

SFST's speech at Hong Kong Federation of Insurers Annual Reception 2024 (English only)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the Hong Kong Federation of Insurers (HKFI) Annual Reception 2024 today (April 23):

Orchis (Chairman of the Hong Kong Federation of Insurers, Ms Orchis Li), distinguished guests, ladies and gentlemen,

Good evening. It gives me great pleasure to be here at the Annual Reception of the Federation of Insurers to share with you the vibrant trajectory of Hong Kong's insurance sector and our collective efforts to maintain our city as a premier global insurance hub.

Hong Kong stands as one of the world's most open insurance centres – a demonstration of our robust regulatory framework and our strategic position in global markets. As of March this year, our city is home to 160 authorised insurers, including seven of the world's top 10, reflecting our global appeal and the trust placed in our financial system. According to provisional statistics of the Hong Kong insurance industry, last year alone, our total gross premiums reached an impressive HK\$549.7 billion, approximately US\$70.5 billion, underscoring our sector's dynamic growth and resilience.

Aligning with the National 14th Five-Year Plan, we are committed to strengthening Hong Kong's role as an international financial centre and a global risk management hub. Our unique position under the "one country, two systems" principle allows the insurance industry to seize opportunities through integration in the national "Dual Circulation" strategy. We are both the "participant" in domestic circulation and "facilitator" in international circulation, leveraging our distinct advantages to enhance global connectivity.

Building on these strategic advantages, in 2022, we published the Development Roadmap for the Insurance Sector in Hong Kong. This comprehensive plan clearly articulates the Government's vision and mission, outlining targeted policy measures to enhance our competitive edge and expand our capabilities in the global insurance market.

In recent years, in line with the roadmap's objectives, we have implemented various measures to promote industry development, such as halving the profits tax rate for specific insurance businesses (including marine and specialty risks), expanding the scope of risks insurable by captive insurers formed in Hong Kong, and enhancing the legal framework for group-wide supervision.

Furthermore, our initiatives in insurance-linked securities (ILS) have

marked significant advancements. Since establishing a dedicated regulatory regime and pilot grant scheme in 2021, we have successfully facilitated the issuance of four catastrophe bonds, totalling US\$560 million. The purpose of these financial instruments is to provide a safeguard against the financial repercussions of natural disasters such as typhoons and earthquakes, both within the Mainland and in other parts of the world. We also welcomed the inaugural listing of an ILS in Hong Kong, and strive to attract more issuing institutions and professional talent, with a view to fostering the ILS ecosystem and expanding diversified channels for risk management.

Looking towards the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), we see tremendous potential to enhance connectivity between the Mainland and Hong Kong insurance markets. We are working towards early establishment of after-sales service centres by the Hong Kong insurance industry in places such as Nansha and Qianhai, with a view to providing GBA residents who are holders of Hong Kong policies with comprehensive support. We have also implemented the "unilateral recognition" policy for cross-boundary motor insurance to tie in with "Northbound Travel for Hong Kong Vehicles", providing a more convenient channel to arrange the necessary insurance coverage for driving into Guangdong via the Hong Kong-Zhuhai-Macao Bridge.

As we focus on regional integration and the expansion of insurance services, we are equally committed to ensuring the sustainability and resilience of the insurance sector through regulatory enhancements. In July last year, we enacted the relevant amendment ordinance and will prescribe detailed requirements to implement a risk-based capital regime for the Hong Kong insurance industry this year, with a view to strengthening the financial soundness of insurers and aligning with international regulatory standards. We also published consultation conclusions on establishing a policy holders' protection scheme last December, and will proceed to prepare the relevant legislative proposal in order to strengthen the protection of policy holders in case an insurance company becomes insolvent.

Ladies and gentlemen, since its establishment in 1988, the HKFI has been fully committed to advancing and promoting the interests of the insuring public and the growth of the industry. It has been working closely with the Government to foster the development of the insurance sector. Its participation can be seen in virtually every initiative mentioned earlier, highlighting the importance of the Federation as a key partner of the Government and the Insurance Authority in pursuing the sustainable development of the Hong Kong insurance market.

Thank you once again for your dedication and commitment. I wish everyone an enjoyable evening and continued success and health in the year ahead.