

Two property owners fined about \$130,000 in total for persistently not complying with removal orders

Two property owners were convicted and each fined over \$60,000 at the Eastern Magistrates' Courts this month for persistently failing to comply with removal orders issued under the Buildings Ordinance (BO) (Cap. 123).

The two cases involved an unauthorised flat roof structure of about 70 square metres in a composite building on King's Road, North Point, and an unauthorised structure of about 54 sq m erected at Stanley Main Beach.

As the unauthorised building works (UBWs) were constructed without prior approval and consent from the Buildings Department (BD), removal orders were served on the owners under section 24(1) of the BO.

Regarding the case in North Point, the owner was prosecuted by the BD in 2019 and was fined \$19,000 upon conviction at the Eastern Magistrates' Courts. As the owner persisted in not complying with the removal order, the owner was prosecuted by the BD for the second time and was convicted again and fined \$65,000 on April 21.

In the other case, the owner concerned was prosecuted by the BD in 2015 and 2019 and was fined about \$44,000 in total upon conviction at the Eastern Magistrates' Courts. As the owner persisted in not complying with the removal order, the owner was prosecuted by the BD for the third time and was convicted again and fined \$63,200 on April 14.

A spokesman for the BD said today (April 27), "UBWs may lead to serious consequences. Owners must comply with the removal orders without delay. The BD will continue to take enforcement action against owners who have failed to comply with the removal orders (including instigation of prosecution) so as to ensure building safety."

Failure to comply with a removal order without reasonable excuse is a serious offence under the BO. The maximum penalty upon conviction is one year's imprisonment and a fine of \$200,000, and a further fine of \$20,000 for each day that the offence continues.

Government finishes exercise on

“restriction-testing declaration” in respect of specified “restricted area” in Tip Sum House, Butterfly Estate, Tuen Mun, and enforcement operation for breaches of compulsory testing notice

The Government yesterday (April 26) exercised the power under the Prevention and Control of Disease (Compulsory Testing for Certain Persons) Regulation (Cap. 599J) to make a "restriction-testing declaration" with effect from 4.30pm yesterday, under which people (hereafter referred to as "persons subject to compulsory testing") within the specified "restricted area" in Tuen Mun (i.e. Tip Sum House, Butterfly Estate, Tuen Mun, excluding elderly home thereat and Butterfly Plaza) were required to stay in their premises and undergo compulsory testing. Persons subject to compulsory testing were required to stay in their premises until all such persons identified in the "restricted area" had undergone testing and the test results were mostly ascertained.

In addition, the Government issued a compulsory testing notice yesterday, requiring any person who had been present at the above building for more than two hours from April 20 to April 26, 2022, even if they were not present in the "restricted area" at the time when the declaration took effect, must undergo compulsory testing on or before April 28, 2022.

The Government finished the compulsory testing exercise at around 7.30am today (April 27) and carried out enforcement action in the "restricted area" afterwards to verify that all people in the "restricted area" had undergone compulsory testing in accordance with the requirements of the relevant declaration and compulsory testing notice. The Government announced that the enforcement operation ended at around 9.30am today.

The Government delivered food packs to persons subject to compulsory testing to facilitate their meal arrangements. Anti-epidemic proprietary Chinese medicines supplied by the Central People's Government and rapid test kits were also provided to persons subject to compulsory testing to help them fight against the virus. The Housing Department set up a hotline for people restricted by the declaration to make enquiries and seek assistance.

The Government thanks persons subject to compulsory testing for their support and understanding. With everyone's co-operation and efforts, coupled with the tireless efforts of the testing contractors, residents have been informed about their testing results by SMS notification. After finishing the compulsory testing exercise at around 7.30am today, the Government took

enforcement action in the "restricted area" immediately to verify that all people in the "restricted area" had undergone testing according to the requirements of the declaration and the compulsory testing notice. Persons who could present an SMS notification containing a negative test result as proof of having undergone the compulsory testing could leave the "restricted area" through the designated exit after providing personal information to a prescribed officer. The enforcement operation was completed at around 9.30am. Test records of about 430 persons subject to compulsory testing were checked. Seven persons were found to have not undergone compulsory testing and compulsory testing orders were issued to them. Taking into account the above situation, the Secretary for Food and Health revoked the "restriction-testing declaration" in accordance with Cap. 599J (see attachment).

The Government reminded the households who have not answered the door to contact the Government for arrangement of testing as soon as possible after reading the notices put up by the Government, in the hope of eliminating the possible risk of further spread of the virus in the community.

The Government thanks all participating government staff and the testing agencies for their hard work. The Government is also grateful to those subject to compulsory testing for their support and understanding, and their full co-operation during this period in undergoing testing and waiting for the results at home.

The Government will seriously follow up on the compliance situation of the compulsory testing notices and the "restriction-testing declaration" by persons subject to compulsory testing. Any person who fails to comply with the compulsory testing notices commits an offence and may be fined a fixed penalty of \$10,000. The person would also be issued with a compulsory testing order requiring him or her to undergo testing within a specified time frame. Failure to comply with the compulsory testing order or the "restriction-testing declaration" is an offence and the offender would be liable to a fine at level 5 (\$50,000) and imprisonment for six months.

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Key statistics on service demand of A&E Departments and occupancy rates in public hospitals

The following is issued on behalf of the Hospital Authority:

During the winter surge, the Hospital Authority closely monitors the service demand of Accident and Emergency Departments and the occupancy rates in public hospitals. Key service statistics are being issued daily for public information. Details are in the appended table.

SFST's speech at International Actuarial Colloquium (English only)

Following is the video speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the International Actuarial Colloquium this morning (April 27):

Alexander (President of the Actuarial Society of Hong Kong, Mr Alexander Wong), Micheline (President-Elect of the International Actuarial Association, Ms Micheline Dionne), Stephen (Chairman of the Insurance Authority (IA), Mr Stephen Yiu), distinguished guests, ladies and gentlemen,

It is my pleasure to join you today at the International Actuarial Colloquium. Carrying the theme "Global Pandemic – Beyond the New Normal", the two-day event has gathered over 400 senior actuaries and insurance professionals from Asia and around the world. It is a time for us to reflect on what we have learned from the fight against the pandemic, and to take a better look at what's in the new normal – the resilience of our insurance market and the enormous growth opportunities we are going to embrace.

Let me begin with "Resilience". Our insurance sector grew at an average rate of 5.9 per cent in the past five years from 2017 to 2021. We also ranked the first in terms of insurance penetration globally in 2020 – more than 20 per cent. A total of 13 of the world's top 20 insurers conduct their businesses in Hong Kong and a total of 17 insurance companies are currently listed on the HKEX, our stock exchange. By the end of 2021, their market value accounted for about 5.5 per cent of the total market value of our stock market, with six of them being the world's top 20 insurers by market value. In view of the opportunities presented by our market and the Greater Bay Area (GBA), many international financial institutions, including insurance companies, banks and wealth-management companies, will continue to expand their presence in Hong Kong.

The fifth wave of the epidemic indeed presented unprecedented challenges to all of us in the past few months, and all along the Government has been providing facilitative measures and regular guidance to the financial sector to ensure our operational resilience. I am pleased to see the rationalisation of travel restrictions announced earlier this month by the Chief Executive, including lifting the flight ban and early discharge of returning Hong Kong residents from designated quarantine hotels. The Government also announced last week that starting May 1, non-Hong Kong residents will be allowed to enter from overseas upon their compliance with some testing and quarantine requirements. Together with the suitable adjustment to the triggering thresholds for the route-specific flight suspension mechanism, those measures have received a warm welcome at home and abroad, of course including the business sector. As we bring the pandemic under control and gradually resume daily lives, opportunities are knocking on our doors and it's time for our economy and market to get prepared for a rebound.

Before looking into the future, let's review what has been done to further develop our insurance market. First of all, we have put in place a new regulatory framework for the issuance of insurance-linked securities (ILS) in Hong Kong in March last year, and shortly after we also launched a two-year pilot subsidy scheme to promote the development of Hong Kong as an ILS domicile. These efforts brought us encouraging results as the first ILS, which is in the form of a catastrophe bond offering protection against losses inflicted by typhoons in the Mainland, was then issued in Hong Kong in October last year.

Also, to provide financial incentives for new business development, half-rate profits tax concessions are provided to selected businesses, including marine and specialty insurance from March last year. They will enhance the competitiveness of our insurance industry in seizing new opportunities, including those arising from the Belt and Road Initiative (BRI).

At the same time, we have also expanded the scope of risks that could be underwritten by captive insurers formed in Hong Kong, in order to better meet the risk-management needs of multinationals, including Mainland enterprises that are seeking to "go global". This allows Hong Kong to capture the opportunities presented by our country's 14th Five-Year Plan, which positions Hong Kong as a risk-management centre.

Now it is time to look into the future. With our mature insurance market and established legal structure, we are well placed to embrace the enormous growth opportunities in the Greater Bay Area market. A key focus is to work with the Insurance Authority to promote mutual access of the insurance market in the GBA.

Initiatives in the works include early establishment of after-sales service centres by our Hong Kong insurance industry in the Mainland cities of the GBA, with a view to providing GBA residents who are holders of Hong Kong policies with comprehensive support in different areas including enquiries, claims and renewal of policies for eligible insurance policy types.

We are also striving for the early implementation of the unilateral recognition policy for Hong Kong motor vehicles entering Guangdong through the Hong Kong-Zhuhai-Macao Bridge control point, so as to extend the coverage of third-party insurance policies issued by Hong Kong insurers for these cross-boundary motor vehicles to cover third-party liability in the Mainland, thereby deeming such policies as equivalent to the mandatory traffic accident liability insurance in the Mainland.

I am also excited to tell you that two new measures are coming up. Later this year, a draft bill will be introduced to our Legislative Council on a risk-based capital regime. This will align Hong Kong's regulatory regime with international standards and make capital requirements more sensitive to the level of risk borne by insurance companies. The IA has maintained close contact with the industry in undertaking preparatory work, including

conducting three rounds of Quantitative Impact Studies to collect data for assessing the outcome on the solvency level of insurers and consulting the industry on the legislative proposals.

Another measure to come is the Policy Holders' Protection Scheme (PPS), which will more effectively protect insurance policyholders' interests and maintain market stability in the event of insurer insolvency. This scheme will serve as a safety net for policyholders by compensating policyholders or securing the continuity of insurance contracts in case an insurer becomes insolvent. At present, the IA is conducting a consultancy study to update the key parameters of the PPS, such as target fund sizes and lead time for accumulation. We plan to conduct public consultation on the details of the proposed PPS this year and target to bring the bill to the Legislative Council in the subsequent legislative session.

The latest opportunities and developments in the international insurance markets have driven transformation in our local regime, and it is indispensable that regulation needs to keep pace with this ever-changing environment. To this end, the IA has established a new group-wide supervision framework last year for insurance groups with a view to meeting international standards and establishing Hong Kong as a preferred base for large insurance groups in the Asia-Pacific region.

On the other hand, in advancing Hong Kong's role as a risk-management centre under the 14th Five-Year Plan, the Government and the IA have several measures in place. Firstly, we have reached consensus with the China Banking and Insurance Regulatory Commission. Under the China Risk Oriented Solvency System, the capital requirement of Mainland insurers would be reduced when they cede business to eligible Hong Kong professional reinsurers. The consensus has been regularised since 2022 and this increases the competitiveness of Hong Kong reinsurers in obtaining insurance business ceded from Mainland insurers. A lower capital charge applicable to insurers will help lower insurance price and thereby better support Mainland enterprises in their investments in the Belt and Road countries.

Speaking of the Belt and Road, I would also like to mention the launch of the Belt and Road Insurance Exchange Facilitation (BRIEF). This pools together a cluster of key stakeholders and fosters synergies in exploring the business prospects arising from BRI. So far, 43 companies and organisations, including insurers, captive insurers, risk-management experts, industry associations, etc, have joined BRIEF as members.

Last but not least, the IA also conceived the Specialty Risks Consortium to gather state-owned enterprises, captives, insurers, broker companies and risk advisers for deal matching and networking. Matching sessions have been arranged to probe into topics like political and credit risks, performance guarantee, employees' benefits, renewable energy, etc.

Ladies and gentlemen, just now I have shared with all of you the resilience of Hong Kong's insurance sector, and the opportunities we have in the future. Despite the many challenges brought by COVID-19, which should be

transitory, we are confident that the fundamentals underpinning Hong Kong's status as an international financial centre – our robust financial system and ample growth opportunities – remain strong and intact. With the staunch support from all of you, the actuarial and insurance industry professionals, the Government is committed to developing Hong Kong into an international insurance hub and risk-management centre and I am more than confident we will work together to herald a better future.

Finally, my thanks to the Actuarial Society of Hong Kong and International Actuarial Association's Life and Pensions, Benefits and Social Security Sections for organising this event under the logistical challenges brought by the epidemic. May I take this opportunity to wish you all a rewarding colloquium today and tomorrow, and a healthy and successful year ahead in 2022. Thank you.