

Insurance (Amendment) Bill 2020 gazetted

The Government published the Insurance (Amendment) Bill 2020 (the Bill) in the Gazette today (March 20).

The Bill aims to amend the Insurance Ordinance (Cap. 41) to provide for a new regulatory regime for the insurance-linked securities (ILS) business and expand the scope of insurable risks of captive insurers set up in Hong Kong. It will implement the policy initiative in the 2018 Policy Address and the 2019-20 Budget Speech.

"The Bill is important for maintaining Hong Kong's competitiveness as an international insurance hub and risk management centre. It will also enable the insurance industry to capitalise on the new business opportunities arising from the Guangdong-Hong Kong-Macao Greater Bay Area development and the Belt and Road Initiative. Our target is to strive for early passage of the Bill so as to boost the financial services industry and the economy at large amidst the challenging times," a spokesman for the Financial Services and the Treasury Bureau said.

ILS are risk management tools that allow insurers/reinsurers to raise capital by offloading insured risks to the capital markets through securitisation. Given a rising trend of catastrophic events caused by climate change and urbanisation, the global issuance of ILS has grown substantially in recent years but currently the risk exposure of such ILS is mainly confined to the United States and Europe. It is necessary to make Hong Kong a more conducive domicile for ILS to capture potential business opportunities expected to arise in Asia.

A captive insurer is an insurance company set up by its parent company with the primary purpose of insuring and reinsuring the risks of the companies in the group to which the captive insurer belongs. Captive insurance provides multinationals with the ability to deploy a more holistic risk management strategy across their international business. With a sound regulatory regime and the availability of a wide range of professionals, Hong Kong is well-positioned to assist multinationals including Mainland enterprises going global to enhance their risk management.

The Bill will be introduced into the Legislative Council for first reading on March 25.

Insurance (Amendment) (No. 2) Bill 2020 gazetted

The Government published the Insurance (Amendment) (No. 2) Bill 2020 (the Bill) in the Gazette today (March 20).

The Bill seeks to amend the Insurance Ordinance (Cap. 41) (IO) to enhance the regulatory framework for the regulation and supervision of insurance groups where a holding company for the group is incorporated in Hong Kong.

"The Bill will help align Hong Kong's insurance regulatory regime with international standards and practices, reinforce Hong Kong's status as an international financial centre and establish Hong Kong as a preferred base for large insurance groups in Asia Pacific. Our target is to strive for early passage of the Bill so as to highlight Hong Kong's sustained efforts in enhancing its regulatory framework and competitiveness amidst challenging times," a spokesman for the Financial Services and the Treasury Bureau said.

The International Association of Insurance Supervisors requires insurance regulators not just to regulate insurers on a "solo" basis but also to co-operate and co-ordinate with each other to ensure insurance groups are regulated on a "group-wide" basis. Like other jurisdictions such as the United Kingdom, Australia, Bermuda and Singapore which have implemented group-wide regulation, Hong Kong should formulate and implement a clear and comprehensive regulatory regime for insurance groups under the IO.

At present, the Insurance Authority (IA) is the group supervisor of three international insurance groups. The IA performs this function using an indirect approach based on its existing "solo" regulatory powers, i.e. using its regulatory powers in relation to the authorised insurers which the IA directly regulates to influence the holding companies of the insurance groups. The IA does not have direct regulatory powers at the holding company level of these insurance groups, even though such holding company is incorporated in Hong Kong. It is necessary to enable the IA to exercise direct regulatory powers over Hong Kong-incorporated holding companies of insurance groups.

The Bill will be introduced into the Legislative Council for first reading on March 25.

Limited Partnership Fund Bill gazetted

The Government published in the Gazette today (March 20) the Limited Partnership Fund Bill to provide for a new registration regime to enable funds to be constituted in the form of limited partnerships in Hong Kong.

A Government spokesperson said, "The Bill seeks to attract investment funds (including private equity and venture capital funds) to set up and operate in Hong Kong. This would help strengthen Hong Kong's position as an international asset and wealth management centre and drive demand for the related professional services in Hong Kong.

"In recent years, private equity funds have been playing a pivotal role in channelling capital into corporates, especially start-ups in the innovation and technology field. Hong Kong, as the second largest private equity market in Asia, is well-placed to expand its private equity business."

"The new limited partnership fund regime will be an opt-in registration scheme administered by the Companies Registry. It will cater for the operational needs of investment funds with elements of investor protection built in," the spokesperson added.

A limited partnership is a common constitution form for private funds such as private equity funds. In a limited partnership, the general partner (i.e. operating person) with unlimited liability in respect of the debts and liabilities of the fund and the limited partner(s), who are essentially investors with limited liability, will have freedom of contract in respect of the operation of the partnership.

The Bill will be introduced into the Legislative Council for first reading on March 25.

Proposed installation of Hong Kong-Americas submarine optical fibre cable gazetted

The Government has proposed to allow China Telecom Global Limited to install a submarine optical fibre cable of approximately 34.6 kilometres in length and 40 millimetres in diameter from Chung Hom Kok to the eastern boundary of the Hong Kong Special Administrative Region. This submarine cable is a section of the Hong Kong Americas (HKA) submarine cable network. The extent of the area of foreshore and sea-bed affected is described in a notice

published in the [Government Gazette](#) today (March 20).

The HKA is a new trans-Pacific optical fibre communications system which will connect Hong Kong and the United States. This HKA submarine cable system will span more than 13,000 km and further increase the bandwidth between the two places, reinforcing Hong Kong as a key communication hub in the Asia-Pacific region.

The proposed works involve installation of the optical fibre submarine cable by a cable-laying barge using jet plough/jetting technique in deeper waters, and directly by divers in near-shore waters within an area of approximately 0.81 hectares of foreshore and sea-bed. The major part of the submarine cable will be buried in a trench of approximately 0.21 metres in width, at a target installation depth of approximately 5m below the sea-bed. The proposed works are scheduled to commence in the second quarter of this year and be completed in the third quarter.

The notice and its related plan are posted near the site. The plan is also available for inspection at:

- * Survey and Mapping Office of the Lands Department (23/F, North Point Government Offices, 333 Java Road, North Point, Hong Kong), where copies can be purchased on order;
- * Southern Home Affairs Enquiry Centre of the Southern District Office (G/F, Ocean Court, 3 Aberdeen Praya Road, Aberdeen, Hong Kong);
- * Islands District Office (20/F, Harbour Building, 38 Pier Road, Central, Hong Kong);
- * Sai Kung Home Affairs Enquiry Centre of the Sai Kung District Office (G/F, Sai Kung Tseung Kwan O Government Complex, 38 Pui Shing Road, Hang Hau, Tseung Kwan O, New Territories); and
- * Lands Department's website (www.landso.gov.hk) under Government Notices.

Any person who considers that he or she has an interest, right or easement in or over the foreshore and sea-bed involved may submit a written objection to the Director of Lands, 20/F, North Point Government Offices, 333 Java Road, North Point, Hong Kong, within two months from the above-mentioned date, i.e. on or before May 20. The notice of such objection shall describe the interest, right or easement of the objector and the manner in which he or she will be allegedly affected.

Award Scheme for Learning Experiences under Qualifications Framework opens for application

The 2020-21 Award Scheme for Learning Experiences under the Qualifications Framework (QF) will be open for application from today (March 20) until May 29. Practitioners from 23 industries implementing the QF (see Annex) are welcome to apply.

Two new slogans, "Achieve One's Goal Step by Step" and "Broaden One's Horizon to Achieve Goal", are being used for this year's Award Scheme. These slogans tie in with the objectives of the Award Scheme for encouraging outstanding or emerging practitioners to engage in learning activities held locally or around the world with a view to broadening their horizons, keeping abreast of the latest developments of the industry and extending networks. Through participating in the Award Scheme, practitioners can achieve their personal and career goals.

A spokesman for the Education Bureau said that the Award Scheme was launched in 2013-14. In the past seven years, the Award Scheme attracted more than 1 400 applicants from different industries, of which over 420 were awarded. More than 60 per cent of the awardees participated in overseas learning activities, while some 30 per cent were engaged in local learning activities. The Award Scheme helped reinforce practitioners' conviction on lifelong learning. Through pursuit of continuous learning, they are able to upgrade themselves, become role models for their respective industries and help promote the QF.

The spokesman added that the learning activities in which practitioners can participate under the Award Scheme include competitions, seminars, sharing sessions and study tours. Awardees engaging in local learning activities will receive an award of \$10,000 while those engaging in learning activities outside Hong Kong will receive an award of \$30,000. Applicants may visit the website www.hkqf.gov.hk/AwardScheme for more details of the Award Scheme.