Press Release

Mortgage Insurance Programme's Risk-based Scoring Model

The Hong Kong Mortgage Corporation Limited (HKMC) is pleased to announce today (Monday) the introduction of the Risk-based Scoring Model (RBSM) as an enhancement to its Mortgage Insurance Programme (MIP).

The RBSM will replace the existing Risk-based Pricing Scheme (RBPS) and Loyalty Discount Scheme (LDS), which were launched in 2006. After a comprehensive review of the RBPS and LDS, the HKMC has come up with this new RBSM to adopt a more sophisticated approach to assess the associated risks of MIP applications.

The RBSM will take account of different risk attributes, such as the applicants' credit record and repayment capability, to assess whether the applicants will be eligible for a premium discount and the relevant level of premium discount. In general, applications with lower assessed risk can enjoy a higher level of premium discount. The maximum discount rate under RBSM will be 50%, same as the maximum aggregate discount rate available under the RBPS and the LDS (Annex).

The RBSM will apply to all MIP applications received by the HKMC on or after 9 November 2010.

Mr Peter Pang, Executive Director of the HKMC, said, "Since launch in 1999, the MIP has been well received by homebuyers and has helped over 80,000 families to achieve home ownership. By adopting the RBSM, we expect that more homebuyers will be able to benefit from the new arrangement."

For enquiries, please call the MIP Hotline at 2536 0136.

The Hong Kong Mortgage Corporation Limited
8 November 2010

Annex

LTV ratio	**Existing arrangement**			**New arrangement**
	RBPS (i)	**LDS** (ii)	**Aggregate maximum premium discount** (i) + (ii)	**RBSM Maximum discount**
Up to 85%	30%	20%	50%	50%
Above 85% and up to 90%	25%	20%	45%	45%