholders’ insurance and investment needs;
4. **Wealth Managers:** partner with insurers to tap their term life insurance policyholder base, such as via referral arrangements or white-label enablement; and
5. **Regulators:** to close the HKD 6.9 trillion gap in Hong Kongers’ mortality protection needs, regulators can support BTIR as a means to help plug the sizeable coverage gap un- / under-insured customer segment.



SECTION 1

---

# HONG KONG LIFE INSURANCE MARKET



# HONG KONG INSURANCE GROSS PREMIUMS

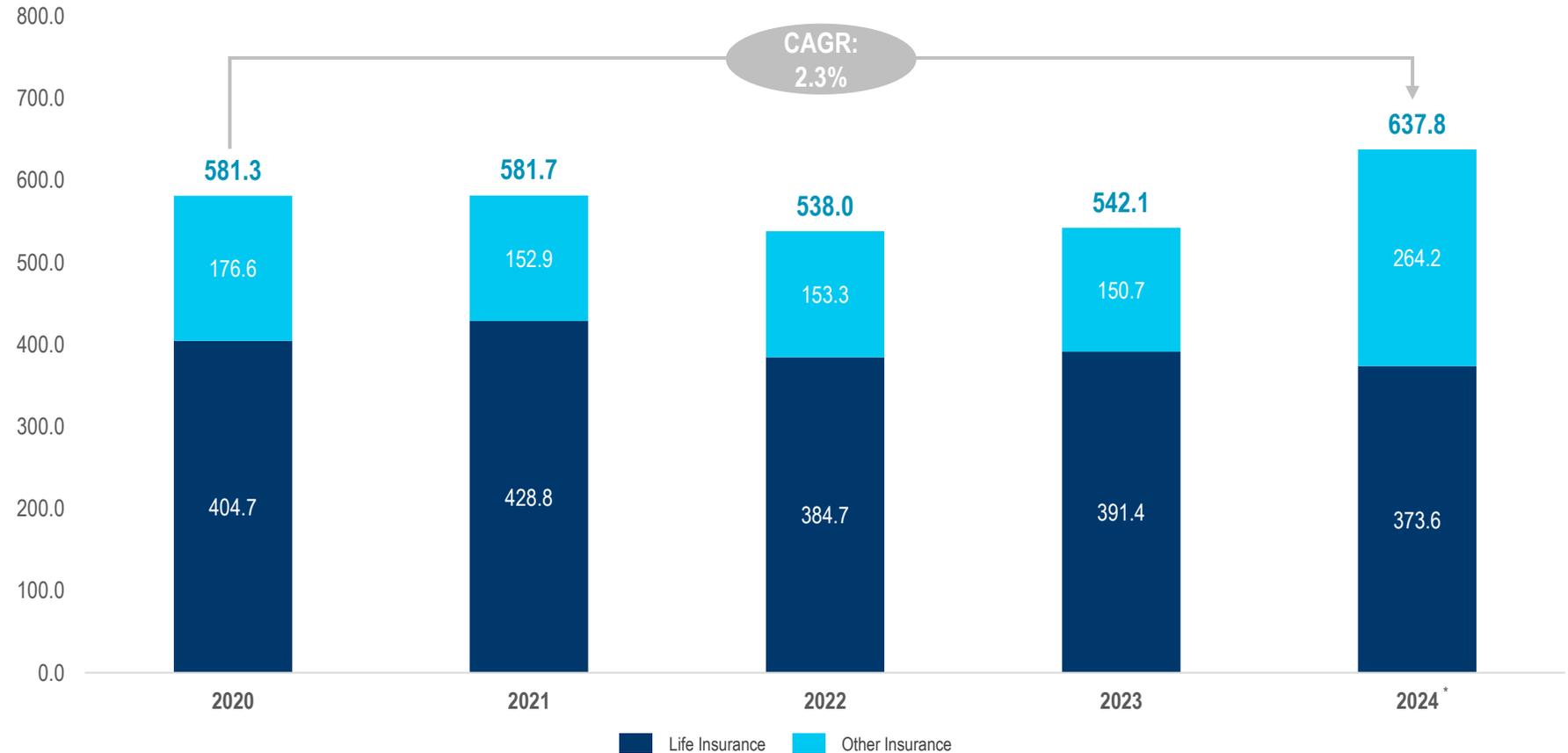
## KEY TAKEAWAYS

Hong Kong insurers' total gross premiums reached HKD 638 billion in 2024, growing by a compound annual growth rate ("CAGR") of 2.3% from 2020-24.

Life insurance accounts for the lion's share of gross insurance premiums in the city, representing between 70-74% of the total premium pool between 2020-23, falling to 59% in 2024.

The Hong Kong insurance industry raked in HKD 638 billion in gross premiums in 2024, with life insurance accounting for HKD 374 billion (i.e., 59%) of the total

**Gross Premiums**  
2020-24, HKD Billion



Note: The split showcased between life and other forms of insurance for 2020 is an estimate based on the provisional data  
\*The Insurance Authority changed the line items in the reporting of provisional statistics on Hong Kong long term business in 2024  
Source: Insurance Authority, Financial Services Development Council, Quinlan & Associates analysis

# HONG KONG LIFE INSURANCE OVERVIEW

## KEY TAKEAWAYS

Looking at the breakdown of life insurance products in Hong Kong, whole life insurance policies are by far the highest selling category, both by value (77% share) as well by volume (72% share).

These whole life insurance policies offer both protection as well as a savings element, along with lifetime coverage and three key legacy planning advantages which endear it to insureds:

- **Tax Friendly:** Lack of any estate duty taxes provides a tax advantage for passing down wealth to beneficiaries / the next generation;
- **Succession Tool:** Allows for peaceful and expedient wealth distribution, avoiding family disputes and/or getting caught up in probate procedures; and
- **Optionality:** Flexibility to choose between either lump sum or annuitised payout, with the ability to split amongst beneficiaries

These three advantages make whole life insurance policies attractive from a legacy planning standpoint.

Whole life insurance policies account for the lion's share of Hong Kong's life insurance market, both in terms of the premium pool (77%) as well as the number of policies in force (72%)

## Types of Life Insurance

Market Share (2024), Product, Description, and Features

MARKET SHARE		Description	DISTINGUISHING FEATURES				
By Value (premiums in-force)	By Volume (policies in-force)		Protection Component	Savings Component	Lifetime Coverage	Flexible Premiums	Market-linked Returns
77%	72%	<b>Whole Life</b> Lifetime mortality protection that has a savings element to accumulate its cash value with potential dividends	✓	✓	✓	✗	✗
14%	8%	<b>Endowment</b> Mortality protection for a fixed period with a savings element that provides a cash value upon policy surrender	✓	✓	✗	✗	✗
6%	13%*	<b>Investment-linked Assurance Scheme</b> A bundle of investment and fixed / lifetime life insurance, with a death benefit dependent on performance	✓	✓	—	✗	✓
2%	3%	<b>Universal Life</b> A lifetime insurance that offers flexibility in premium payments and account value withdrawals	✓	✓	✓	✓	✗
1%	3%	<b>Term Life</b> Pure life protection for a fixed period with no savings or cash value to ensure financial security	✓	✗	✗	✗	✗

Note: The percentage figures may not add up due to rounding; Group life insurance are excluded from the market share calculation

Source: Insurance Authority, Quinlan & Associates analysis

# BENEFITS OF WHOLE LIFE INSURANCE

## KEY TAKEAWAYS

There are four key advantages of whole life insurance products that endear them to policyholders, ultimately making it an attractive legacy planning avenue and single instrument that can double-up for both long-term investment as well as a safety net that offers mortality protection.

Together, these aspects make whole life insurance products a one-stop-shop for policyholders seeking out by simplicity.

Whole life insurance serves four key functions simultaneously for the policyholders, insureds, and beneficiaries, creating an all-in-one, hassle-free experience

## Benefits for Insureds

4 Key Advantages



## Resulting Value Proposition

2 Core Use Cases



# DRAWBACKS OF WHOLE LIFE – OVERVIEW

## KEY TAKEAWAYS

Right off the bat, the very purchase of a whole life insurance policy can be driven by a conflict of interest on the part of intermediaries who tend to earn a higher first year payout in case of whole life insurance as opposed to other policies.

Furthermore, whole life insurance policies may not be suitable from an investment standpoint due to insurers' conservative style of investment which may not suit each policyholder.

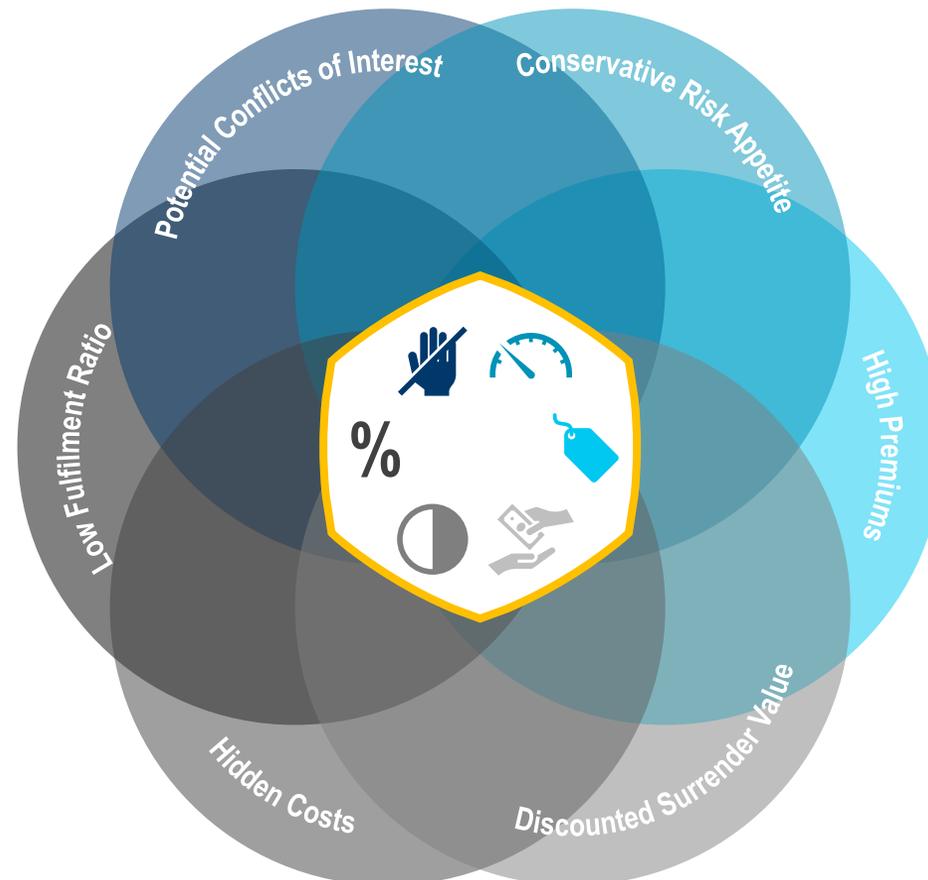
It's also vital to note that most Hong Kongers terminate their policy mid-way, such as due to exorbitant premiums, incurring a surrender charge that's especially steep during initial years and even if they do see through the policy's tenure, a sub-100% fulfilment ratio would mean that the return is lower than initially showcased.

Each of these has been further fleshed out in the forthcoming slides.

Despite the clear benefits on offer, there are several key drawbacks – and underlying risks – associated with whole life policies that need to be considered

## Drawbacks

Whole Life Insurance



### 1. Potential Conflicts of Interest

Potential conflicts of interest as intermediaries, through which 95% of policies are sold, receive the highest commission for whole versus other life insurance policies

### 2. Conservative Risk Appetite

Insurers have a conservative risk appetite, due to asset and liability management ("ALM") requirements, irrespective of the policyholder's risk tolerance

### 3. High Premiums

Whole life insurance policies carry higher premiums than other life insurances (up to 22x that of term insurance), leading to unaffordability of adequate coverage

### 4. Discounted Surrender Value

63% of Hong Kongers (81% in the 20-29-year-old bracket) terminate their policy mid-way, making the value they receive upon surrendering sizeably discounted

### 5. Hidden Costs

Large intermediary commission and investment profit-sharing by insurers contribute to the hidden costs in life insurance policies

### 6. Low Fulfilment Ratio

Non-guaranteed benefits paid out to policyholders often fall short of what was illustrated to them at the time of purchase (i.e., sub-100% fulfilment)

# 1. POTENTIAL CONFLICTS OF INTEREST

## KEY TAKEAWAYS

Intermediaries in Hong Kong account for the vast majority of life insurance sales (96%). For instance, agencies account for 1/3<sup>rd</sup> of life insurance premiums, earning the highest first year premium payout for whole life insurance policies and the lowest for term life policies

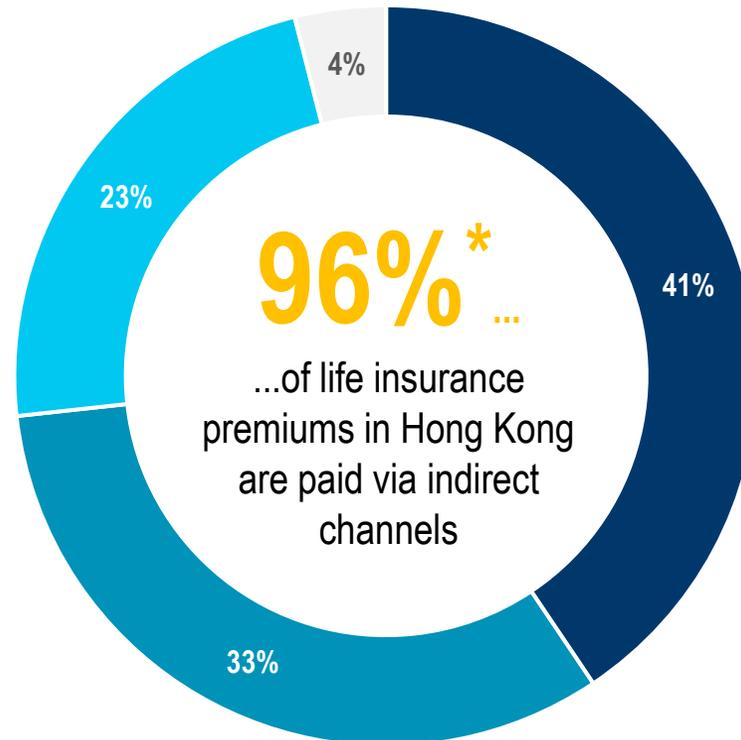
It is interesting to note that whole life insurance and term life insurance policies are also on opposite ends of the market share spectrum, mirroring their position on the premium payout spectrum.

Therefore, with the highest first year premium payout proportion of up to 60%, whole life insurance policies carry a greater incentive for sales by intermediaries, such as agents, posing a clear conflict of interest.

Most life policies in Hong Kong are sold via intermediaries, with whole life policies offering the most attractive commission payout rates, giving rise to potential conflicts of interest

Life Insurance Premiums by Channel

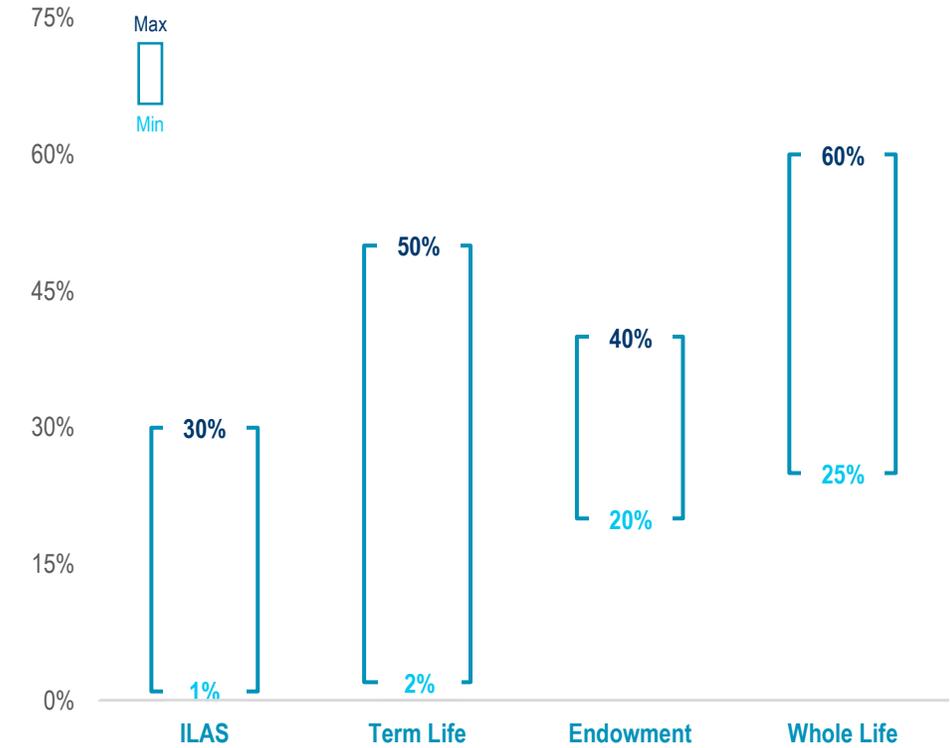
2024E, %



■ Bancassurance ■ Agency ■ Brokerage ■ Others

First Year Premium Payout as Agent Commission\*\*

2025E, %



	ILAS	Term Life	Endowment	Whole Life
<b>MIN</b>	1%	2%	20%	25%
<b>MAX</b>	30%	50%	40%	60%

\*The indirect channel proportions sum up to 96%, but may appear to sum up to 97% due to uneven rounding; \*\*May vary by product and payment arrangements (e.g., single premium vs. spread out payments, differing payment tenures, etc.)

Source: Industry interviews, Bowtie, Hong Kong Insurance Authority, The Actuary Magazine, Bowtie, Quinlan & Associates estimates

## 2. CONSERVATIVE RISK APPETITE

### KEY TAKEAWAYS

Given the need to match their asset and liability obligations, such as to fulfil their guaranteed return component, most insurers invest the majority of their portfolios into more conservative fixed income assets, including government and agency bonds, corporate bonds, and other debt securities. In the case of Hong Kong insurers, this allocation stood at ~60% in 2024.

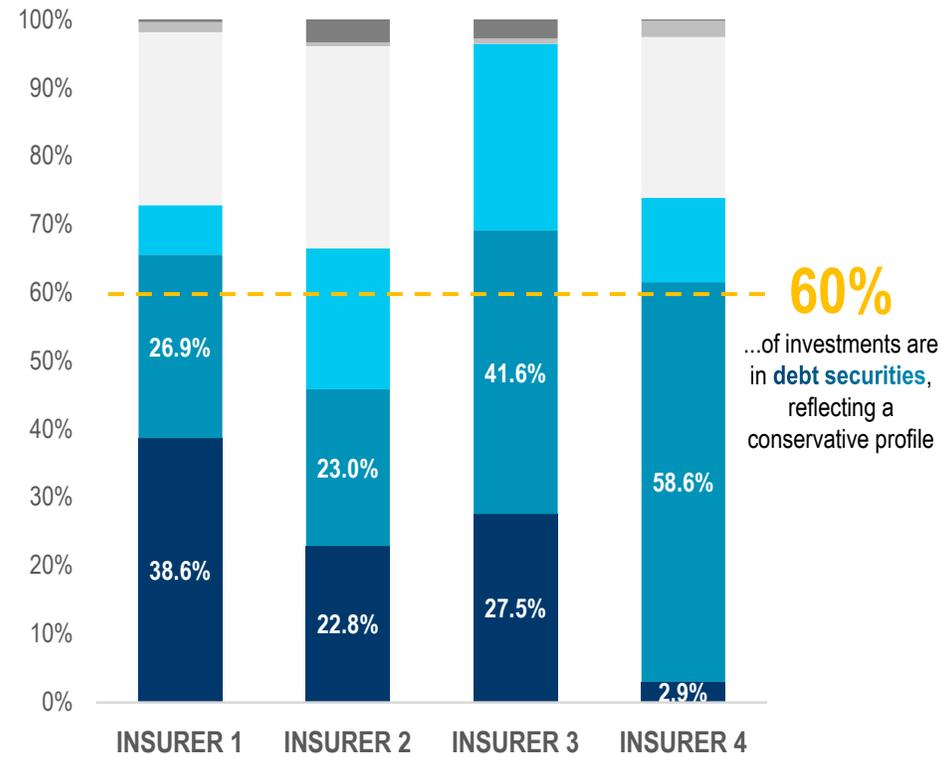
While a bias towards fixed income assets helps insurers better manage their ALM obligations, it also yields more modest returns.

Looking at the investment performance of Hong Kong insurers over the past 5 years, even the best performers failed to beat the returns of the S&P 500 index in all but one year (i.e., 2022). Few insurers were also immune to broader market losses in 2022.

In order to honour their guaranteed return component, insurance firms tend to have a conservative risk appetite with a bias towards fixed income investments, translating to modest investment returns

### Financial Investment Breakdown

2024, %\*

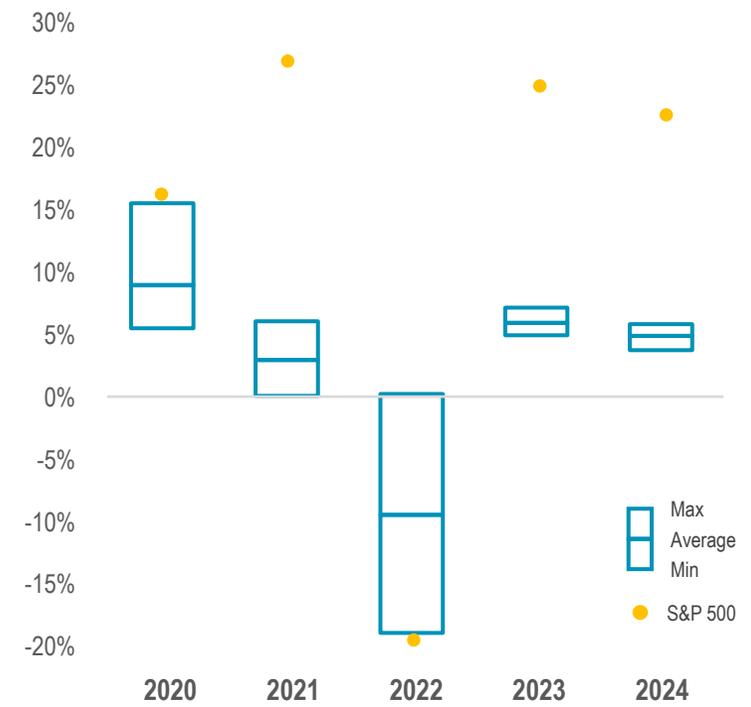


■ Government and Government Agency Bonds   
 ■ Corporate Bonds and Other Debt Securities  
■ Equity Shares   
 ■ Collective Investment   
 ■ Loans and Deposits   
 ■ Derivatives

### Annual Investment Returns

2020-24, %\*\*

Even the best-performing Hong Kong insurers' investment returns trailed that of the S&P 500 index in recent years (excl. 2022)



**Outperformed The S&P 500?**  
 2020: ✗    2021: ✗    2022: ✓    2023: ✗    2024: ✗

\*Average of disclosures by four leading insurers, excluding cash and short-term securities, amounts due from investment managers, portfolio cash, and mortgages; \*\*Representing the returns for investments made by top insurers in Hong Kong by the number of direct in-force policies in 2024

Source: Insurance firm disclosures, S&P Global, Quinlan & Associates analysis

### 3. HIGH PREMIUMS (1/2)

#### KEY TAKEAWAYS

The average annual premium being charged for a whole life insurance policy is markedly higher than an equivalent term life policy from the same insurer for customers with similar profiles, the same death benefit coverage, and an equivalent payment lifecycle.

For instance, Insurer 3 and Insurer 4 charge 7.5x and 12.5x higher, respectively, for a whole life policy than a term life policy offering the same coverage. The extra payment is observed for policies of different payment terms as well.

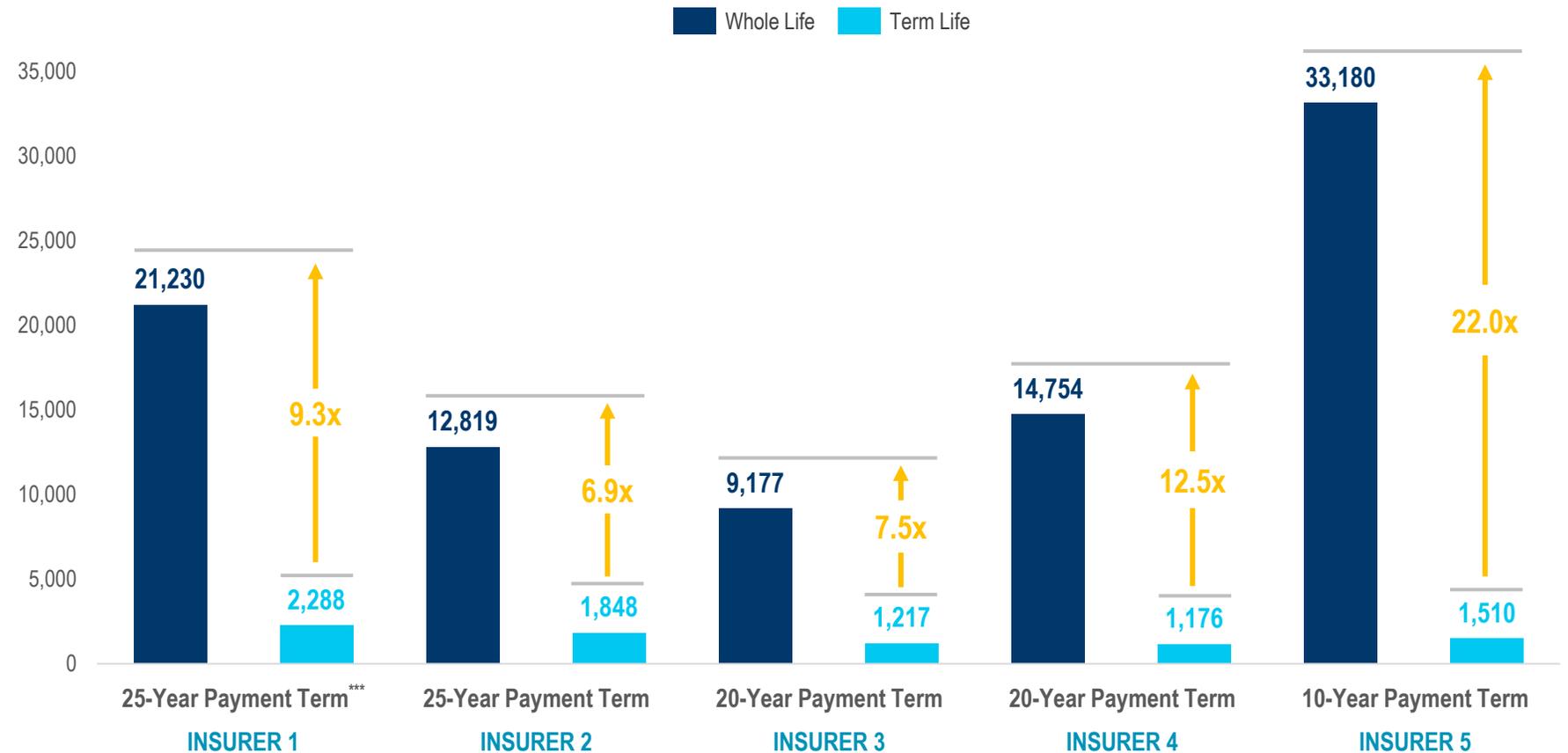
By opting for a term life insurance policy, policyholders can either receive much higher coverage for the same premium paid for a whole life insurance policy or obtain the same coverage at a much lower amount, the difference of which can be used elsewhere (e.g., investments, expenditures, etc.).

However, it is notable that whole life insurance plans' coverage will continue even after their payment term ends, unlike in the case of term life insurance plans.

Premiums for whole life policies are markedly higher than for term life policies for customers with the same profiles, death benefit coverage, and payment terms, but stay in-force even after payment ends

#### Annual Premium for HKD 1mn Policies\*

2025, HKD\*\*



\*The client is assumed to be a 30-year-old, non-smoker male for both charts; Figures exclude a 0.1% levy; \*\*For policies in USD, exchange rates are assumed at USD 1 = HKD 7.8; \*\*\*The term life premium is a simple average of the premium from ages 30-55 as the premium experiences a significant jump at age 51

Source: Insurers' online quotes, proposals shared by insurance agents, Quinlan & Associates analysis

### 3. HIGH PREMIUMS (2/2)

#### KEY TAKEAWAYS

At 18% of Hong Kongers' assets, life insurance accounts for a sizeable chunk of their wealth via the protection it provides.

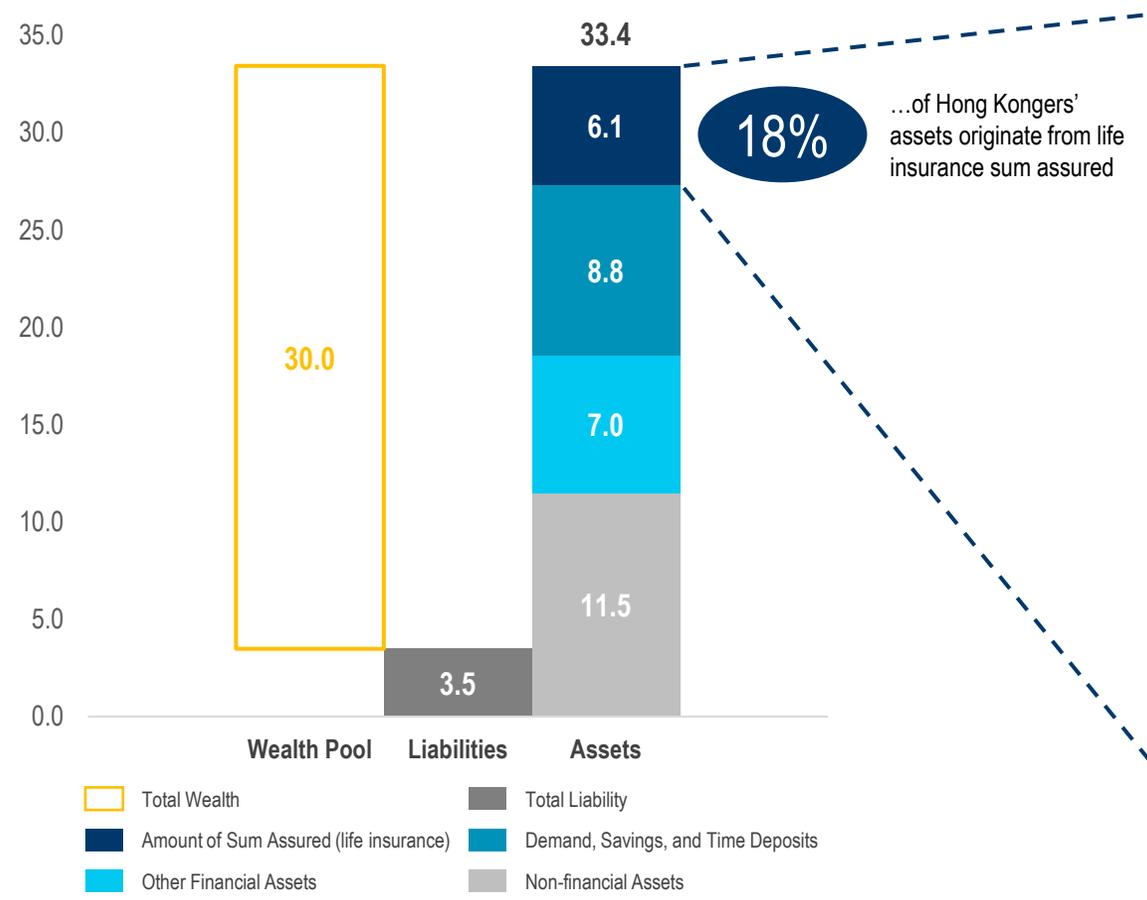
However, despite whole life insurance's large share of that pie (77% of premiums by value), its coverage stands at 60%.

In contrast, term life policies account for 13% of the sum assured, despite representing only 1% of total annual premiums paid, reflecting a considerably higher coverage per dollar as compared to whole life.

18% of Hong Kongers' assets are accounted for by life insurance, with whole life making up 77% of the premiums but only 60% of sum assured

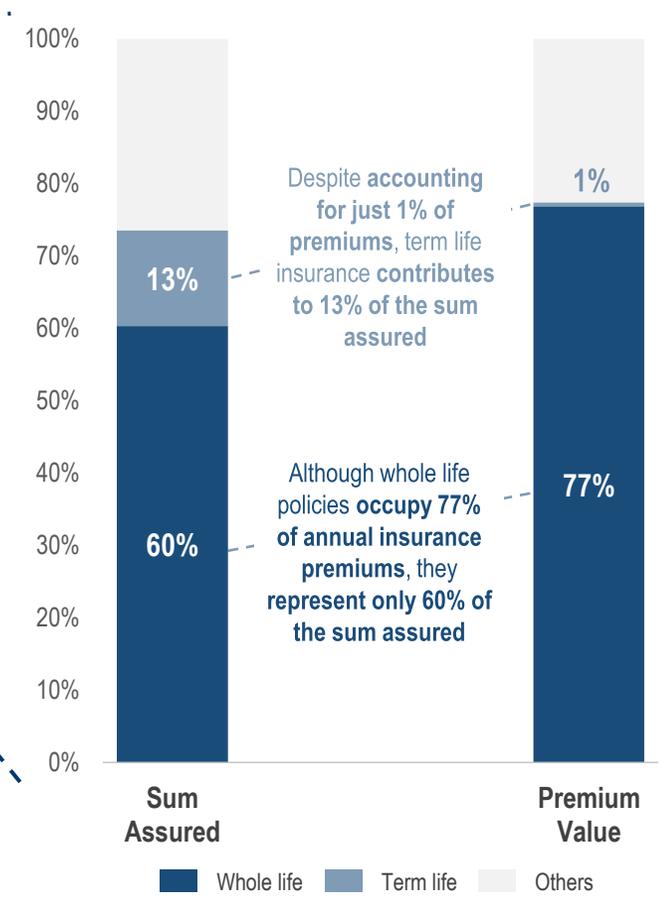
#### Total Wealth Breakdown

2024, HKD Trillion



#### Sum Assured Coverage vs. Premium

2024, %



# 4. DISCOUNTED SURRENDER VALUE

## KEY TAKEAWAYS

With 63% of Hong Kongers terminating their policies, a figure which jumps to 81% in the 20-29-year-olds age group, it's important to take into consideration the ramifications of surrender fees that are being charged by insurers.

These fees can be especially steep during the first few years of a policy, resulting in long gestation periods before the surrender value can break even with respect to the cumulative premiums contributed.

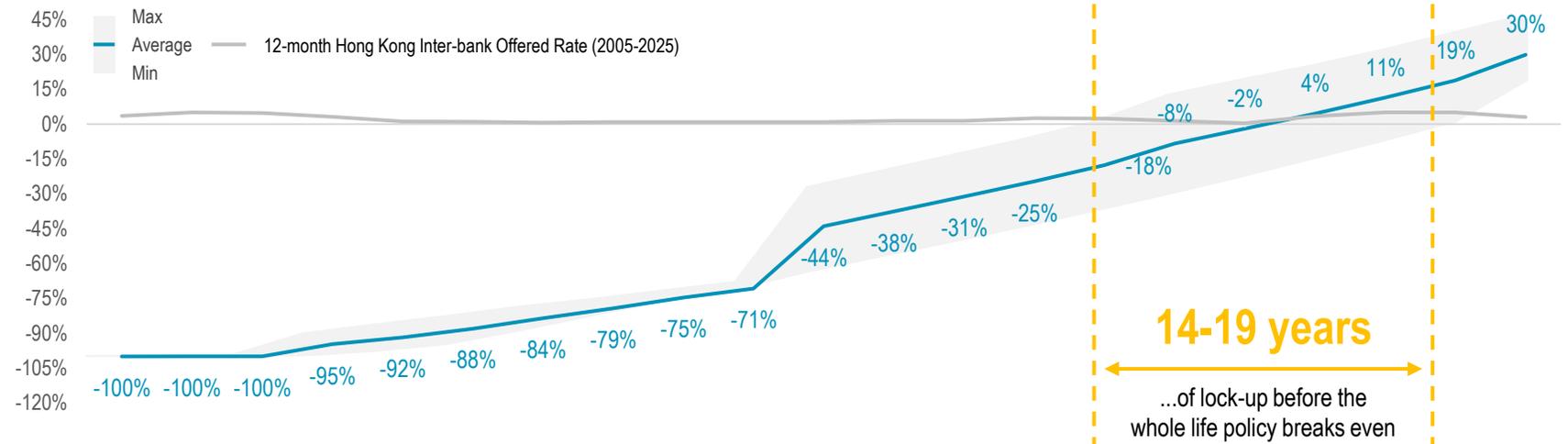
This picture looks even bleaker when one factors in inflation, further delaying break-even.

As such, even for those with a conservative investment mindset, a whole life insurance policy can prove to be detrimental if surrendered early on.

63% of policyholders in a survey revealed that they terminated their contracts because they could no longer afford the long-term commitment, severely impacting rates of return due to low surrender values

## Absolute Return

Premium for HKD 1 Million Coverage, %



AGE (Y/O)	30	32	34	36	38	40	42	44	46	48	50
<b>Cumulative Premium (HKD)</b>	17,008	51,024	85,040	119,055	153,071	187,087	221,103	255,119	289,130	323,146	357,162
<b>Cash Value (HKD)</b>	0	66	7,906	20,631	40,846	110,392	160,178	221,012	298,349	378,823	488,061
<b>Surrender Fee* (HKD, %)</b>	0 (N/A)	11 (16%)	949 (12%)	1,032 (5%)	2,042 (5%)	5,520 (5%)	8,009 (5%)	11,051 (5%)	14,917 (5%)	18,941 (5%)	24,403 (5%)
<b>Surrender Value (HKD)</b>	0	55	6,957	19,599	38,804	104,872	152,169	209,961	283,431	359,882	463,658

Note: The absolute return (i.e., surrender value / cumulative premium - 1, not considering the 0.1% levy) is shown on the policy signature date (assumed to coincide with the insured's birthday) and fulfilment ratios of non-guaranteed amounts; AIA's Admire Life 2 and CHUBB's Custom Whole Life 25 whole life policy plans are considered for a 30-year-old non-smoking male seeking HKD 1 million coverage; \*Surrender fees estimated based on disclosures by HSBC Life (may vary by insurer) as a percentage of cash value  
Source: AIA and CHUBB insurance quotes, Hong Kong Monetary Authority, HSBC Insurance, Swiss Re, Quinlan & Associates estimates

# 5. HIDDEN COSTS – COMMISSIONS

## KEY TAKEAWAYS

One of the biggest hidden costs for policyholders in Hong Kong are commissions paid to intermediaries.

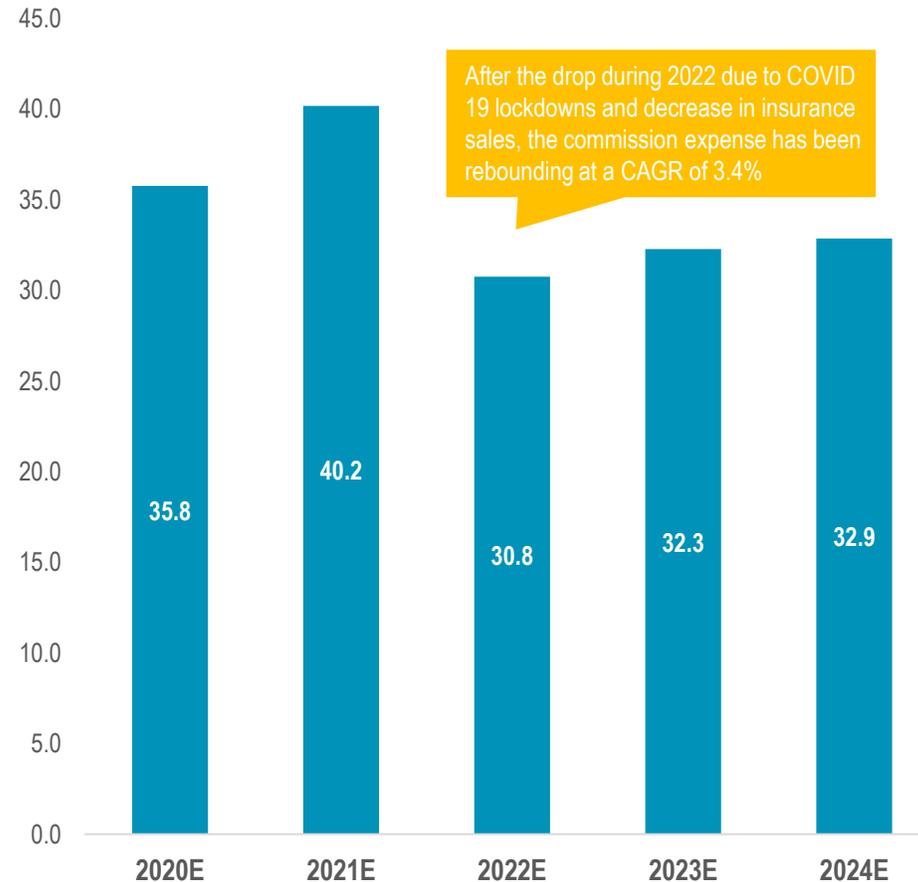
We estimate that life insurers paid out an estimated HKD 32.9 billion in commissions in 2024, before accounting for upfront bancassurance partnership payments, such as a USD 1.2 billion payout from Manulife to DBS in 2016 for its 15-year distribution partnership.

These commissions are often implicitly passed on by life insurers to policyholders in the form of higher premiums.

We estimate Hong Kong life insurers paid out a collective HKD 32.9 billion in commissions to intermediaries in 2024, excluding upfront payments for bancassurance distribution partnerships

### Life Insurance Commission Expenses

2020E-24E, HKD Billion



### Bancassurance Payment (Case Study)

Manulife & DBS Bank



Canadian insurer Manulife paid USD 1.2 billion to Singaporean DBS Group to sell products through DBS's Asian branch network, starting from 2016.



#### Length of Partnership

The partnership took effect on 1 January 2016, with a partnership term of 15 years



#### Distribution Coverage

DBS's 200 branches in Singapore, Hong Kong, Mainland China, and Indonesia, including online channels



#### Product Focus

Core focus on life and health insurance solutions for retail, wealth, and small and medium enterprise customers

# USD 1.2 billion

Upfront Payment

## 5. HIDDEN COSTS – PROFIT-SHARING (1/2)

### KEY TAKEAWAYS

Given that such policies, as whole life insurance, carry a sub-100% profit-sharing ratio, it's clear that insureds do not end up receiving the entirety of the investment returns that are being generated.

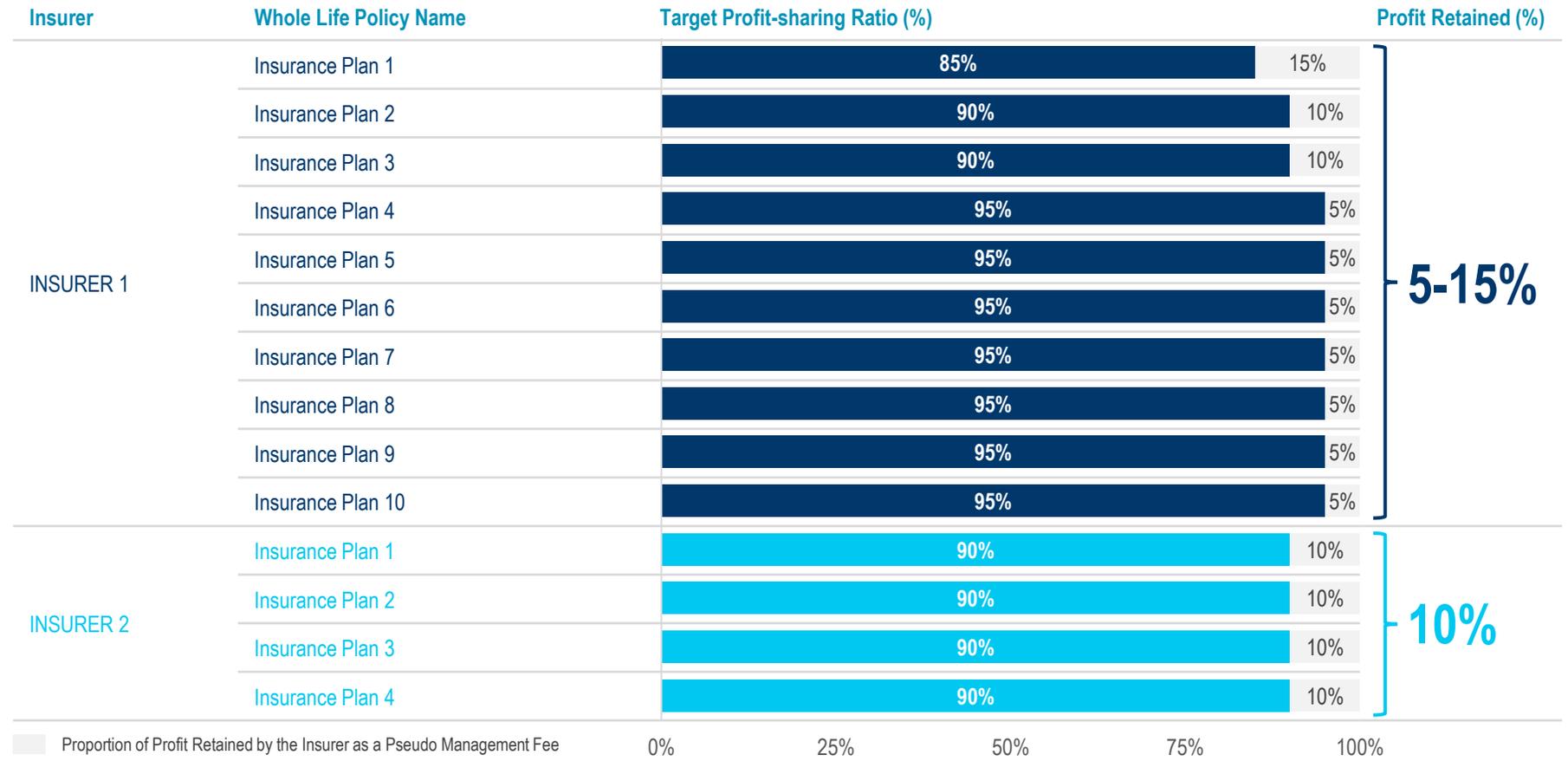
For instance, whole life insurance policies by Insurer 1 and Insurer 2, on average, have a target profit-sharing ratio of 93% and 90%, respectively.

Thus, a significant chunk of the returns being generated from the investments made from insureds' proceeds are pocketed by life insurers themselves and do not reach the wallets of the beneficiaries.

Of the savings component, a portion (~5-15%) of the profits earned under whole life insurance policies is often retained by insurers in Hong Kong

Target Profit-sharing Ratio of Select Whole Life Insurance Policies

2025, %



# 5. HIDDEN COSTS – PROFIT-SHARING (2/2)

## KEY TAKEAWAYS

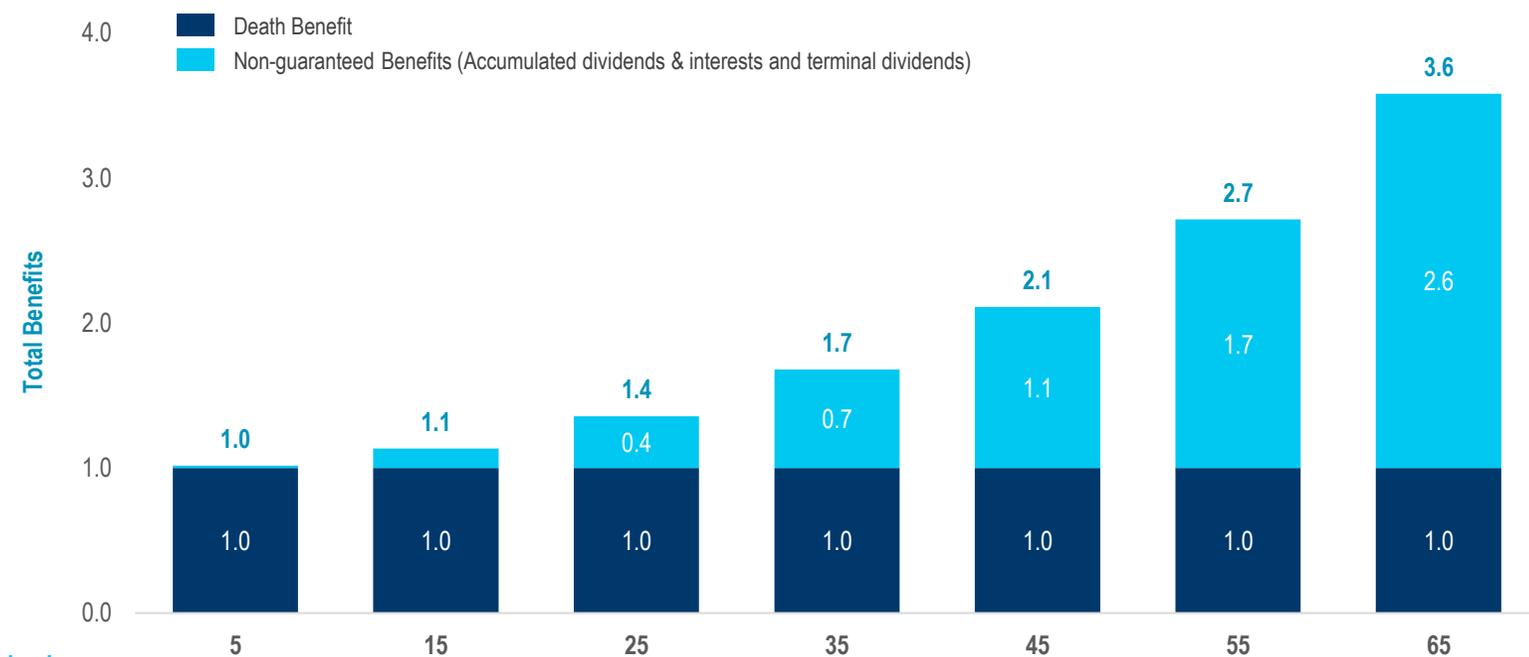
The 5-15% profit that is being retained by life insurers in their whole life insurance policies translates to an effective performance fee that can be as high as 10.81% in the long-run.

Thus, while an 85-95% target profit-sharing figure may look attractive on paper to a policyholder, it is, in reality, a steep price to pay.

While payout ratios of 85-95% appear attractive on paper, they can translate to a sizeable effective performance fee

### Illustrative Example from a Hong Kong Insurer\*

Policy Year 5-65, HKD Million



Target Profit-Sharing Ratio	Retained Insurer Profit	Effective Performance Fee**						
95%	5%	0.09%	0.60%	1.32%	2.02%	2.63%	3.16%	3.60%
90%	10%	0.18%	1.20%	2.63%	4.05%	5.27%	6.32%	7.21%
85%	15%	0.26%	1.80%	3.95%	6.07%	7.90%	9.47%	10.81%

\*The Illustrative Example depicts the death and non-guaranteed benefits of a plan by an insurer in Hong Kong, \*\* (Non-guaranteed Benefits x Retained Insurer Profit) / Total Benefits, Source: AIA, Bank of Singapore, BlackRock, CA Indosuez, EFG Bank, Fidelity, Franklin Templeton, Invesco, Manulife, PGIM Investments, State Street, Quinlan & Associates analysis

# 6. LOW FULFILMENT RATIO (1/3)

## KEY TAKEAWAYS

Based on a review of 135 whole life insurance plans from 10 of Hong Kong's leading insurers, the average fulfilment ratio has predominantly been below 100%, with a downward trend being observed on a year-on-year basis, with the exception of the 3rd year of the whole life insurance policies.

This indicates that the longer an insured holds a policy, the lower the payout they'll receive relative to what was illustrated to them at the time the policy was purchased.

Average year-on-year fulfilment ratios of Hong Kong insurers have frequently failed to reach 100%, with a notable downward trend year-on-year

### Fulfilment Ratio

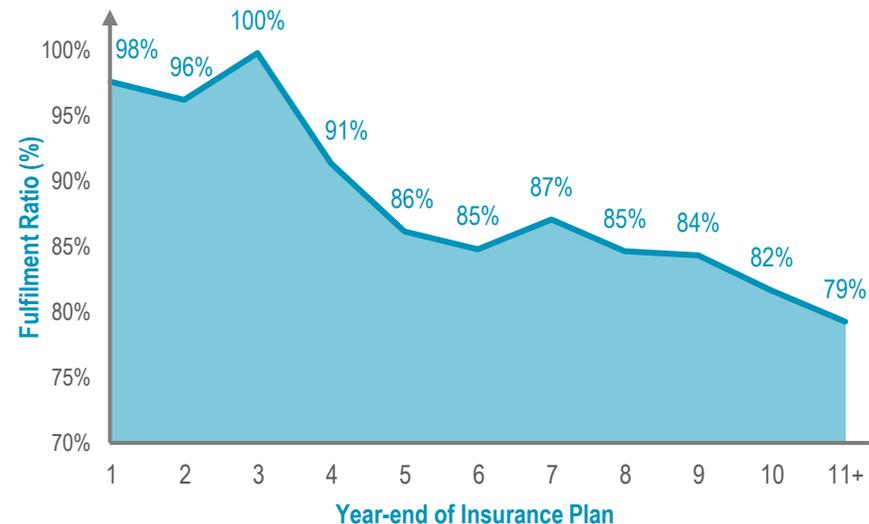
Description

Actual non-guaranteed benefits paid out compared to what was illustrated at purchase

$$\text{Fulfilment Ratio} = \frac{\text{Actual Non-guaranteed Benefits}^*(\$)}{\text{Non-guaranteed Benefits at Point of Sale}(\$)} \times 100\%$$

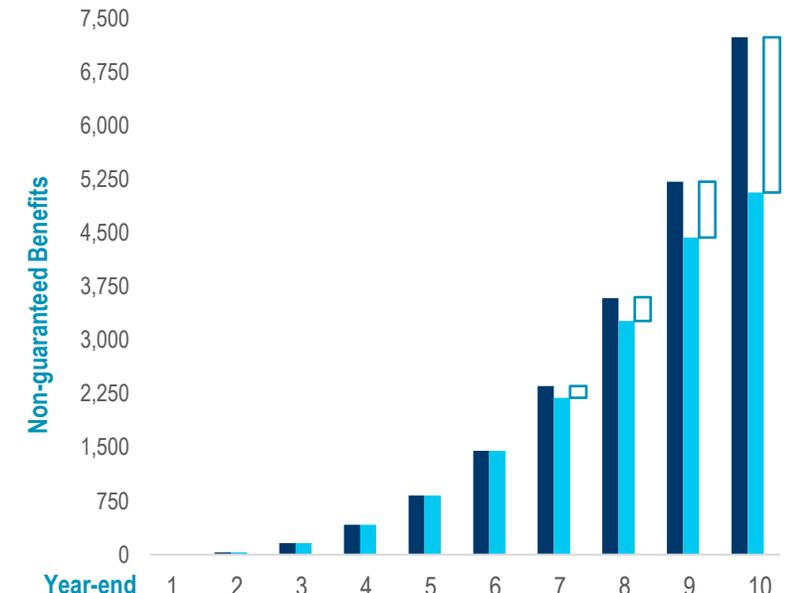
### Average Year-on-Year Fulfilment Ratio\*\*

2025, Fulfilment Ratio %



### Real-world Example\*\*\*

HKD



	1	2	3	4	5	6	7	8	9	10
Illustrated Payout	0	30	161	416	828	1,453	2,357	3,587	5,215	7,231
True Payout	0	30	161	416	828	1,453	2,192	3,264	4,433	5,062
Shortfall	0	0	0	0	0	0	165	333	782	2,169
<b>Fulfilment Ratio</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>93%</b>	<b>91%</b>	<b>85%</b>	<b>70%</b>

\*Accumulated dividend & interests ("AD&I") and terminal dividend; \*\*The average AD&I fulfilment ratio of 135 whole life insurance policies by 10 traditional insurers; \*\*\*The product used in the illustrative example is "Smart Protector 20 II" whole life insurance policy by AXA and only accumulated dividend & interests are considered

Source: Various insurers' disclosures, AXA, Insurance Authority, Quinlan & Associates analysis

# 6. LOW FULFILMENT RATIO (2/3)

## KEY TAKEAWAYS

The average long-term fulfilment ratio of whole life policies by leading Hong Kong insurers is 79%, resulting in returns that are significantly below what was portrayed to policyholders at the time of their policy purchase.

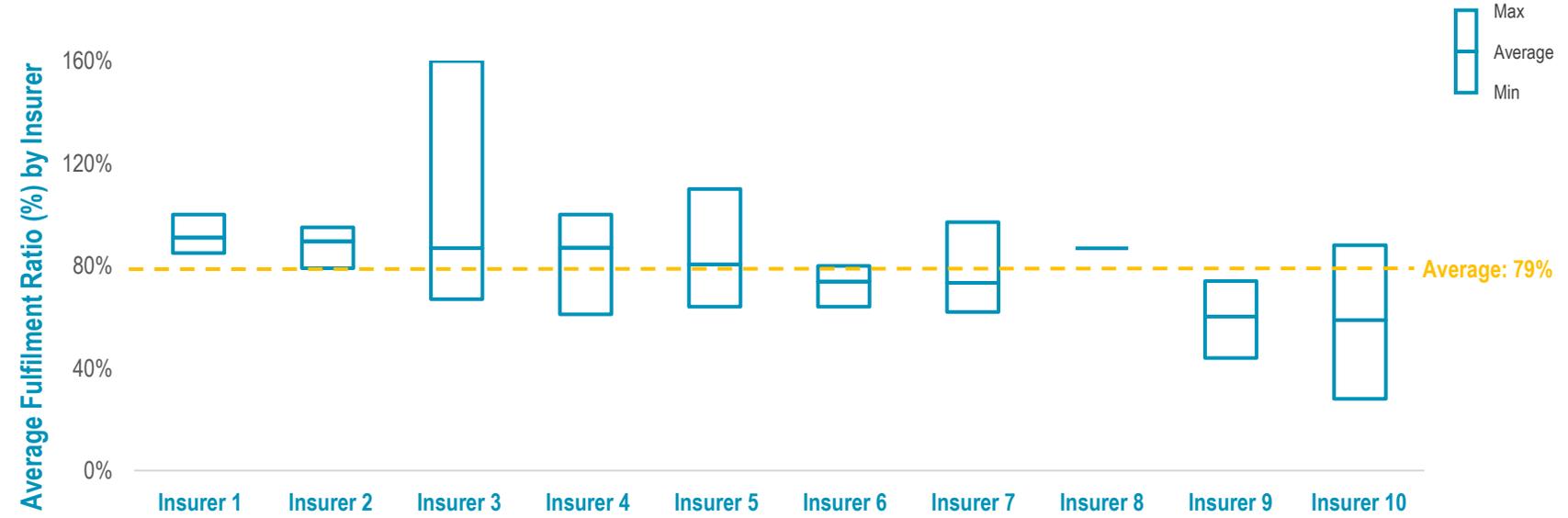
This theme is consistent across leading Hong Kong life insurers, with the worst performing insurer (i.e., Insurer 10) averaging the lowest fulfilment ratio of 59%, with one of its policies posting a fulfilment ratio of as low as 28%. On the other hand, while the best performing insurer (i.e., Insurer 3) has a policy with a very high fulfilment ratio of 160%, its average fulfilment ratio also comes out to be below 100%, at 87%.

Thus, no matter which life insurer or whole life insurance policy one opts for, the chances are that they will likely end up with lower returns than what was illustrated to them at the time of purchase.

As of 2025, 11+ year fulfilment ratios in Hong Kong averaged 79% across the major insurance carriers, considerably lower than what was illustrated to customers at the time of purchase

### Fulfilment Ratio for 11+ Years

2025, %



	Insurer 1	Insurer 2	Insurer 3	Insurer 4	Insurer 5	Insurer 6	Insurer 7	Insurer 8	Insurer 9	Insurer 10
<b>Insurance Policies</b> (Whole Life, #)	18	4	18	17	31	11	14	1	8	13
<b>Max</b> (Fulfilment Ratio, %)	100%	95%	160%	100%	110%	80%	97%	65%	74%	88%
<b>Average</b> (Fulfilment Ratio, %)	91%	90%	87%	87%	81%	74%	73%	65%	60%	59%
<b>Min</b> (Fulfilment Ratio, %)	85%	79%	67%	61%	64%	64%	62%	65%	44%	28%

Note: The AD&I fulfilment ratio of 135 whole life insurance policies by 10 traditional insurers has been taken into consideration  
 Source: Various insurers' disclosures, Insurance Authority, Quinlan & Associates analysis

## 6. LOW FULFILMENT RATIO (3/3)

### KEY TAKEAWAYS

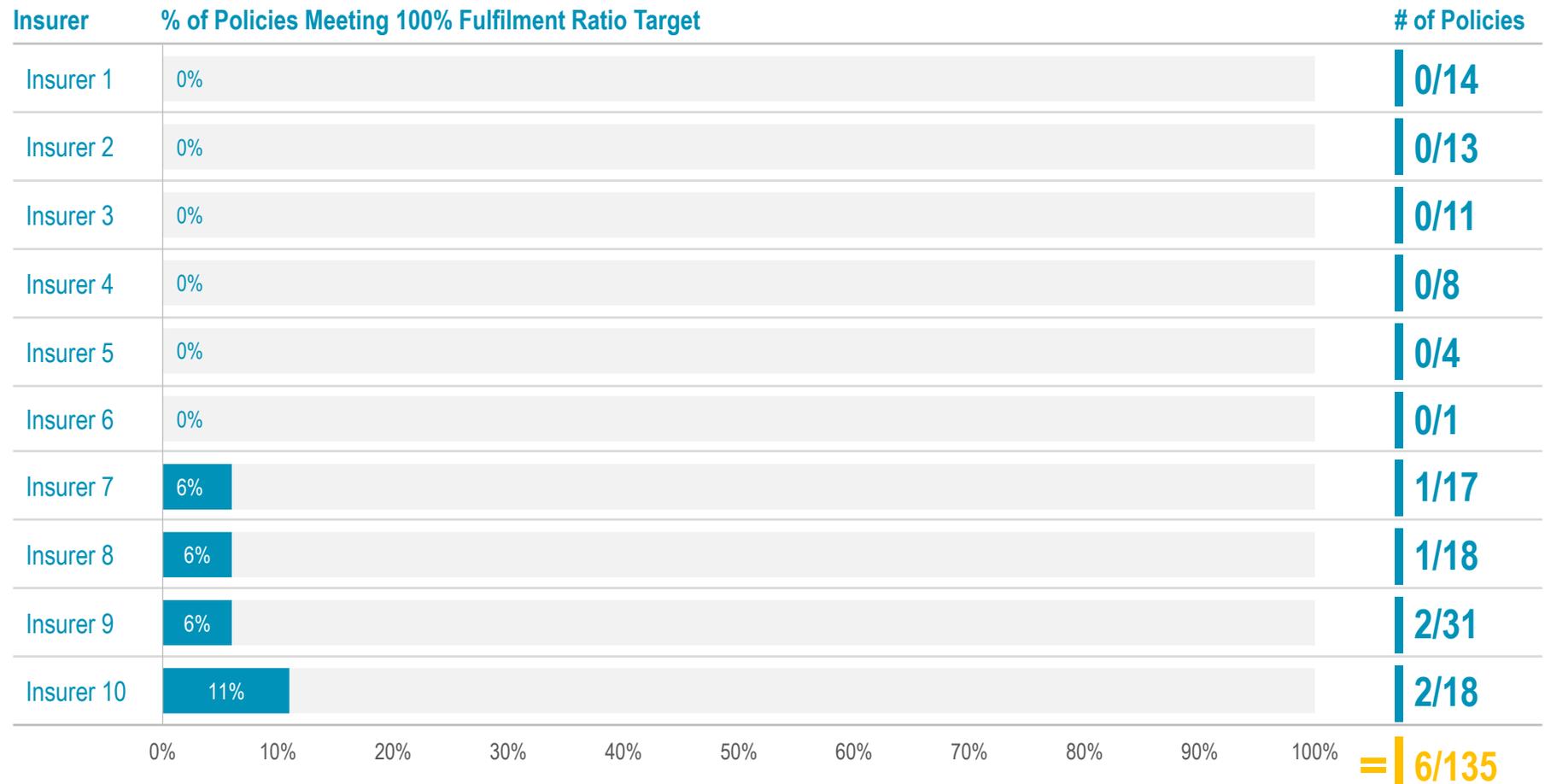
With the vast majority of whole life insurance policies by leading Hong Kong insurers having sub-100% fulfilment ratios, it is clear that underperforming illustrated non-guaranteed returns is not an exception, but rather a commonplace occurrence.

Therefore, if and when opting for a whole life insurance policy, insureds may wish to temper their return expectations as compared to what is portrayed to them.

Almost all the top Hong Kong life insurers' whole life policies have delivered lower than illustrated non-guaranteed returns, with only a small handful (6/135) hitting their 11+ year fulfilment target

### Whole Life Insurance Policies

11+ Years as of 2025, Fulfilment Ratio of 100% and Above



Note: The AD&I fulfilment ratio of 135 whole life insurance policies by 10 traditional insurers (i.e., China Life, Sun Life, Prudential, CTF Life, AIA, HSBC Life, FWD, AXA, Hang Seng, Manulife) has been taken into consideration

Source: Various insurers' disclosures, Insurance Authority, Quinlan & Associates analysis

# MORTALITY PROTECTION GAP

## KEY TAKEAWAYS

According to a study by the IA in 2021, Hong Kong residents have a total protection need of HKD 17.6 trillion, arising from:

- Future household expenditures (70.6%);
- Future medical expenditures (13.3%);
- Household debts (13.1%); and
- Future education costs (3.0%)

However, their available resources amount to only HKD 10.7 trillion, namely:

- Savings and investments (43.9%);
- Insurance coverage (41.1%); and
- Assets related to retirement schemes (15.0%)

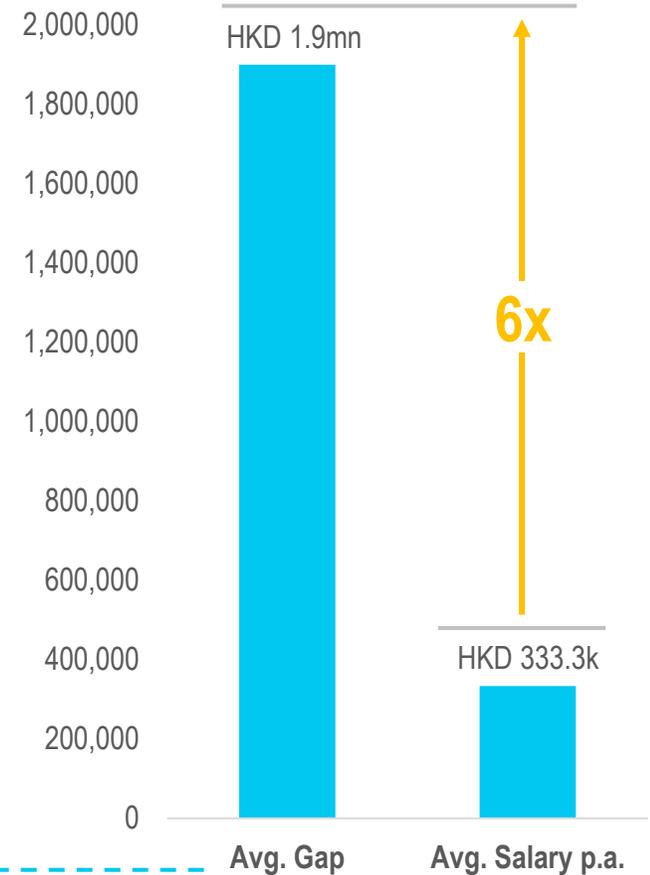
As a result, it's estimated that Hong Kong has an MPG of HKD 6.9 trillion, which translates to the average working adult in Hong Kong being under-insured by HKD 1.9 million (i.e., 5.7x their annual income).

Despite the copious amounts of premiums paid, a study by the Insurance Authority (“IA”) in 2021 showed that the city still faces a sizeable mortality protection gap (“MPG”) of HKD 6.9 trillion

**MPG**  
2021, HKD



**Economically Active Adult**  
2021, HKD





SECTION 2

---

# INTRODUCTION TO BTIR

# INTRODUCTION TO BTIR

## KEY TAKEAWAYS

BTIR represents an alternative approach to whole life insurance, wherein the insured separates the mortality protection and capital investment parts into two independent steps.

In the case of whole life insurance, the insurer takes charge of both capital growth as well as mortality protection responsibilities for an insured but invests according to their own investment strategy and/or asset and liability management (“ALM”) requirements.

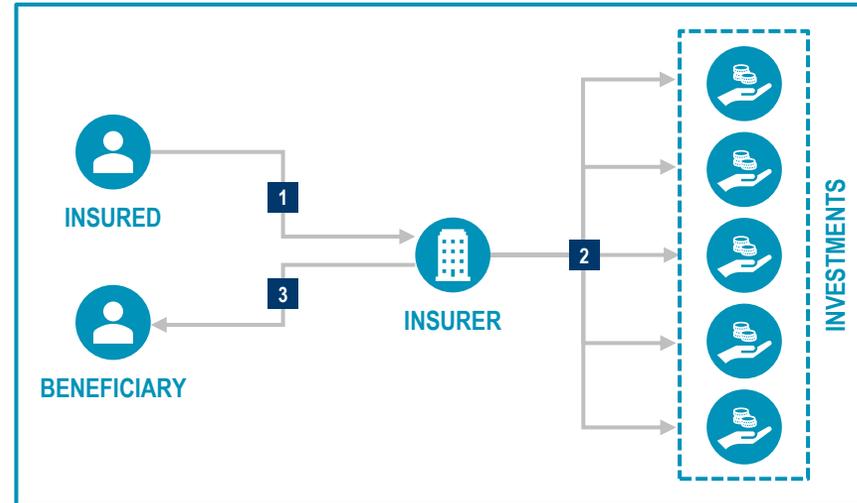
In case of BTIR, the insured opts for term life insurance, which can offer the same death benefit coverage at a significantly lower premium, and invests the surplus amount left over (i.e., the difference between the whole life and term life premium) based on their own financial risk profile and goals.

BTIR represents a bespoke approach to capital growth and mortality protection that uses dedicated financial instruments for customers’ investment and insurance needs instead of a single, blended one.

BTIR is an alternative approach to whole life insurance, wherein the insured separates the mortality protection and capital investment parts into two independent steps

### Whole Life insurance

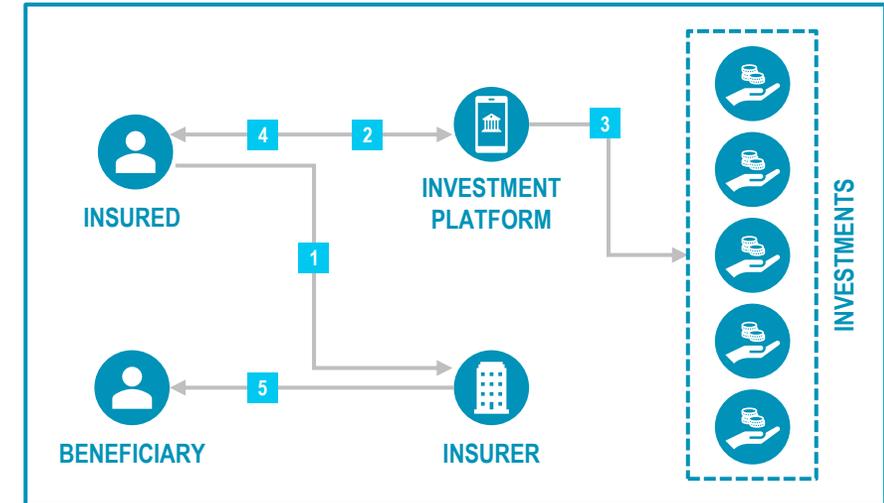
Description



- 1 PREMIUM PAYMENT**  
The insured\* makes a lump-sum payment or regular transfers for a pre-determined period for the whole life insurance policy to keep it in force
- 2 COLLECTIVE INVESTMENT**  
The insurer invests premiums based on its investment / ALM strategy across different asset classes, typically concentrated in debt securities
- 3 DEATH BENEFIT**  
Once the insured passes away, the insurer pays the death benefit (coverage amount, alongside non-guaranteed benefits) to the designated beneficiary

### BTIR Strategy

Description



- 1 PREMIUM PAYMENT**  
The insured\* pays for the term policy's tenure
- 2 INVESTMENT BY INSURED**  
The insured invests the surplus amount\*\* as per their risk profile
- 3 EXECUTION**  
An investment platform services the insured's investment dealings
- 4 INVESTMENT REDEMPTION**  
The insured is free to redeem investments from the platform
- 5 DEATH BENEFIT**  
The beneficiary will receive the death benefit within policy terms

\*Assumes that the insured and the policyholder are the same person; \*\*Since term life insurance policies are generally cheaper than whole life insurance policies for the same coverage amount  
Source: Quinlan & Associates analysis

# THE RISE OF BTIR IN THE WEST

## KEY TAKEAWAYS

In Hong Kong, 3/4<sup>ths</sup> of life insurance policy sales are that of whole life.

In contrast, in western markets such as the United States (“US”), we are seeing the purchase of term insurance policies outpacing that of whole life insurance. Coupled with strong growth in retail stock ownership in light of the growth of online investment platforms, especially post-COVID 19, a growing number of investors appear to be leaning towards a BTIR approach when managing their insurance and investment needs.

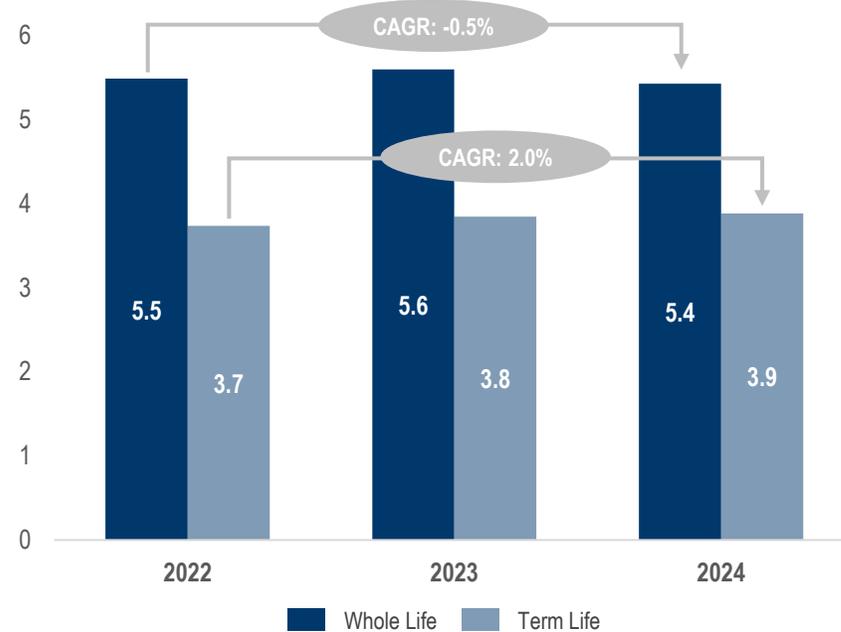
We are seeing the rise of BTIR strategies in the West, especially in markets like the US, with strong growth in term life insurance ownership and retail investor participation

### Term Insurance Supporting Data



## BUY TERM...

Low-cost affordability for a high coverage...



### NO. OF NEW RETAIL LIFE POLICIES IN THE US

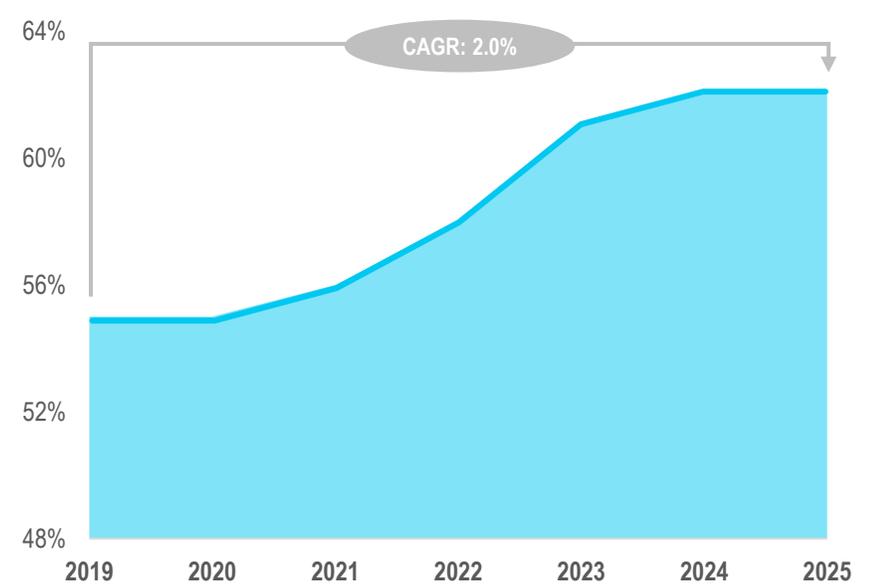
(2022-24, Million)

### Investment Supporting Data



## ...INVEST THE REST

...allowing for investment of the leftover premium amount



### RETAIL STOCK OWNERSHIP IN THE US

(2019-25,\* %)

\*Cut-off date for retail stock ownership in the US in 2025 is May 5<sup>th</sup>

Source: CNBC, Gallup, Life Insurance Marketing and Research Association, Quinlan & Associates analysis

# ADVANTAGES AND DRAWBACKS

## KEY TAKEAWAYS

When compared to whole life insurance, a BTIR strategy offers lower premiums, greater control over one's investments, easier liquidity access without incurring sizeable surrender charges (note: this depends on the market value of investments at the time of withdrawal), and the potential to reap higher returns.

However, whole life insurance policies have the edge when it comes to minimum return guarantees, enforcing a disciplined manner of saving for policyholders, and making succession planning easier.

As such, both options have their relative pros and cons, with no single approach offering all-encompassing benefits.

A BTIR strategy offers notable advantages to whole life, including affordability, flexibility, timeliness, and higher return potential, although there are various drawbacks that need to be considered

## BTIR Approach

Pros and Cons

FACTOR	WHOLE LIFE INSURANCE	BTIR APPROACH	CONTEXT
Lower Premiums	✘	✓	Term insurance has much lower premiums than whole life insurance, making it easier to afford higher coverage
More Investment Control	✘	✓	Insureds have more freedom to invest as per their own risk appetite and goals as part of a BTIR strategy
Higher Return Potential	✘	✓	As showcased later, BTIR has the potential to offer greater investment returns when compared to whole life insurance
Greater Liquidity	-	✓	While whole life insurance policies can be terminated mid-way, they carry sizeable surrender charges, unlike other investments
Guaranteed Returns	-	✘	Whole life insurance policies have a guaranteed element, whereas BTIR is more subject to market risk & volatility
Death Benefit	✓	-	While whole life insurance provides a lifetime death benefit, term insurance is time-bound in nature
Financial Discipline Need	✓	✘	BTIR requires financial discipline, because the onus is on the insured to invest independently of their life insurance policy
Ease of Succession	✓	✘	Whole life insurance aids in legacy planning with tax benefits and without heirs having to go through court, read a will, etc.

✓ Applicable
 - Dependent
 ✘ Inapplicable

# TERM LIFE INSURANCE ("BUY TERM")

## KEY TAKEAWAYS

While purchasing a term life insurance policy, insureds can better tailor the policy as per their personal need through getting to pick the most suitable renewal period (1-20 years), payment frequency (monthly or annual), claim payout type (lumpsum or annuity), and any optional riders (various add-ons).

As a result of its benefits, the number of term life insurance policies in-force in Hong Kong has grown at a pace of 1.9x as compared to that of whole life insurance policies.

Term life insurance offers pure protection, with no savings component of its own, but is outpacing growth of in-force whole life insurance policies in Hong Kong by a factor of 1.9x

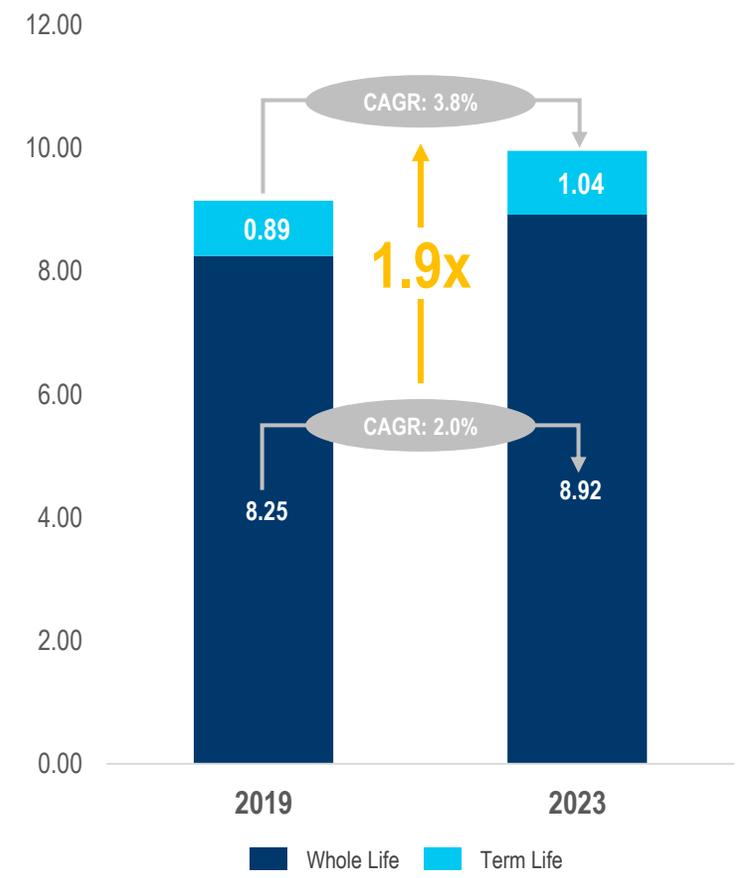
## Product Choices

Options Available\*

<h3>RENEWAL PERIODS</h3> <p>Term insurance may be renewed over different time periods, starting from as low as 1 year to as high as 20 years</p> 	<h3>PAYMENT FREQUENCY</h3> <p>Insureds can pick their frequency of premium payment from between annual and monthly</p> 
<h3>OPTIONAL RIDERS</h3> <p>Insurers may offer a variety of add-ons, such as accidental death benefit, critical illness, terminal illness, etc.</p> 	<h3>CLAIM PAYOUT</h3> <p>Death benefit settlement may occur in a lumpsum, one-shot manner or in the form of an annuity that spaces out payments</p> 

## Number of In-force Policies

2019-23, Million



\*The product choices showcased may vary from insurer-to-insurer  
Source: Various Insurers' Website, Insurance Authority, Quinlan & Associates analysis

# INDEX INVESTING ("INVEST THE REST")

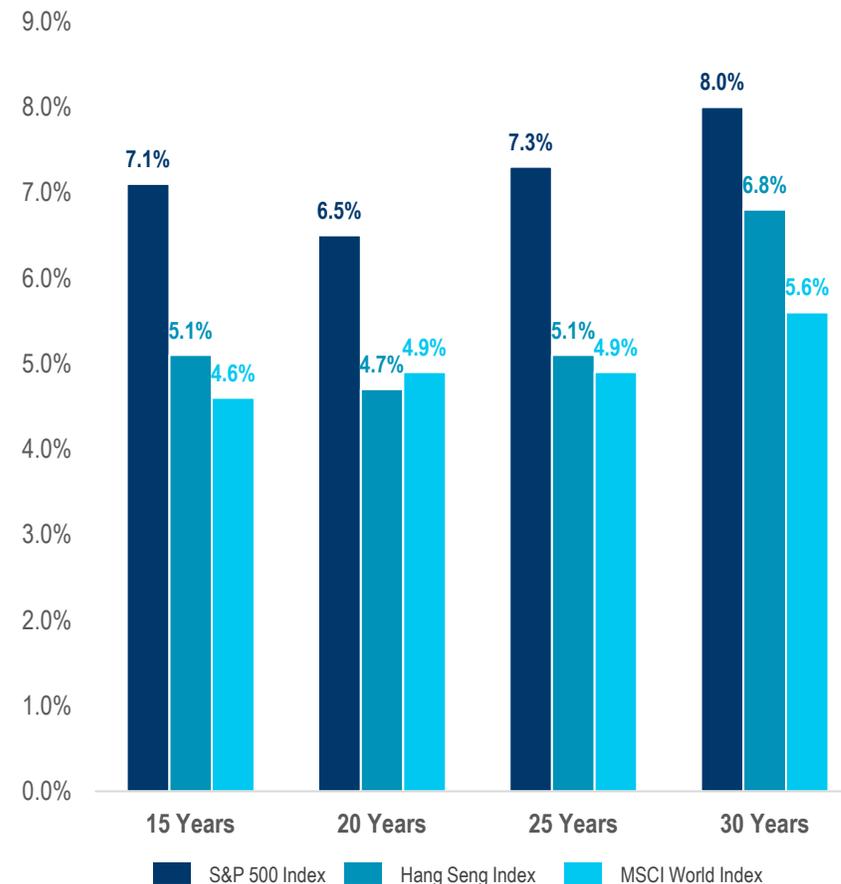
## KEY TAKEAWAYS

On the investment front, passive investing through index funds can be an attractive option. Foreign indices, such as the S&P 500, have historically delivered rolling returns that outperform domestic Hong Kong indices, like the Hang Seng Index. Similarly, there have been certain timeframes during which other global indices, such as the MSCI World Index, have outperformed the Hang Seng Index as well. These foreign indices represent a valuable opportunity to diversify geographical risk and/or achieve stronger returns.

As an added benefit, regular index investing can also unlock the benefits of dollar cost averaging, which include encouraging disciplined investing, limiting market timing risk, carrying potential for automation, and limiting short-term downside risk.

Investment in index funds offers broad market exposure and diversification, making it a simple and effective way to build wealth over time, as attested by past performance

**Rolling Returns\***  
1987-2025, %



\*The rolling returns showcased are calculated by taking the median of 15/20/25/30 years of monthly XIRR rolling returns  
Source: Yahoo Finance, Quinlan & Associates analysis

## Dollar Cost Averaging

Benefits



### ENCOURAGES DISCIPLINED INVESTING

Given the fixed and recurring nature of dollar cost averaging, it encourages investors to develop a disciplined savings habit



### LIMITS MARKET TIMING RISK

Dollar cost averaging helps safeguard against market volatility by capturing a variety of price points through spaced-out investments



### MAY BE AUTOMATED

For investors who may not wish to manually invest on set dates, several platforms (e.g., D2C WealthTechs) offer automated investment capabilities at regular intervals



### LIMITS SHORT-TERM DOWNSIDE RISK

In lump-sum investing, a sudden market downturn right after the investment is made can be a sizeable setback, which is hedged via dollar cost averaging

# COMPARATIVE FINANCIAL ANALYSIS (1/3) – INPUT

## KEY TAKEAWAYS

Assuming a 30-year-old non-smoking, healthy male, with a retirement age of 55 (note that the pensions legislation states that the normal retirement age for civil servants appointed on pensionable terms is 55 under the Old Pension Scheme and also states that the prescribed retirement age for disciplined services officers under the New Pension Scheme is 55 or 57) and life expectancy of 85, who wishes to procure HKD 1 million coverage, there are three different investment approaches that can be compared as part of the BTIR concept vis-à-vis a whole life insurance policy purchase:

- **Conservative:** Equity vs. debt allocation of 25%:75%;
- **Moderate:** Equity vs. debt allocation of 50%:50%; and
- **Aggressive:** Equity vs. debt allocation of 75%:25%

To understand why BTIR is rising as a compelling alternative approach to purchasing whole life insurance, let's look at a comparative financial analysis for a 30-year-old insured's HKD 1mn policy

### Insured

Profile Assumptions



### 30-YEAR-OLD, MALE WHITE-COLLAR EMPLOYEE

The insured is a newly-wed marketing manager in Hong Kong who is expecting a new family member soon. Aware of the high cost of living in Hong Kong, he wishes to secure the family's financial stability through an HKD 1 million sum assured life insurance policy as the alternate to his income.



**Current Age**  
30 Years



**Marital Status**  
Married



**Retirement Age**  
55 Years



**Health**  
No major issues



**Life Expectancy**  
85 Years\*



**Lifestyle Habits**  
Non-smoker

### Insurance and Investment

Market Assumptions

#### Whole Life

HKD 21,218  
(Premium for HKD 1mn Sum Assured)

#### Term Life

HKD 2,070  
(Premium for HKD 1mn Sum Assured)

#### Investment

HKD 19,148  
(Amount Invested)

**Expected Returns**  
(Per Annum)



**Debt Investment**  
US Treasury Bond ETF

**3.37%**

Return from price differences and coupon receipts over the last 20 years\*\*



**Equity Investment**  
S&P 500 ETF

**10.50%**

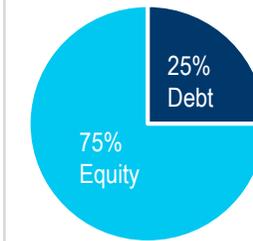
Average annual return of the S&P 500 index over the last 20 years in USD

**Management Fee**  
(Wealth Manager)

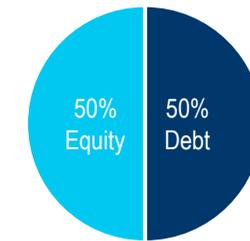
**1.15%**

Investment management fee\*\*\*

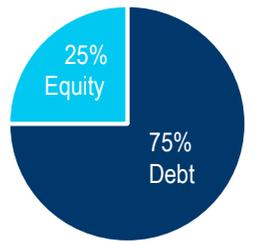
**Allocation**  
(Equity:Debt Split)



**Aggressive**



**Moderate**



**Conservative**

\*83 is the average life expectancy of males in Hong Kong, and we assume 85 as the mortality age for simplicity; \*\*Average of the returns from 10, 20, and 30-year constant maturity treasury, calculated with (1) coupon rates of bonds maturing in May 2035, 2045, and 2055 and (2) 2004 and 2024 year-end market yields on US treasury securities, quoted on an investment basis; \*\*\*Assuming the same price regardless of portfolio allocation, instead varying based on portfolio value from 1.11% to 1.19%

Source: Backtest by Curvo, CA Indosuez, Charlton House, ETF Database, Hong Kong Centre for Health Protection, HSBC, St. James's Place, US Federal Reserve, Wall Street Journal, Civil Service Bureau, Quinlan & Associates estimates

# COMPARATIVE FINANCIAL ANALYSIS (2/3) – OUTPUT

## KEY TAKEAWAYS

The value of the various strategies employed for HKD 1 million coverage are as follows in the long-run (i.e., 55-year period):

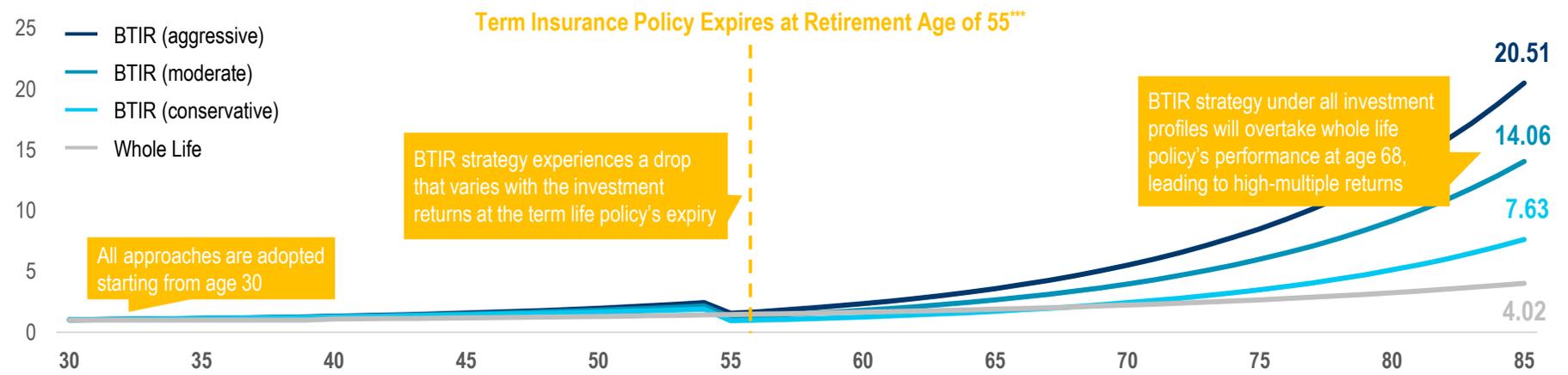
- **Conservative BTIR Approach:** HKD 7.63mn (1.90x value of whole life);
- **Moderate BTIR Approach:** HKD 14.06mn (3.50x value of whole life); and
- **Aggressive BTIR Approach:** HKD 20.51mn (5.10x value of whole life)

Clearly, the BTIR approach yields considerably higher returns in the long run as compared to a whole life insurance policy.

Despite a drop in value at the term insurance policy's expiry, a BTIR strategy significantly outperforms whole life in the long run, regardless of the policyholder's investment profile

## Financial Analysis

HKD Million, Death Benefit\* / Cash Value



AGE	ANNUAL PREMIUMS** (HKD)			CONSERVATIVE			MODERATE			AGGRESSIVE		
	Whole Life	Term Life	Difference	BTIR	Whole Life	Difference	BTIR	Whole Life	Difference	BTIR	Whole Life	Difference
30	21,214	2,070	19,144	1,019,144	998,400	20,744	1,019,144	998,400	20,744	1,019,144	998,400	20,744
35	21,222	2,070	19,152	1,127,294	999,329	127,966	1,133,261	999,329	133,932	1,139,227	999,329	139,898
45	21,214	2,070	19,144	1,433,659	1,179,433	254,226	1,505,432	1,179,433	325,999	1,577,205	1,179,433	397,772
55***	0	0	0	945,151	1,455,039	-509,888	1,249,139	1,455,039	-205,900	1,553,126	1,455,039	98,087
65	0	0	0	1,727,575	1,897,850	-170,275	2,659,766	1,897,850	761,916	3,591,957	1,897,850	1,694,107
75	0	0	0	3,495,365	2,674,708	820,656	6,004,029	2,674,708	3,329,321	8,512,694	2,674,708	5,837,986
85	0	0	0	7,630,357	4,020,839	3,609,518	14,055,110	4,020,839	10,034,271	20,507,567	4,020,839	16,486,728

Note: Figures as of the policy signature date (assumed to coincide with the insured's birthday), accounting for non-guaranteed amounts' fulfilment ratios and assuming investment execution at the year's beginning with mgmt. fees deducted year-end; Figures may not sum up due to rounding error; Assume USD 1 = HKD 7.8; \*A 21-day cooling-off period may apply; \*\*Includes a 0.1% levy; Average of term life policies on slide 12; \*\*\*Assume the insured stops investing and paying insurance premiums at retirement  
Source: Insurance quotes, Quinlan & Associates estimates

# COMPARATIVE FINANCIAL ANALYSIS (3/3) – FEES

## KEY TAKEAWAYS

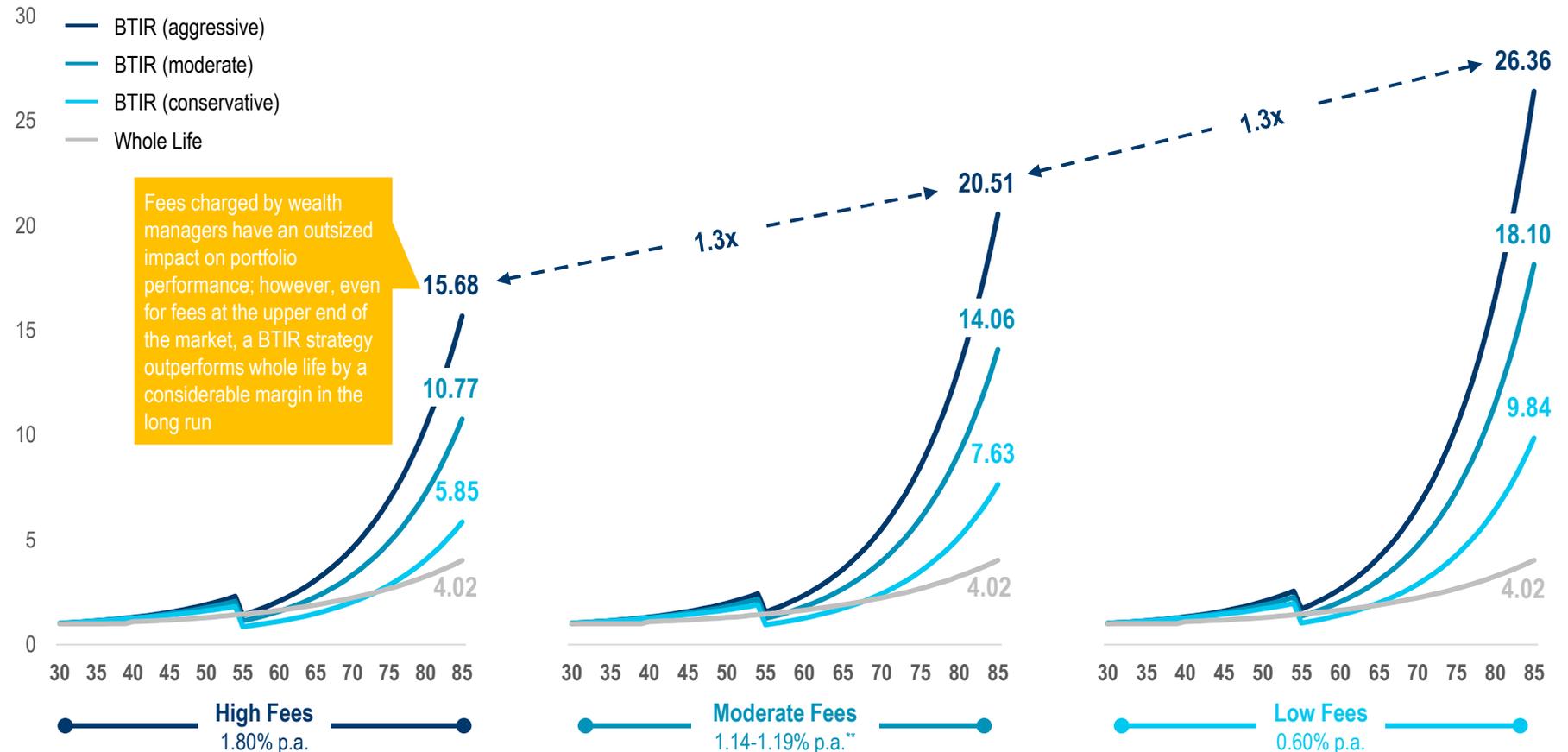
Annual fees charged by wealth managers operating in Hong Kong vary widely, ranging from as low as 0.60% to as high as 1.80%+.

While the BTIR strategy outperforms whole life insurance regardless of the fee, the magnitude of outperformance is heavily influenced by fees; a reduction of just ~0.60% in annual fees leads to a 1.3x difference in total returns over a 55-year period, illustrating the importance of low investment fees in maximising investment value.

While a BTIR strategy outperforms whole life insurance in the long run across all scenarios, premiums and investment fees have an outsized impact on long-term performance

## Financial Analysis

HKD Million\*



\*Assumptions are the same as those made on the previous slide; \*\*The fee assumed to depend on the last period's portfolio value at 1.19% if the portfolio value is below HKD 10 million and 1.14% between HKD 10-20 million  
 Source: CA Indosuez, Charlton House, HSBC, St. James's Place, Quinlan & Associates estimates



## SECTION 3

---

# BTIR 2.0

# THE RISE OF D2C DIGITAL ALTERNATIVES

## KEY TAKEAWAYS

A number of D2C virtual insurers and WealthTechs have cropped up in Hong Kong in recent years. In addition to offering more intuitive customer journeys, their digital-first approach offers customers a compelling low-cost alternative to traditional insurers and wealth managers.

In particular, these digitally native insurance and investment providers do not have to bear the costs of establishing offline branch networks, employing front-office staff, or paying commissions to agents or wealth managers, allowing them to act as a much cheaper D2C alternative than more traditional, heavily intermediated distribution models.

The advent of low-cost direct-to-customer (“D2C”) insurance and WealthTech players is further tipping the balance of the scales in favour of a new era BTIR

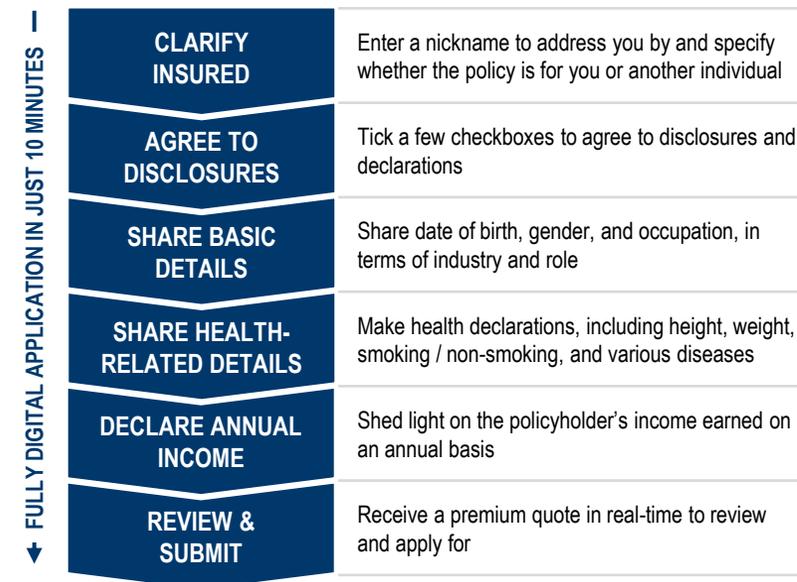
### Virtual Insurers

Select Players



### Sample Customer Journey

Bowtie



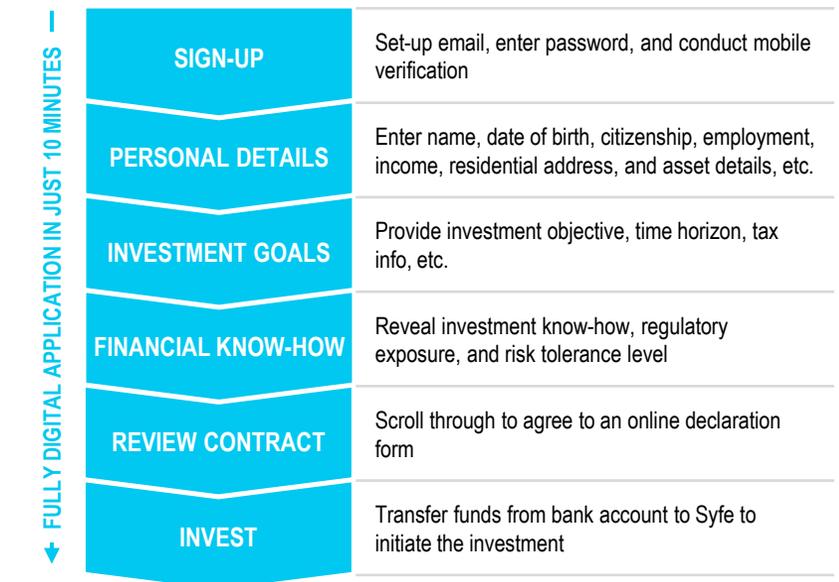
### WealthTech

Select Players



### Sample Customer Journey

Syfe



# COST SAVINGS PASSED ON (1/2) – INSURANCE

## KEY TAKEAWAYS

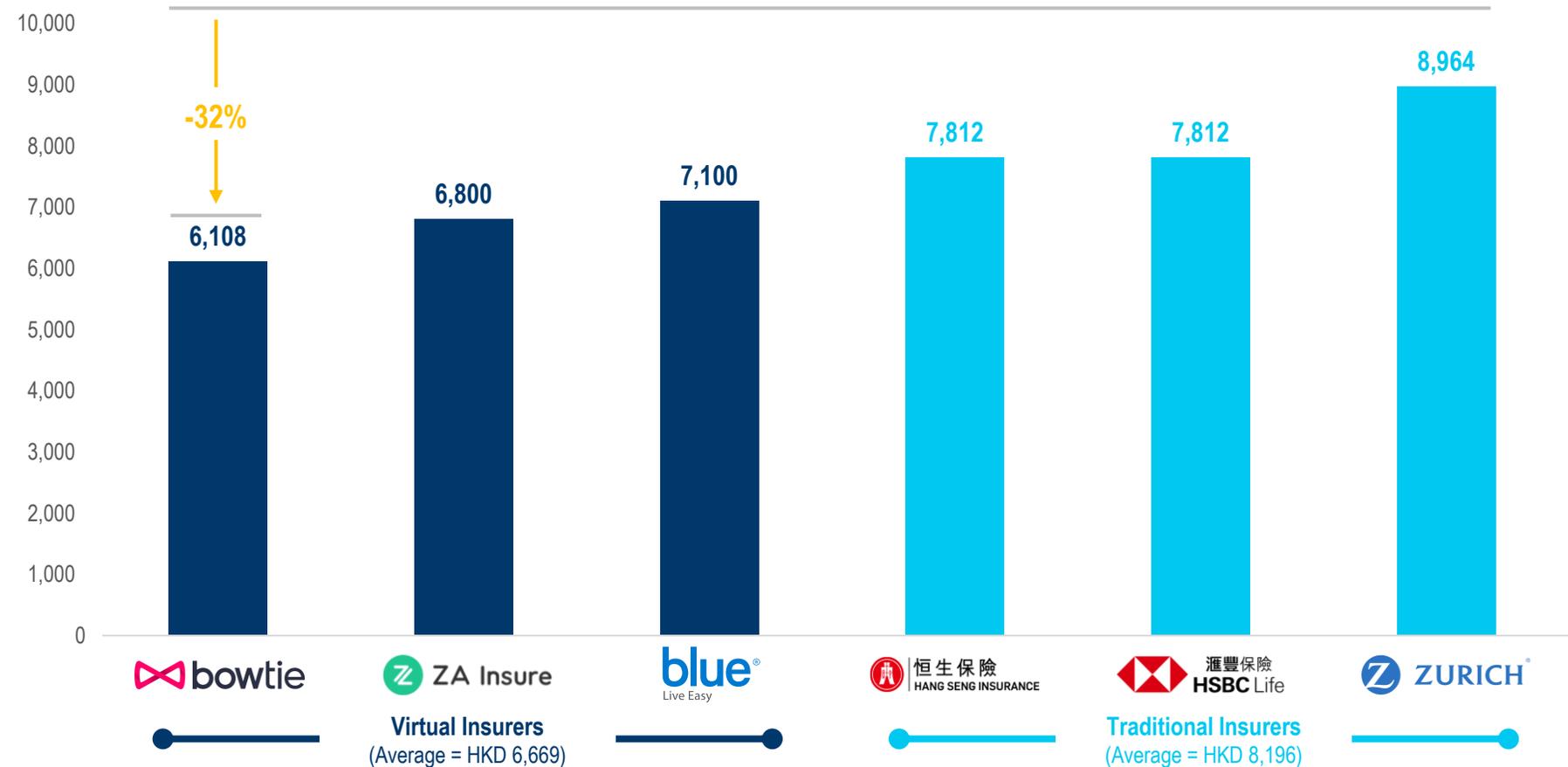
Virtual insurers in Hong Kong offer significantly lower priced premiums on comparable products than incumbent insurers, with discounts of as large as 32%.

For instance, in the case of a term life insurance policy for HKD 1 million coverage for a 30-year-old non-smoking male, virtual insurers charge an average premium of HKD 6,669 over 10 years, markedly lower than an average premium of HKD 8,196 charged by traditional insurers for the same coverage.

By selling directly to their customers, Hong Kong’s virtual insurers are able to charge considerably lower premiums than incumbent providers

## Term Life Insurance Policy Premium

10-year Total Premium,\* HKD



\*Assume that the insured is a 30-year-old, non-smoking male seeking an HKD 1 million coverage  
Source: blue, Bowtie, Hang Seng Insurance, HSBC Insurance, ZA Insure, Zurich Insurance, Quinlan & Associates analysis

# COST SAVINGS PASSED ON (2/2) – INVESTMENT

## KEY TAKEAWAYS

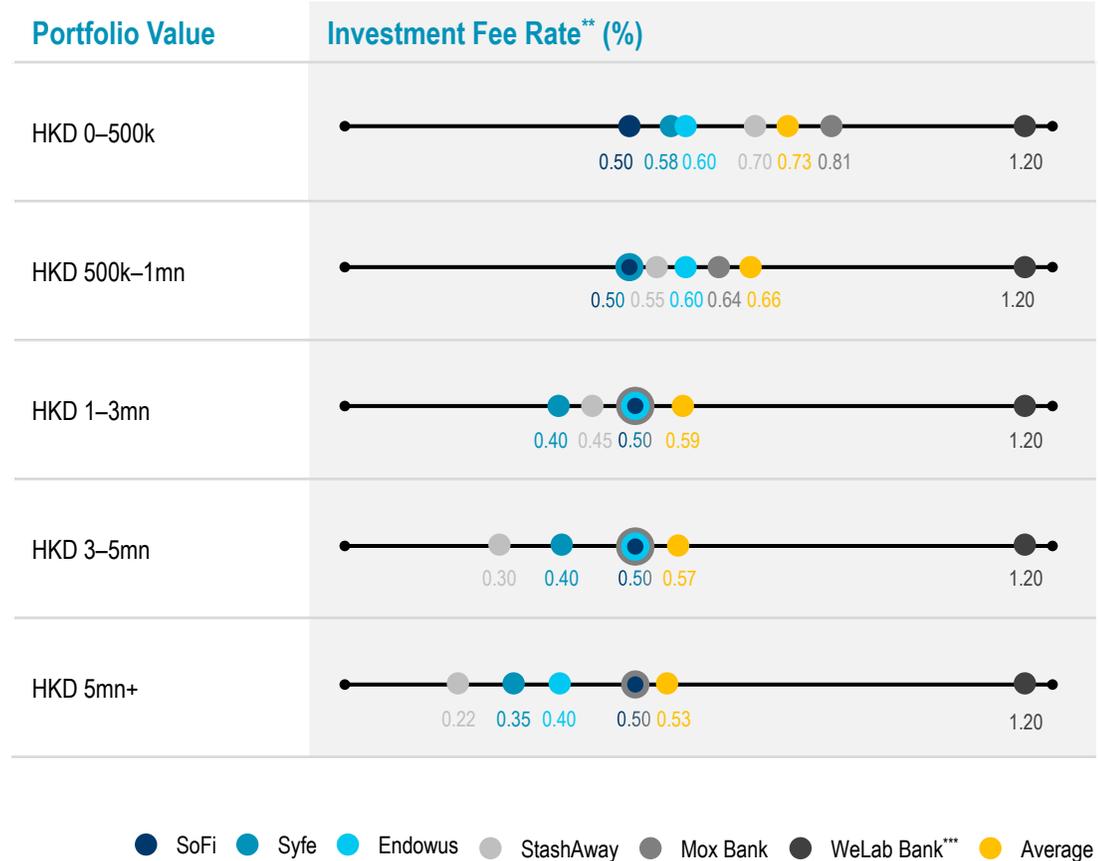
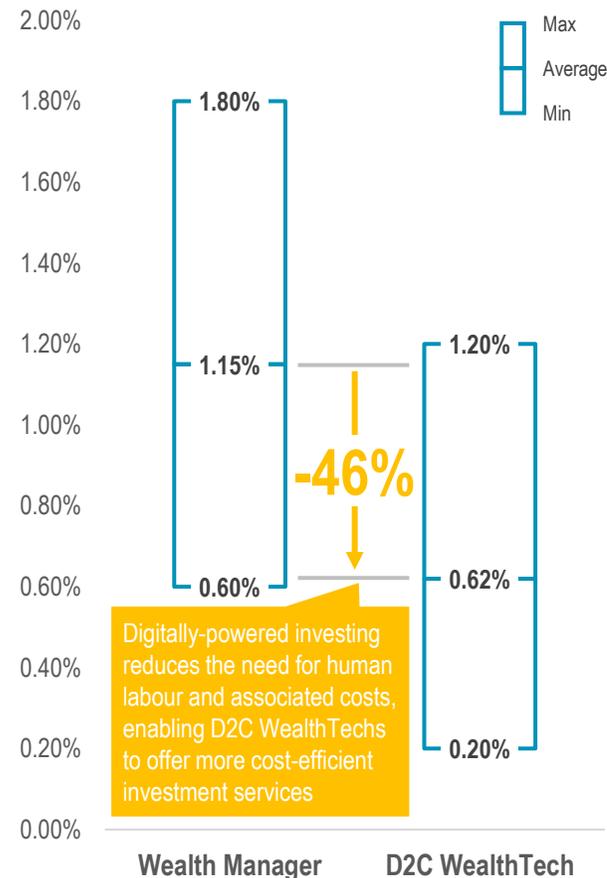
Since D2C WealthTechs operate digitally, without a need for an army of boots on the ground, they can customise at scale without incurring high costs associated with labour.

These cost savings are then passed on to retail investors, with average fees charged by D2C WealthTechs in Hong Kong being roughly half of the fees being charged by local wealth managers (i.e., 0.62% p.a. vs 1.15% p.a.).

The new D2C WealthTechs also offer significantly lower investment costs, allowing retail investors in Hong Kong to save sizeable sums on their annual management fees vs. incumbents

### Average Advisory / Management Fee

2025, % of Fund Market Value\*



\*Based on 6 D2C WealthTechs in Hong Kong, taking an average of their minimum and maximum advisory rates; \*\*Some are an average rate for portfolio value within this range; Circles with outlines indicate equal rates; \*\*\*WeLab Bank charges a monthly rate at 0.1%

Source: Endowus, Mox Bank, SoFi, StashAway, Syfe, WeLab Bank, Quinlan & Associates estimates

# COMPARATIVE FINANCIAL ANALYSIS (1/4) – INPUT

## KEY TAKEAWAYS

Similar to the original strategy, the analysis assumes a 30-year-old non-smoking, healthy male, with a retirement age of 55 and life expectancy of 85, who wishes to procure HKD 1 million coverage. The three risk profiles (aggressive, moderate, and conservative) remain the same in their equity-debt split.

However, unlike BTIR 1.0, the insured now benefits from a reduced term policy premium and cheaper investment fees, enabled by virtual insurers and D2C WealthTechs respectively, as highlighted in previous slides.

To illustrate the benefits of BTIR 2.0, we will compare the financials of the HKD 1mn policy for the same insured, who will enjoy lower premiums and execution fees thanks to digital players

### Insured

Profile Assumptions



### 30-YEAR-OLD, MALE WHITE-COLLAR EMPLOYEE

The insured is a newly-wed marketing manager in Hong Kong who is expecting a new family member soon. Aware of the high cost of living in Hong Kong, he wishes to secure the family's financial stability through an HKD 1 million sum assured life insurance policy as the alternative to his income.



**Current Age**  
30 Years



**Marital Status**  
Married



**Retirement Age**  
55 Years



**Health**  
No major issues



**Life Expectancy**  
85 Years\*



**Lifestyle Habits**  
Non-smoker

### Insurance and Investment

Market Assumptions

#### Whole Life

HKD 21,218  
(Premium for HKD 1mn Sum Assured)

#### Term Life

HKD 1,500\*\*  
(Premium for HKD 1mn Sum Assured)

#### Investment

HKD 19,718  
(Amount Invested)

#### Expected Returns (Per Annum)



**Debt Investment**  
US Treasury Bond ETF

**3.37%**

Return from price differences and coupon receipts over the last 20 years



**Equity Investment**  
S&P 500 ETF

**10.50%**

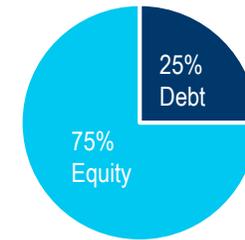
Average annual return of the S&P 500 index over the last 20 years in USD

#### Management Fee (D2C WealthTech)

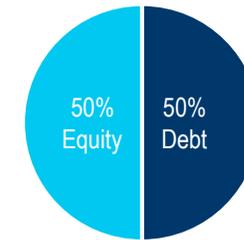
**0.62%**

Average management / advisory fee per annum for D2C WealthTech platforms\*\*\*

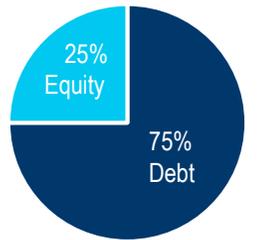
#### Allocation (Equity:Debt Split)



**Aggressive**



**Moderate**



**Conservative**

\*Same as assumptions used in BTIR 1.0 financial analysis; \*\*Average of Bowtie, blue, and ZA insure's premiums, extrapolated to HKD 1 million coverage for 25 payment years; \*\*\*Assuming the same price regardless of portfolio allocation, instead varying based on portfolio value from 0.56% to 0.76%

Source: Disclosures from investment platforms, Backtest by Curvo, ETF Database, Hong Kong Centre for Health Protection, US Federal Reserve, Wall Street Journal, Quinlan & Associates estimates

# COMPARATIVE FINANCIAL ANALYSIS (2/4) – OUTPUT

## KEY TAKEAWAYS

The value of the various strategies employed for HKD 1 million coverage are as follows in the long-run:

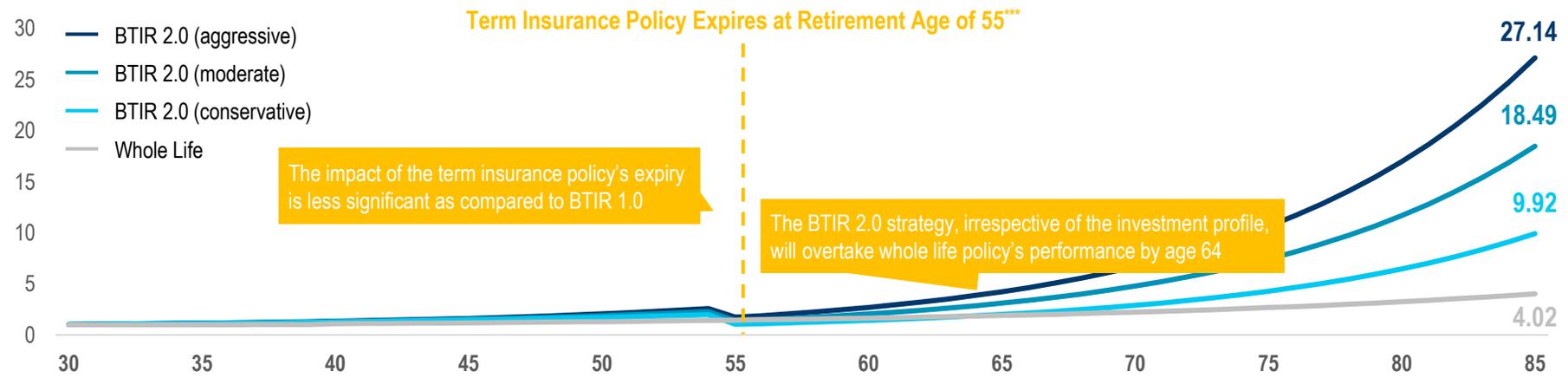
- **Conservative BTIR Approach:** HKD 9.92mn (2.47x value of whole life);
- **Moderate BTIR Approach:** HKD 18.49mn (4.60x value of whole life); and
- **Aggressive BTIR Approach:** HKD 27.14mn (6.75x value of whole life)

Clearly, the BTIR approach yields even more robust returns as compared to whole life insurance policies when transacting via new age virtual insurers and D2C WealthTechs.

Similar to BTIR 1.0, BTIR 2.0 also outperforms whole life insurance policies but by an even greater margin, making the case for BTIR approach adoption even more compelling via D2C digital channels

## Financial Analysis

HKD Million, Death Benefit\* / Cash Value



AGE	ANNUAL PREMIUMS** (HKD)			CONSERVATIVE			MODERATE			AGGRESSIVE		
	Whole Life	Term Life	Difference	BTIR	Whole Life	Difference	BTIR	Whole Life	Difference	BTIR	Whole Life	Difference
30	21,214	1,500	19,714	1,019,714	998,400	21,314	1,019,714	998,400	21,314	1,019,714	998,400	21,314
35	21,222	1,500	19,722	1,132,602	999,329	133,273	1,138,819	999,329	139,490	1,145,036	999,329	145,708
45	21,214	1,500	19,714	1,463,414	1,179,433	283,981	1,540,600	1,179,433	361,168	1,617,787	1,179,433	438,354
55***	0	0	0	1,042,095	1,455,039	-412,944	1,383,518	1,455,039	-71,521	1,730,837	1,455,039	275,798
65	0	0	0	2,004,635	1,897,850	106,784	3,110,157	1,897,850	1,212,307	4,230,535	1,897,850	2,332,684
75	0	0	0	4,283,925	2,674,708	1,609,217	7,439,996	2,674,708	4,765,288	10,639,552	2,674,708	7,964,843
85	0	0	0	9,919,261	4,020,839	5,898,422	18,486,246	4,020,839	14,465,407	27,143,483	4,020,839	23,122,644

Note: Figures as of the policy signature date (assumed to coincide with the insured's birthday), accounting for non-guaranteed amounts' fulfilment ratios and assuming investment execution at the year's beginning with mgmt. fees deducted year-end; Figures may not sum up due to rounding error; Assume USD 1=HKD 7.8; \*A 21-day cooling-off period may apply; \*\*Includes a 0.1% levy; Average of Bowtie, ZA Insurance, blue term policies; \*\*\*Assume the insured stops investing and paying insurance premiums at retirement  
Source: Disclosures by insurance firms, Quinlan & Associates estimates

# COMPARATIVE FINANCIAL ANALYSIS (3/4) – 1.0 VS 2.0

## KEY TAKEAWAYS

A comparison of BTIR 2.0 and BTIR 1.0 highlights that the lower cost proposition of the former offers a significant advantage.

For instance, the portfolio's value at age 85 is estimated to be approximately 1.3x greater for BTIR 2.0 across all risk profiles, suggesting that it is more effective at maximising returns over time.

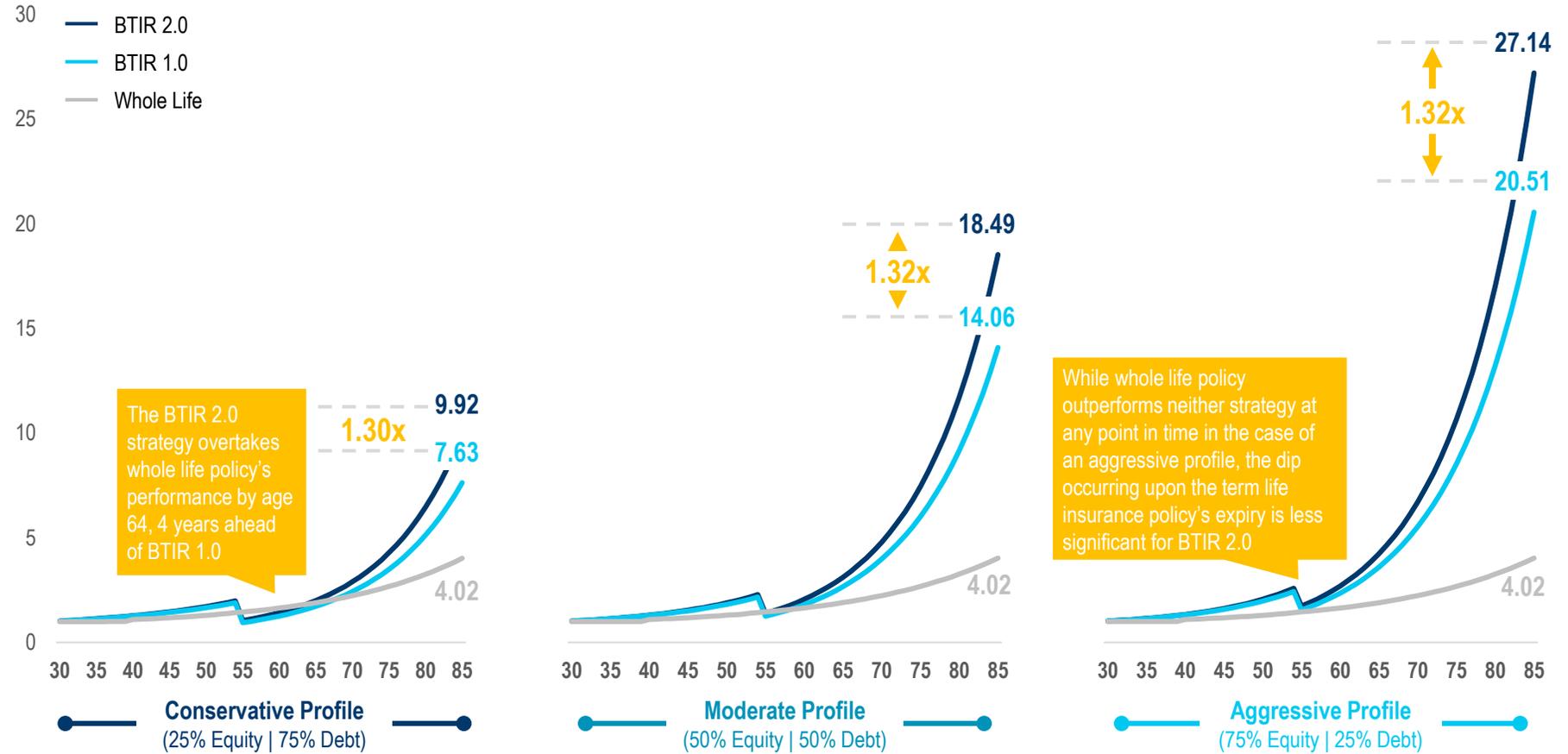
For investors, this implies that adopting BTIR 2.0 could lead to substantially higher wealth accumulation, making it a compelling option for those looking to optimise their investment's value.

This greater margin could also provide more financial flexibility during retirement, emphasising the importance of choosing updated investment strategies that adapt to market dynamics.

With its lower costs, the BTIR 2.0 strategy outperforms BTIR 1.0 across all risk profiles by ~1.3x, illustrating the extra gains enabled via opting for D2C virtual insurers and WealthTechs

## Financial Analysis

HKD Million



Note: The moderate fee level is used for this comparison; please refer to slides 30 and 37 for the detailed explanations on the methodology and key assumptions

Source: Quinlan & Associates estimates

# COMPARATIVE FINANCIAL ANALYSIS (4/4) – FEES

## KEY TAKEAWAYS

Fees charged by D2C WealthTechs can vary significantly, ranging from as low as 0.22% p.a. to as high as 1.20% p.a.

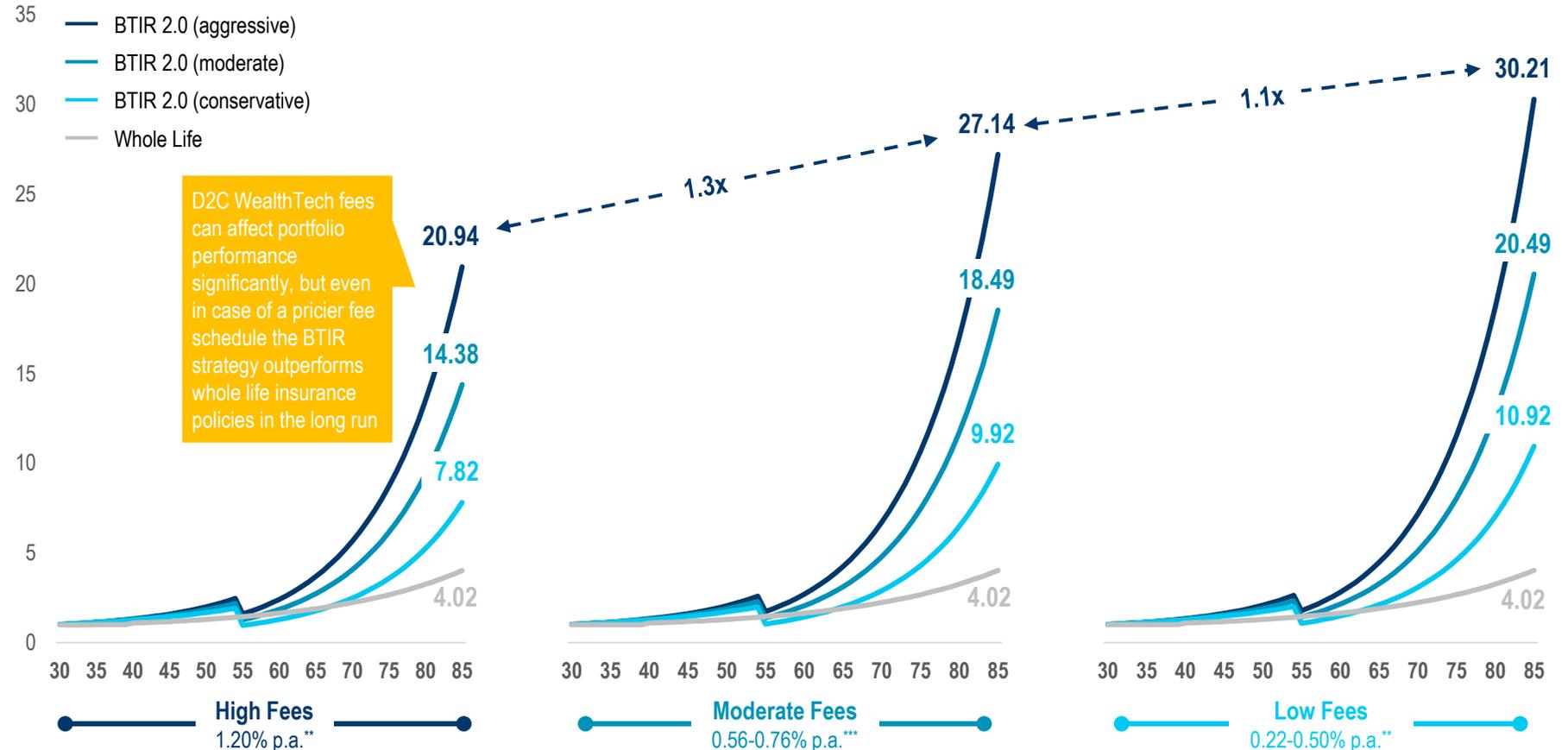
Similar to BTIR 1.0, the BTIR 2.0 strategy outperforms whole life insurance policies in the long-run, regardless of the fee range for D2C WealthTechs.

As a result, the portfolio value could surpass HKD 30 million in the long run, more than 7.5x the death benefit of a whole life policy at age 85.

With even lower fees enabled by D2C WealthTechs, investors can benefit from higher portfolio values across different pricing scenarios

## Financial Analysis

HKD Million\*



\*The insured profile and investment return assumptions are the same as those made on the previous slide; \*\*The fee assumed to depend on the last period's portfolio value, taking the upper / lower bound of the management fee for the range of portfolio value; \*\*\*Same as assumptions on the previous slide where the fees are 0.73%, 0.66%, 0.59%, 0.57%, and 0.53% for portfolio values within HKD 0-500k, HKD 500k-1mn, HKD 1-3mn, HKD 3-5mn, and above HKD 5mn ranges

Source: AQUMON, Endowus, SoFI Hong Kong, StashAway, Syfe, WeLab, Quinlan & Associates estimates

# ESTIMATED HONG KONG-WIDE IMPACT POTENTIAL

## KEY TAKEAWAYS

As illustrated in previous slides, the BTIR 2.0 strategy proves to be an attractive proposition for insureds seeking out long term wealth accumulation. Aggregating this approach to the entire city, the benefits are profound.

In 2024, the direct premiums receivable for new whole life policies reached nearly HKD 300 billion, ~10% of Hong Kong's GDP. However, the same coverage can be achieved with 6% of the amount with term policies purchased via low-cost virtual insurers. This results in HKD 268.6 billion that could be invested independently (i.e., "invest the rest") under a BTIR 2.0 strategy.

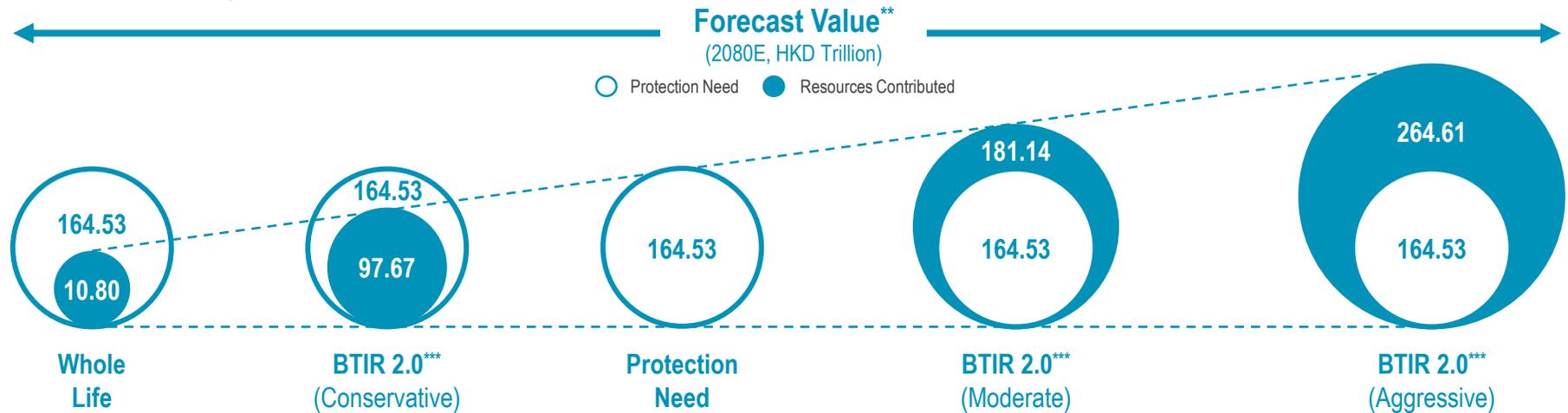
With the same return and fee estimates used in our previous financial analysis, the future bodes well for the city's mortality protection needs.

Based on our estimates, the value of BTIR 2.0 accounts could fulfil 59% Hong Kong's mortality protection needs in 55 years based on a conservative investment profile (i.e., 25% in equities and 75% in debt). More risk-taking profiles could lead to even higher portfolio values and a larger fulfilled amount.

If the BTIR 2.0 strategy is applied to Hong Kong's entire whole life insurance market, then there is the potential to meet and even exceed the city's mortality protection needs in 55 years

### Annual Premium Payment

2024, HKD Billion



Note: the circular representation is not drawn to scale

\*Estimated using the ratio of whole life policy premium (HKD 1 million for single premium and HKD 14,856 for non-single premiums) to the average term life policy premium of virtual insurers for the same coverage and payment duration (HKD 1,183), multiplied by the direct premiums receivable in 2024, as reported by the IA; \*\*Same assumptions as applied in slide 37; Protection needs in Hong Kong were extrapolated from the 2021 figure reported by the IA (HKD 17.6 trillion) to 2080 (i.e., 55 years from 2025), using 2024 year-end composite interest rate and inflation rate for household expenditure, medical expenditure, and education costs respectively, weighted by their share of total protection needs, as reported by the IA and listed on slide 22; \*\*\*The difference between results of whole life and BTIR 2.0 strategy is larger (e.g., 9.04x vs. 2.47x for conservative profiles) than the analysis on slide 37 because: (1) annual premiums are more expensive for whole life policies with a shorter payment duration (e.g., for every HKD 100 coverage, the average premium needed is HKD 5.87 (excluding single-premium policies) based on the aggregated data on sums assured and direct premiums receivable, while it is HKD 2 for the previous analysis), resulting in a larger premium difference that is invested and compounded over time, and (2) in particular, single-payment whole life insurance can largely drive up the effect of this trend with significantly larger premiums paid and a longer compounding period, as a sizeable lump-sum investment is made in policy year 1

Source: SwissRe, Insurance Authority, Quinlan & Associates estimates



SECTION 4

---

# THE WAY FORWARD

# INSUREDS – MAKING THE RIGHT CHOICE

## KEY TAKEAWAYS

The decision to choose between purchasing a whole life insurance policy or opting for a BTIR approach does not have a one-size-fits-all answer, as it depends on various personal factors.

For instance, an insured with a low risk appetite, financial discipline, investment acumen, time availability, and liquidity need, along with high cash flow predictability and legacy planning concerns, may prefer a whole life insurance policy due to its guaranteed payout element, doubling-up as an investment avenue that encourages savings and legacy planning benefits (e.g., estate tax, seamless wealth transfer, optionality of annuity vs. lump-sum).

On the other hand, an individual with a higher risk appetite, financial discipline, investment acumen, time availability, and liquidity needs, along with cash flow unpredictability and no legacy planning concerns, may prefer to chase BTIR's higher return potential with greater liquidity and cash flow flexibility.

When deciding between whole life insurance or a BTIR approach, there are a number of key parameters that insureds should keep in mind

## Whole Life vs. BTIR Decisioning

Key Parameters-based Preference

PARAMETER	PREFERENCE CRITERIA		RATIONALE
	Whole Life	BTIR	
 <b>RISK APPETITE</b> The level of risk an investor is willing and able to take with their investments	 PREFERRED WHEN LOW	 PREFERRED WHEN HIGH	Whole life insurance is preferred for risk-averse individuals due to its guaranteed component but not for risk-tolerant individuals seeking greater returns
 <b>FINANCIAL DISCIPLINE</b> The ability to consistently follow a budget, save regularly, and stick to an investment plan	 PREFERRED WHEN LOW	 PREFERRED WHEN HIGH	Whole life insurance can force individuals with low financial discipline to save, while those who are disciplined may prefer BTIR's higher return potential
 <b>INVESTMENT ACUMEN</b> The knowledge and skill to make informed investment decisions	 PREFERRED WHEN LOW	 PREFERRED WHEN HIGH	BTIR requires investing independently of the insurer, making it more suitable for those with sharp investment acumen
 <b>TIME AVAILABILITY</b> The amount of time an investor can devote to managing their investments	 PREFERRED WHEN LOW	 PREFERRED WHEN HIGH	Since BTIR adopters will have to invest on their own, they may need time to formulate and rebalance their portfolios from time to time
 <b>LIQUIDITY NEED</b> The need to access cash quickly without incurring significant losses	 PREFERRED WHEN LOW	 PREFERRED WHEN HIGH	Early termination of whole life insurance policies carries a surrender charge, while investments made outside them may be more liquid and accessible
 <b>CASH FLOW PREDICTABILITY</b> The stability and consistency of an investor's income and expenses	 PREFERRED WHEN HIGH	 PREFERRED WHEN LOW	High premiums for whole life insurance warrant cash flow predictability, lest early termination due to non-payment result in steep surrender charges
 <b>LEGACY PLANNING CONCERNS</b> Consideration of how investments will be passed on to heirs or beneficiaries	 PREFERRED WHEN HIGH	 PREFERRED WHEN LOW	Whole life insurance offers a guaranteed death benefit and a more seamless way to pass on wealth, with fewer issues pertaining to will, probate, or taxes

 Preferred when the Parameter Scores Low
  Preferred when the Parameter Scores High

Source: Quinlan & Associates analysis

# INSURERS (1/3) – DIRECT SALES GROWTH

## KEY TAKEAWAYS

Insurers have been gradually lowering their reliance on intermediaries (e.g., brokers, banks, etc.) by increasing sales through direct channels.

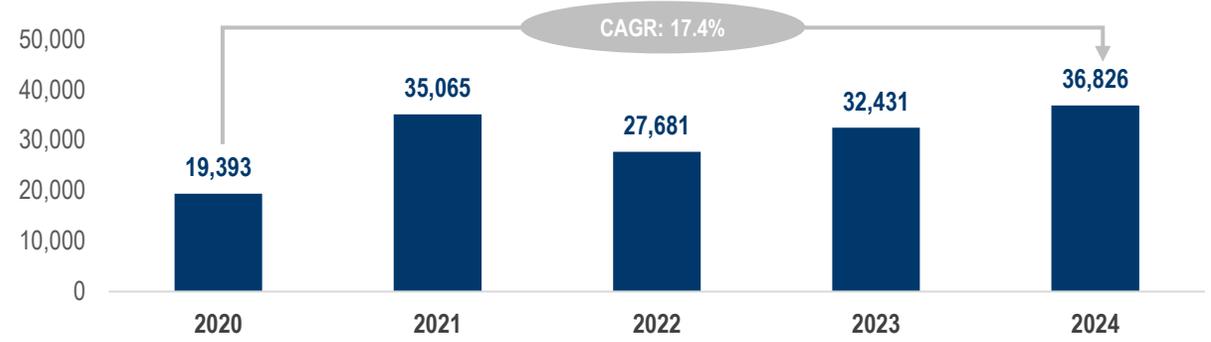
This holds true for not only virtual insurers, whose direct sales have grown at a CAGR of 17.4% since the pandemic, but also traditional insurers, whose direct sales have grown at a CAGR of 6.0% over the same period. This period has also witnessed a de-growth in sales via indirect channels.

As a result, the share of policies sold via direct channel has increased from 6.6% in 2020 to 10.0% in 2024.

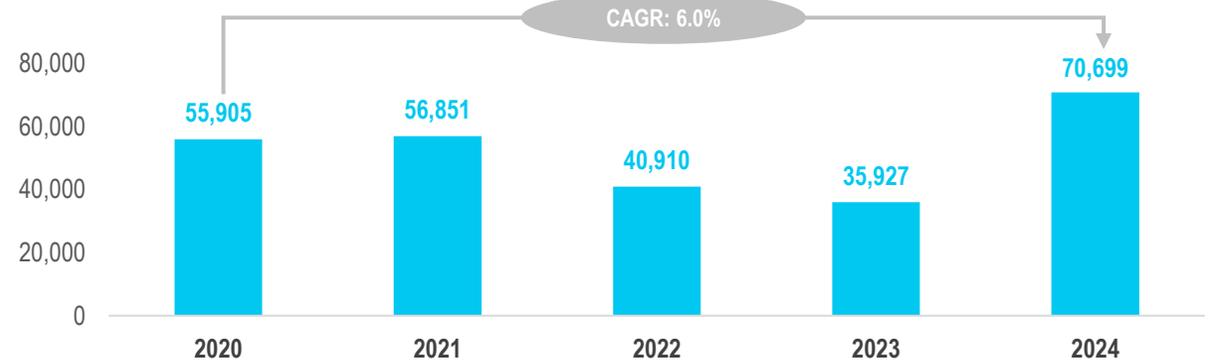
Recent years have witnessed a marked increase in direct sales of life insurance products by both virtual as well as traditional insurers, leading to share of direct sales rising to 10% of all policy sales

### Number of Policies Sold via Direct Channel

2020-24, #



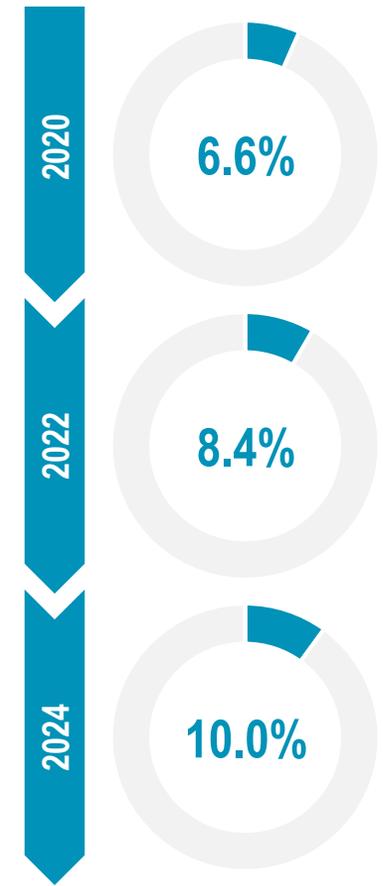
#### VIRTUAL INSURERS



#### TRADITIONAL INSURERS

### Share of Policies Sold via Direct Channel

2020 vs. 2022 vs. 2024, %



\*CAGR from 2021 to 2024 as there were no policies distributed indirectly in 2020  
Source: Insurance Authority, Quinlan & Associates analysis

# INSURERS (2/3) – COMPETITIVE THREATS

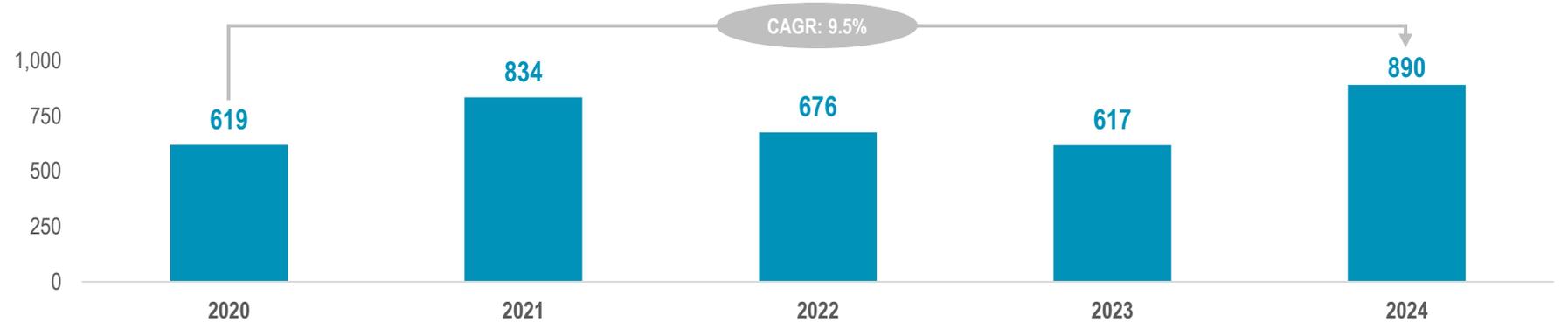
## KEY TAKEAWAYS

The virtual insurers in Hong Kong who sell life policies have experienced significant growth in both gross annual premiums as well as the number of policies being issued for their long-term business since 2020, signaling a growing preference for purchasing life insurance policies from low-cost D2C channels.

Thus, Hong Kong customers are increasingly turning to virtual insurers, with growth in premium and policy sales outpacing the broader Hong Kong life insurance market since 2020

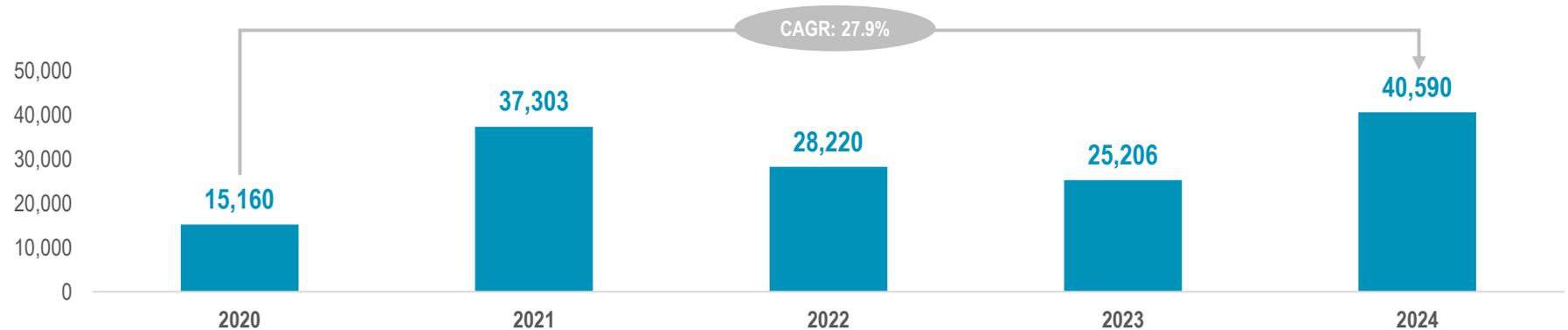
### Individual New Business from Long-term Business

Hong Kong Virtual Insurers, 2020-24, HKD Million



### Number of Individual New Businesses

2020-2024, #



Note: data represents combined total from Bowtie, ZA Insure, and Blue  
Source: Insurance Authority, Quinlan & Associates analysis

# INSURERS (3/3) – POTENTIAL RESPONSE

## KEY TAKEAWAYS

The rise of BTIR opens a contrasting set of avenues for life insurers, offering both a need to protect their current standing as well as opportunities to grow further.

On the protection front, insurers should focus on emphasising the legacy planning strengths of whole life insurance plans, which especially endear them to HNWIs. Targeting that customer segment with product innovation can help maintain high value whole life sales.

On the growth front, insurers can look to tap the leftover, uninsured population of Hong Kong with more affordable term life policies.

Furthermore, insurers can also look to expand by entering the investment landscape to cross-sell other financial products to customers that opt for term life insurance policies from them, opening new revenue streams.

They can also explore launching more competitive ILAS products that offer better returns and more flexibility of investment choice to policyholders.

The rise of BTIR is a double-edged sword for insurers, on the one hand threatening their high-margin whole life policy sales, while on the other hand opening new opportunities to expand

## Three-pronged Strategy

Protect, Penetrate, Proliferate, and Pioneer



### 1 PROTECT

Given the higher margins of whole life insurance policies, insurers need to safeguard their sales, such as by better targeting HNWIs<sup>1</sup> with an emphasis on legacy planning

#### EXAMPLE



#### Transitional Owner Arrangement

Launched new feature allowing naming of a young family member as a “Contingent Owner” of the policy till they come of age, until when a “Transitional Owner” can be named to oversee policy with limited administrative rights

LAUNCH NEW FEATURES



### 2 PENETRATE

While Hong Kong has one of the highest penetration rates, there remains a significant chunk of uninsured populace that can be targeted via low-cost term life insurance

#### EXAMPLE



#### WeCare Term Life Protection Plan

Blue, launched a new term life plan with a novel “Lowest Rate Guaranteed” feature that promised to match the lowest price in the market during the first policy coverage period, offering to counter any other lower price found

OFFER COMPETITIVE PRICING



### 3 PROLIFERATE

The rise of BTIR offers a lucrative opportunity for insurers to tap cross-selling synergies available from investment products, via organic buildout, partnership, or acquisition

#### EXAMPLE



#### Manulife InvestChoice

Manulife has launched a digital platform with 100+ curated mutual funds from Manulife and third-party managers, accessible both directly for self-service as well as in a hybrid manner through digitally-enabled agents

ENTER DIGITAL INVESTMENT



### 4 PIONEER

Introduce new ILAS products that offer better returns to policyholders and greater freedom of underlying investment vehicle choice to better compete with BTIR’s flexibility and investment returns

#### EXAMPLE



#### 5N Proposition

Heng An Standard Life expanded its choice of fund providers to 25 fund houses, increased the total number of investment choices to >300, launched an online investment portfolio platform, and introduced a new Protection-Linked Plan

IMPROVE ILAS OFFERINGS

<sup>1</sup>High Net Worth Individuals

Source: Manulife, Blue, AIA, Heng An Standard Life Insurance Company, Quinlan & Associates analysis

# AGENCIES – FROM SALES TO ADVISORY

## KEY TAKEAWAYS

Savings-oriented policies, such as whole life insurance plans, have tended to offer agents a higher first year payout as compared to term life insurance policies.

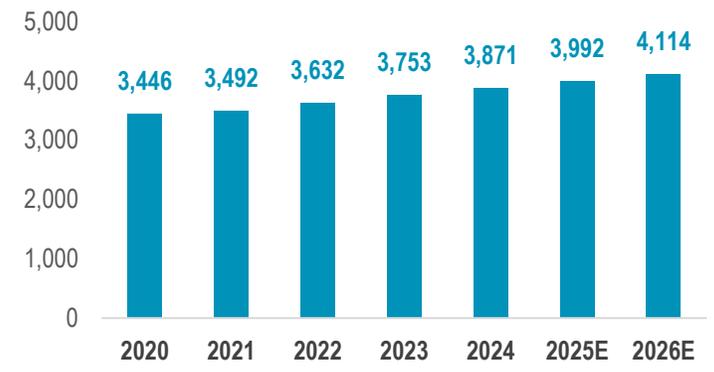
However, with BTIR on the rise, agencies need to adapt by transforming their insurance agents into financial advisors who can offer more holistic wealth management guidance beyond insurance alone.

With Hong Kong's total onshore and offshore wealth pool forecast to grow strongly in the coming years, there is an opportunity for insurance agencies to capitalise on structural wealth tailwinds.

With strong tailwinds supporting the growth of Hong Kong's wealth pool, agencies should position themselves to capitalise on customers' growing need for holistic wealth solutions beyond insurance

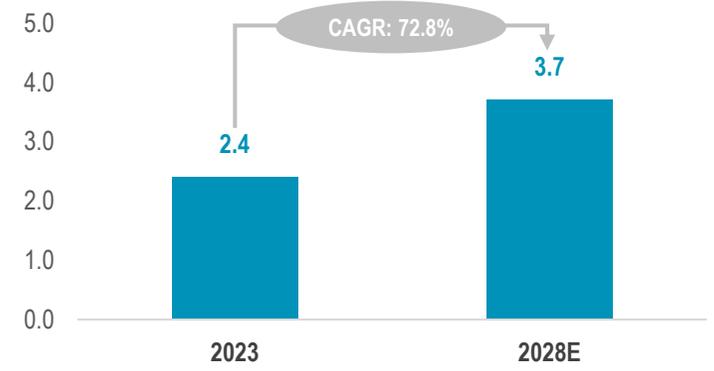
### Total Onshore Wealth Pool

2020-26E, USD Billion



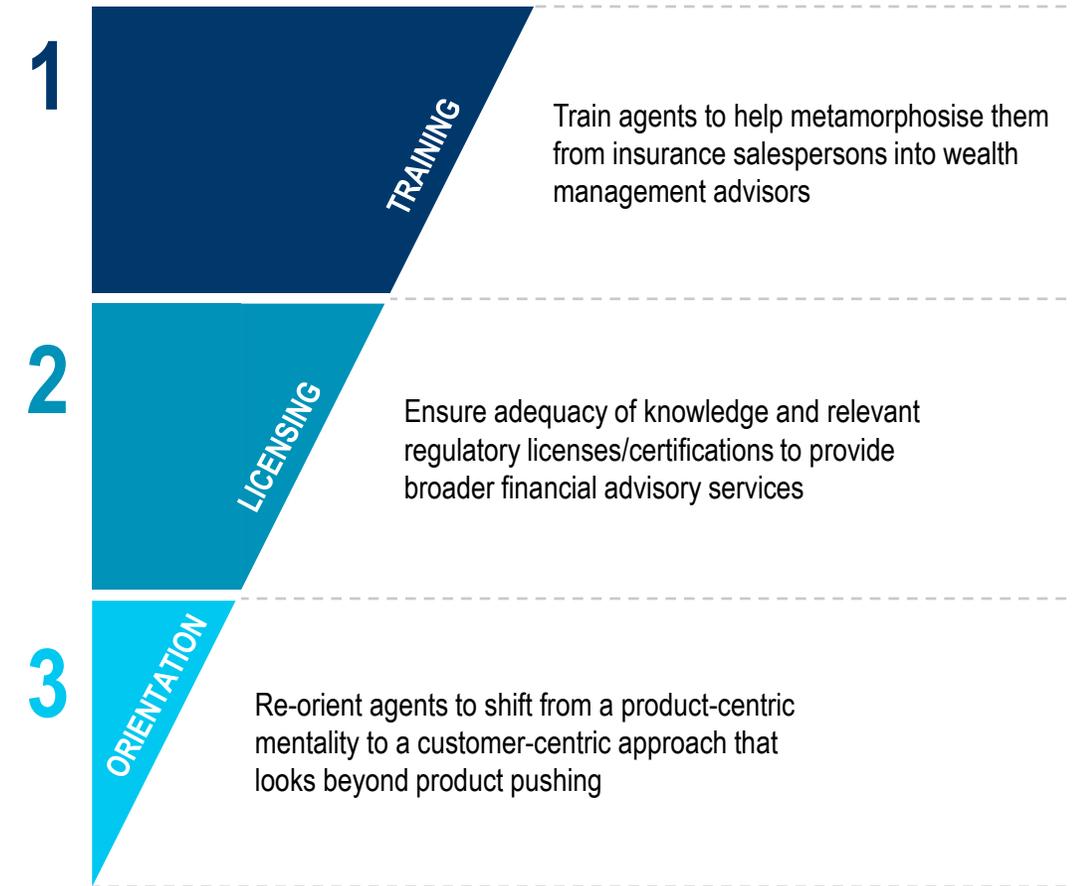
### Cross-border Wealth in Hong Kong

2023 vs. 2028E, USD Trillion



### Evolution of Insurance Agents

Transition Value Chain



# WEALTH MANAGERS (1/2)

## – COMPETITIVE THREATS

### KEY TAKEAWAYS

Syfe is fast emerging as a key player in Hong Kong’s D2C WealthTech arena with its “3A’s” value proposition, centred around providing access to a variety of financial investment avenues with salient advice at an affordable price.

Officially launching in Hong Kong in August 2023, it has grown at a blistering pace, expanding its user-base by 4-5x in the first half of 2025 as compared to the prior year, accumulating 250,000+ users across Asia.

This burgeoning user growth has been accompanied by a sizeable increase in assets under management (“AUM”) of 10x between the time of its launch in 2023 and as of end of 2024, a momentum that Syfe has continued to carry forward by growing its AUM by 5x in 2025 as of November.

One of Asia’s largest digital investment platforms, Syfe is a profitable and fast-growing force to be reckoned with, capturing 250,000+ users in Asia in a short span of time

### Case Study

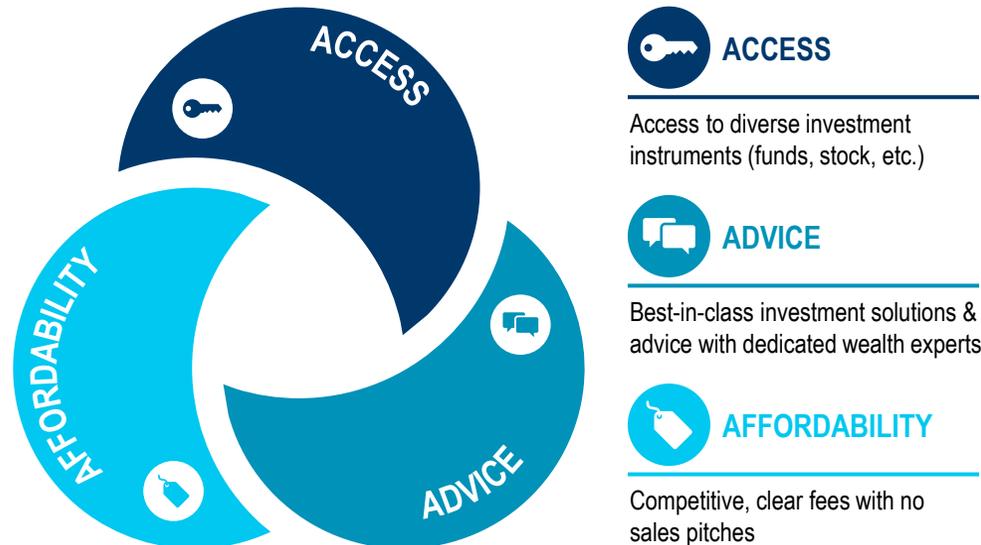
Syfe



Syfe is Asia-Pacific's leading saving and investment platform offering managed portfolios, brokerage services, and cash management solutions, managing more than US\$10 billion in assets and helping 250,000+ users build wealth for a better future

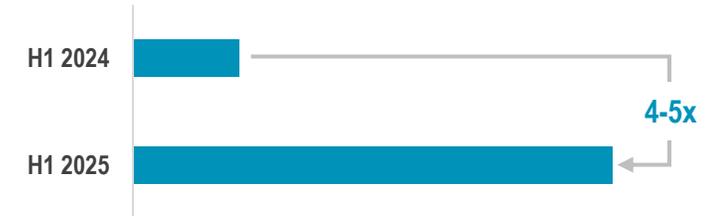
### Value Proposition

“3A’s” – Access, Advice, and Affordability



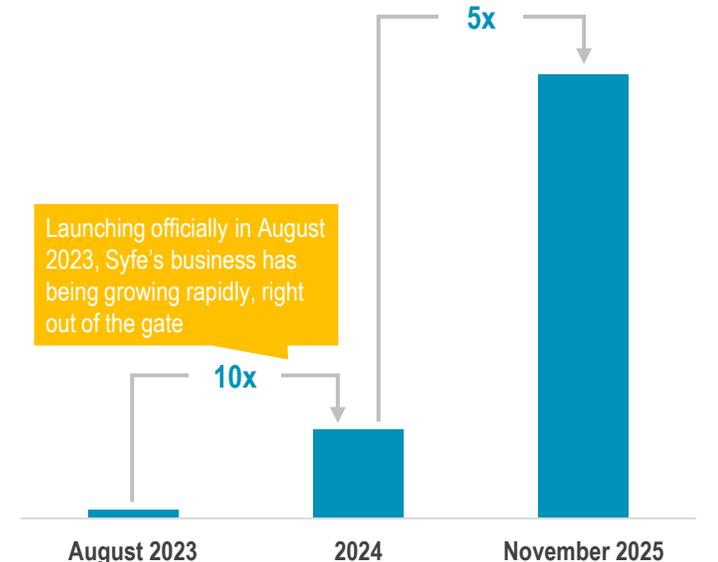
### Customer Acquisition Growth

H1'24-H1'25



### AUM Growth

August 2023-November 2025



# WEALTH MANAGERS (2/2) – POTENTIAL RESPONSE

## KEY TAKEAWAYS

As more policyholders in Hong Kong gravitate towards term life insurance, investment firms (e.g., WealthTechs, robo-advisors, and securities brokerages) can look to unlock cross-selling synergies with life insurers through mutually beneficial partnerships.

These partnerships can be explicitly visible, such as through referral and affiliate marketing arrangements, or in the form of white-labelled investment platforms being powered by the investment firms and branded under a partner insurer.

WealthTechs, robo-advisors, and securities brokerages can look to establish partnerships with insurers to cross-sell investment solutions to their growing base of term life policyholders

### Avenues Available

Implicit and Explicit Insurer Partnership Routes



### Case Study

Manulife x Syfe x AutoML

**Manulife X Syfe X AUTOML CAPITAL**

Manulife partnered with Syfe and AutoML to launch a Mandatory Provident Fund (“MPF”) robo-advisor that serves as an interactive retirement education platform to help steer portfolio allocation suited to one’s personal needs and risk profiles

#### OPPORTUNITY DISCOVERY

Manulife noticed that 71% of its members in Hong Kong were experiencing difficulties in managing their MPF investments

#### PARTNERSHIP FORMATION

Manulife tied-up with Syfe and AutoML to co-create a new digital MPF advisory tool aimed at helping optimise investments

#### JOINT INITIATIVE LAUNCH

In May 2024, Manulife launched the very first Hong MPF robo-advisor portal in Hong Kong, to help its members better allocate their portfolio

# REGULATORS – THE CASE FOR NUDGING BTIR

## KEY TAKEAWAYS

Supporting the purchase of cheaper term life products as part of BTIR approach may help to close part of Hong Kong’s prevailing MPG.

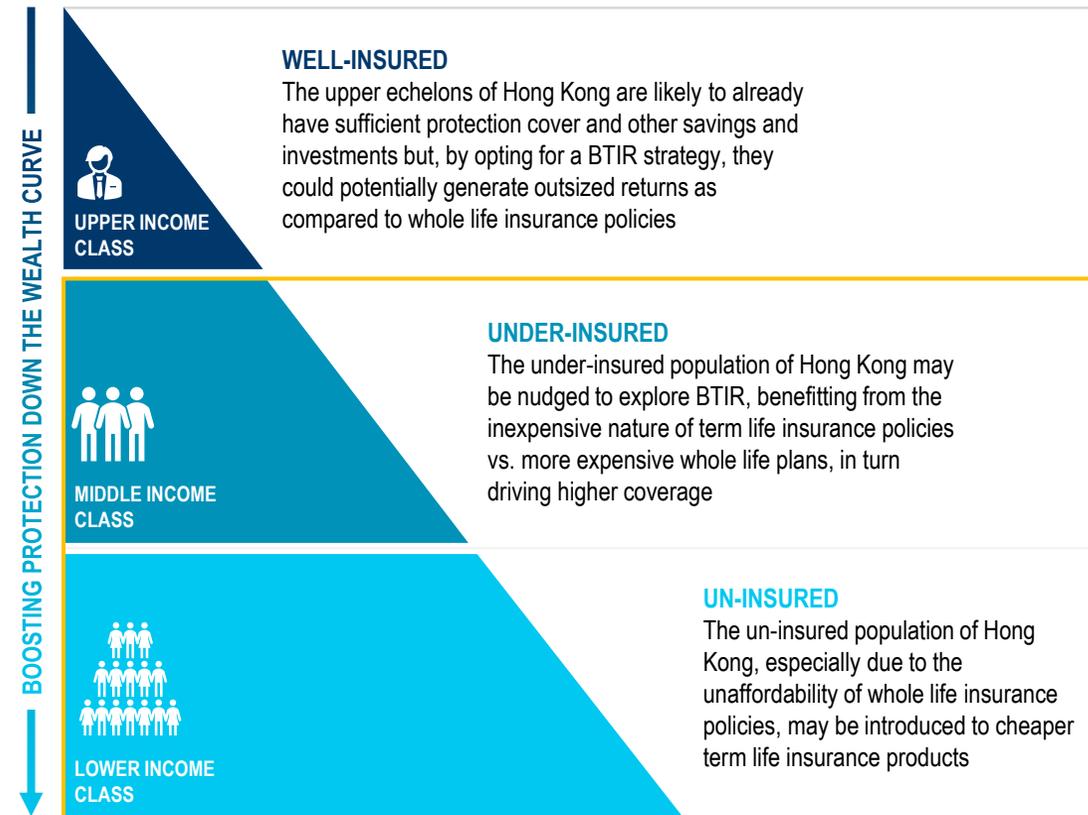
This is especially applicable in the case of the un-insured lower classes and under-insured middle classes, as the un-insured can gain more affordable coverage via term life products, while the under-insured can gain higher protection coverage thanks to term life insurance products charging a relatively lower premium than whole life insurance policies. More well-insured segments of the population can also benefit from the potentially higher returns on offer from BTIR.

To this end, the IA may look to boost the general public’s awareness of BTIR, nudge insurers and insurance agencies to become more customer-centric when advising prospective policyholders on which plan to opt for, and collaborate more closely with the Securities and Futures Commission (“SFC”) to better regulate the potential increase in policyholders investing separately from their insurance policies.

To cover the remaining MPG, the IA can look to encourage the adoption of cheaper term life products as part of the BTIR approach for those who are under-/un-insured

## Reducing the Mortality Protection Gap

From Higher to Lower Socioeconomic Strata



## Potential for the IA’s Intervention

Education, Direction, and Cooperation

### EDUCATION

#### ENHANCE THE PUBLIC’S KNOWLEDGE



Better educate the general public to help them pick the right policy (e.g., whole life vs. term life) with adequate coverage for their individual needs

### DIRECTION

#### URGE CUSTOMER CENTRICITY



Insurers and agencies can be nudged to adopt a more customer-centric approach and minimise potential conflicts of interest

### COOPERATION

#### COLLABORATE WITH THE SFC



The IA and SFC may enhance cooperation to better regulate the rise of BTIR, as more insureds invest independently of their insurance policies



## SECTION 5

---

# HOW WE CAN HELP

# WHERE Q&A CAN SUPPORT YOU

## KEY TAKEAWAYS

Quinlan & Associates can support your organisation's bespoke needs through strategy consulting, operating model development, and corporate training delivery:

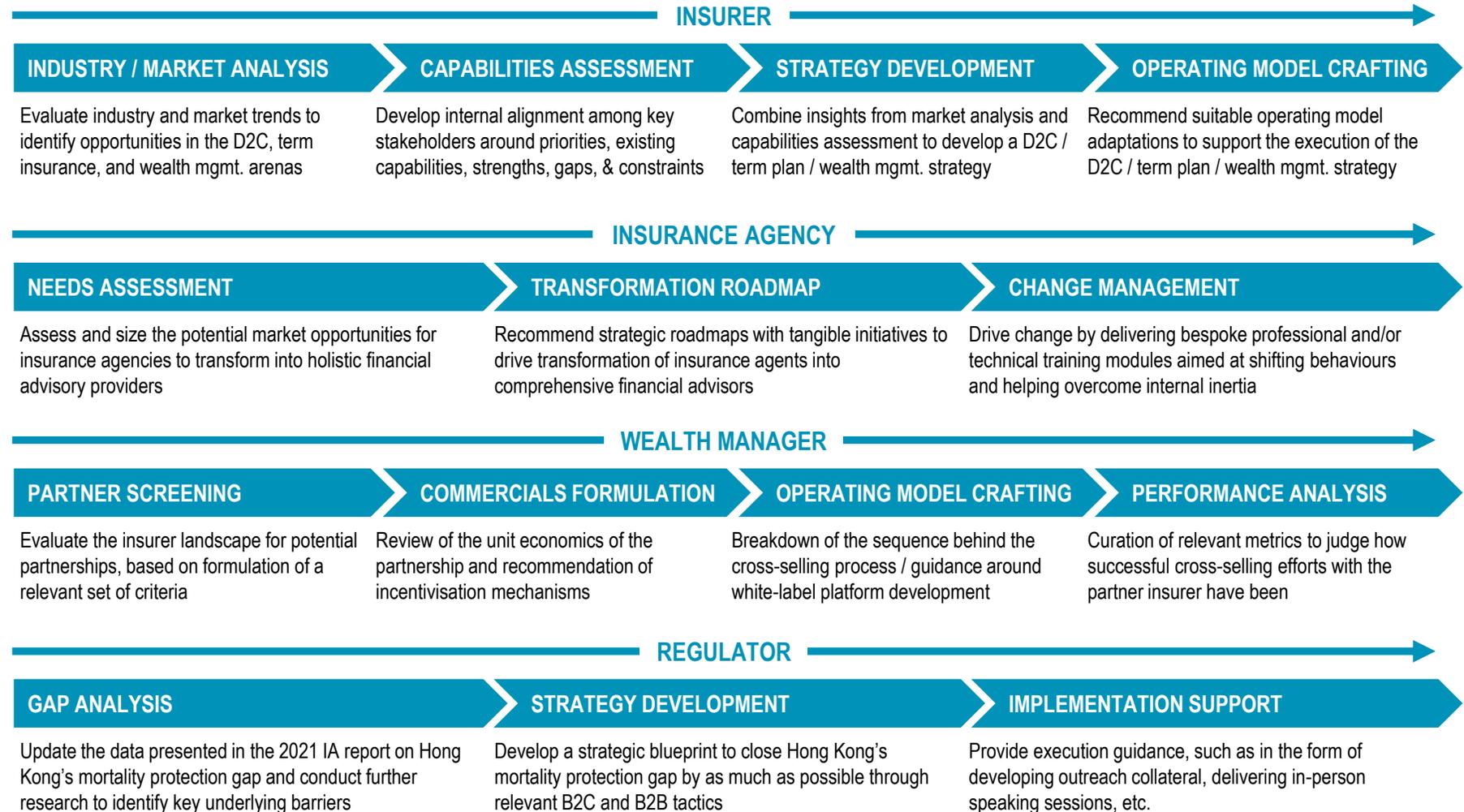
**1. Insurer:** Craft a strategic blueprint to help grow the D2C / term life business and enter the investment landscape;

**2. Insurance Agency:** Explore the case for transforming into a holistic financial advisory provider by expanding beyond just insurance sales;

**3. Wealth Manager:** Provide assistance in formation of beneficial partnerships with insurers to unlock cross-selling synergies; and

**4. Regulator:** Gauge the current status of Hong Kong's mortality protection gap to leverage the resulting insights for developing a suitable strategy and implementation plan to tackle the same

We can help key stakeholders in the insurance industry fine-tune their strategy and operating model to best prepare for an increase in BTIR's adoption





STRATEGY WITH A DIFFERENCE

**Copyright © 2025 Quinlan & Associates.**

All rights reserved. This report may not be distributed, in whole or in part, without the express written consent of Quinlan & Associates. Quinlan & Associates accepts no liability whatsoever for the actions of third parties in this respect.

The information and opinions in this report were prepared by Quinlan & Associates. This report is not financial or investment advice and should not be relied upon for such advice or as a substitute for professional accounting, tax, legal or financial advice. Quinlan & Associates has made every effort to use reliable, up-to-date and comprehensive information and analysis in this report, but all information is provided without warranty of any kind, express or implied.

Quinlan & Associates disclaims any responsibility to update the information or conclusions in this report. Quinlan & Associates accepts no liability for any loss arising from any action taken or refrained from as a result of information contained in this report or any reports or sources of information referred to herein, or for any consequential, special or similar damages even if advised of the possibility of such damages. This report is not an offer to buy or sell securities or a solicitation of an offer to buy or sell securities.

Quinlan & Associates currently or may in the future engage with, seek to do business with, or hold positions in, some of the companies mentioned in its reports, which may give rise to potential conflicts of interest. Quinlan & Associates will actively manage any conflicts of interest that may arise (including by implementing appropriate information barriers and other conflicts management procedures and safeguards), in order to preserve confidentiality and to ensure that Quinlan & Associates remains objective and independent with regards to the contents of its reports.

**Website** [www.quinlanandassociates.com](http://www.quinlanandassociates.com)  
**Email** [enquiries@quinlanandassociates.com](mailto:enquiries@quinlanandassociates.com)  
**Telephone** (+852) 2618 5000  
**Address** Level 20, One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

## AUTHORS

---

### **Benjamin Quinlan**

CEO & Managing Partner

T: +852 2618 5000

E: [bquinlan@quinlanandassociates.com](mailto:bquinlan@quinlanandassociates.com)

### **Eashan Trehan**

Senior Associate

T: +852 2618 5000

E: [etrehan@quinlanandassociates.com](mailto:etrehan@quinlanandassociates.com)

### **Moanna Tang**

Senior Consultant

T: +852 2618 5000

E: [mtang@quinlanandassociates.com](mailto:mtang@quinlanandassociates.com)

# QUINLAN & ASSOCIATES

© 2025 Quinlan & Associates.

All rights reserved. This report may not be distributed, in whole or in part, without the express written consent of Quinlan & Associates. Quinlan & Associates accepts no liability whatsoever for the actions of third parties in this respect.

The information and opinions in this report were prepared by Quinlan & Associates. This report is not financial or investment advice and should not be relied upon for such advice or as a substitute for professional accounting, tax, legal or financial advice. Quinlan & Associates has made every effort to use reliable, up-to-date and comprehensive information and analysis in this report, but all information is provided without warranty of any kind, express or implied.

Quinlan & Associates disclaims any responsibility to update the information or conclusions in this report. Quinlan & Associates accepts no liability for any loss arising from any action taken or refrained from as a result of information contained in this report or any reports or sources of information referred to herein, or for any consequential, special or similar damages even if advised of the possibility of such damages. This report is not an offer to buy or sell securities or a solicitation of an offer to buy or sell securities.

Quinlan & Associates currently or may in the future engage with, seek to do business with, or hold positions in, some of the companies mentioned in its reports, which may give rise to potential conflicts of interest. Quinlan & Associates will actively manage any conflicts of interest that may arise (including by implementing appropriate information barriers and other conflicts management procedures and safeguards), in order to preserve confidentiality and to ensure that Quinlan & Associates remains objective and independent with regards to the contents of its reports.