



Insurance Premia

The Union Insurance of Canton provided the following insurance rates to cover benefits listed below.

Death Benefit

- (1) Basic and supplemental life: HK\$2.65 per thousand per annum;
- (2) Retiree Life: HK\$50 per thousand per annum coverage discounted actuarially to a present value basis.

Long Term Disability

HK\$2.04 per thousand per annum

Medical Benefits

- (1) Government Hospitals for Civil Servants, wife and two dependants of school children age:

- 1st class \$6,720 per annum
- 2nd class \$3,168 per annum
- 3rd class \$ 316 per annum

- (2) Assumptions

- (a) Upper/Upper and Upper MPS pay bands:

- 9% 1st class accommodation
- 20% 2nd class accommodation
- 71% 3rd class accommodation

Insurance premium HK\$1,463 per annum

375

- (b) All other Civil Servants 100% 3rd class accommodation with Asian diet.

Insurance premium HK\$316 per annum

- (3) Private Hospital for employee, wife and two dependants of school children age:

80% company insurance plan rate HK\$3,696 per annum

30 visits per year plan rate HK\$2,172 per annum

- (4) Dental Benefits

- (a) Full Benefit assumed to be for employee, wife and two dependants of school children age:

4 visits per family per annum for inspection

4 visits per family per annum for treatment

2 visits per family per annum for emergency treatment

Insurance premium HK\$2,010

- (b) Civil Service the basis for calculation of insurance premium is:

4 visits per family per annum for inspection

2 visits per family per annum for treatment

1 visit per family per annum for emergency treatment

Insurance premium HK\$1,400



Union Insurance Society of Canton, Ltd.

Swire House, Chater Rd., Hong Kong, G.P.O. Box 94 Telephone 5-233061
 Fax: G3/G2 5-8100706 Cables: 'UNION' Hongkong Tlx: 75446 UISC HX

Your Ref:

10 December 1986

Our Ref:

Mr Peter Duke
 Hay Management Consultants HK Ltd
 1704 Alexandra House
 16-20 Chater Road
 Central
 Hong Kong

Dear Sirs

As requested I agree that the figures shown in Annex E are those which were supplied by me.

The figures for the dental insurance are 10 visits for a family of four per annum as shown in the attachment to this letter.

The insurance premia for third class hospitalisation and the assumptions inherent in the calculations are attached. In reaching these figures the following consideration were taken into accounts, Hong Kong is in a typhoon area, is densely populated with many people living in high rise buildings and is in a cholera zone. Also taken into account is the high number of females of child bearing age who could suffer complications or produce babies with severe congenital disorders leading to long periods of hospitalisation.

Please note that there are no actuarial tables available in Hong Kong for hospitalisation insurance based on such large numbers. These figures are however reasonable in our professional judgement.

Yours faithfully

Jane Berckelman

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Dental Premia

The figures provided are based upon the following assumptions:

- 4 visits per family per annum for inspection
- 4 visits per family per annum for correction
- 2 visits per family for emergency

Medical Hospitalisation

Assumptions

120,000 employees (70% x 170,000)
360,000 dependants
50% female
28% female working of child bearing age

European Client

Public rate \$54.00 per day
Civil Servant rate \$45.00 per day
Premia rate for Employee \$237.00 per annum
Premia rate for Dependants \$651.00 per annum

Asian Client

Public rate \$20.00 per day
Civil Servant rate \$15.00 per day
Premia rate for Employee \$88.00 per annum
Premia rate for Dependants \$228.00 per annum

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