

Speech by CE at Asian Insurance Forum 2022 (English only) (with photos/video)

Following is the speech by the Chief Executive, Mr John Lee, at the Asian Insurance Forum 2022 today (December 5):

Mr Stephen Yiu (Chairman of the Insurance Authority), Mr Clement Cheung (Chief Executive Officer of the Insurance Authority), distinguished guests, ladies and gentlemen,

Good morning. This is the fifth consecutive year that the Insurance Authority has hosted the Asian Insurance Forum. A warm welcome to the industry leaders, experts and guests from near and far joining us here in person as well as online. We are all here to share insights into development prospects and opportunities for the insurance market in the region.

The theme of the Forum today – "Reflect, Reset, Revive for a Resilient Future" – resonates strongly with the global community in the wake of the COVID-19 pandemic.

Certainly, our local society has displayed remarkable resilience through the trials of these past three years. It is indeed time for Hong Kong to recuperate its strengths and vibrancy, demonstrating to the world – as I proudly proclaimed last month during the Global Financial Leaders' Investment Summit, the Hong Kong Sevens and various other spirited events – that Hong Kong is back onstage.

And, for our city, there is no bigger stage than that for global finance.

Above all, Hong Kong is the gateway connecting global markets with the Mainland and vice versa. In the next few minutes, I will share with you three "how's" of the prowess of our financial market: how we enhance market opportunities domestically and internationally, how we innovate to ensure market sustainability, and how we maintain market stability.

In my Policy Address, I set out measures to reinforce Hong Kong's position as a leading hub in areas such as offshore Renminbi business, asset management and, of course, risk management.

Dovetailing with national strategies including the 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development, and the Belt and Road Initiative, we strive to seize opportunities for growth, while also serving people's needs and maintaining market stability.

The insurance industry, being an integral and substantial part of our

economy, will continue to play an important role in this new chapter for Hong Kong.

With support by the Central Government in the National 14th Five-Year Plan, Hong Kong will strengthen its function as an international risk management centre under the country's "dual-circulation" economic strategy. By making the most of our city's entrenched advantages, Hong Kong strives to be an active participant in domestic circulation as well as an effective facilitator in international circulation.

On domestic circulation, we are making final preparations for the establishment of insurance after-sale service centres in the GBA, including the strategic locations of Nansha and Qianhai. This will bolster support for customer enquiries, premium payment, claims settlement and complaints handling for holders of insurance policies issued in Hong Kong.

We are also forging ahead with the introduction of the "unilateral recognition" policy. This will obviate the need for private cars entering Guangdong from Hong Kong via the Hong Kong-Zhuhai-Macao Bridge to separately obtain compulsory third-party insurance coverage in the Mainland.

We will continue with these pioneering steps towards mutual access of insurance markets to further enhance connectivity in the GBA. I encourage insurance industry professionals to develop innovative products and share your ideas with us.

One such area is the compilation of a mortality table for the GBA that could re-engineer cross-boundary medical and critical illness products. This would bring greater convenience for Hong Kong policy holders to live, study, work and travel throughout different parts of the GBA, thus contributing to the vision of a seamless and dynamic metropolis.

Turning to international circulation, Hong Kong stands as a prominent global risk management centre and regional insurance hub. Multinational insurers and reinsurers, including 12 of the world's top 20, that is 60 per cent, have chosen Hong Kong as a base for their regional operations. We have the knowledge and expertise to produce bespoke risk solutions for major infrastructure projects related to the far-reaching Belt and Road Initiative. We also serve as an effective launch pad for Mainland enterprises interested in making a foray into overseas markets along the Belt and Road and beyond.

The Specialty Risks Consortium, conceived by the Insurance Authority, connects risk owners with professional service providers such as insurers, reinsurers, insurance brokers, lawyers and consultants to design solutions tailored to their unique circumstances. We are also encouraging conglomerates to set up captive insurers in Hong Kong to build up internal capacity on risk prevention, discovery and mitigation.

As a promising start for our venture into insurance-linked securities, or ILS, two catastrophe bonds totalling US\$180 million were issued in October 2021 and June 2022. I look forward to more good news on both the number and

structure of ILS issued in Hong Kong.

Starting last year, the Insurance Authority's group-wide supervision regime has become fully aligned with international standards. This makes Hong Kong an even more attractive base for insurance groups, and strengthens our position as an insurance hub in the Asia-Pacific region.

While the pandemic has taken its toll on business, it has also focused attention on the need for more innovative solutions. Statistics revealed by the Insurance Authority demonstrate this. They show that new premiums for individual life business dropped 21 per cent in 2020, compared to the previous year, amid the decline in cross-boundary travel during the pandemic.

The industry reacted swiftly with product revamping, technology adoption and re-skilling. This, in part, led to an impressive 27 per cent rebound of new business in 2021, driven mostly by local demand for protective coverage. It highlights not only greater resilience for insurers, but also better accessibility to suitable products for policy holders.

The ageing population, and associated risks on morbidity and longevity, opens up opportunities for regulators to collaborate more closely with the industry. The Qualifying Deferred Annuity Policies and the Voluntary Health Insurance Scheme, for instance, are well received. This bears testimony to a sizeable demand for such mitigating tools.

More recently, financial regulators have enhanced the framework for investment-linked insurance products and introduced the Protection Linked Plan with a higher level of protection. We will continue to promote product innovation targeted at retirement planning among the younger generation, narrowing protection gaps and deepening financial inclusiveness.

To complement the development of appealing insurance products, the industry also innovates to build powerful distribution channels. Insurtech spearheads the transformation with a streamlined application process, remote on-boarding, no-frills product features and upgraded customer experience.

A case in point is the Insurance Authority's Insurtech Sandbox. Similar to sandbox initiatives in the fintech sector, it enables insurers to test new applications in a safe environment before bringing them to the market. I believe that closer links between the insurtech and fintech sectors can create more mutual benefits and opportunities.

My final point today is about market stability, which is the foundation for development. With this in mind, the Government is working closely with the Insurance Authority on legislative amendments to implement the risk-based capital regime in 2024. This would bring the regulatory framework in Hong Kong on par with all leading financial centres.

To ensure the robustness of our regime, the Insurance Authority has been performing stress tests on underlying parameters taking into account market gyrations.

Within this month, we will commence a public consultation on the detailed proposals for a policy holders' protection scheme to provide an additional safety net in case of insurer insolvency. You are all invited to contribute to the consultation exercise.

This morning, the Financial Services and the Treasury Bureau of the Hong Kong SAR (Special Administrative Region) Government issued a Development Roadmap for the Insurance Sector in Hong Kong. It sets out the Government's vision, missions and policy measures to further strengthen Hong Kong's role as an international insurance and risk management hub. The Roadmap is already receiving positive response from the industry, and we will continue to work with the Insurance Authority and market participants to propel our insurance market to new heights.

The Hong Kong SAR Government will continue to implement measures enabling the insurance industry to sustain growth. Among other things, we will establish the Talents Service Unit as a one-stop shop to co-ordinate recruitment of talent from the Mainland and overseas including, of course, financial talent. We will also introduce a new Top Talent Pass Scheme as well as various enhancements to existing talent admission schemes.

At the same time, we continue to nurture local talent, ensuring that our insurance practitioners are well equipped with skills and knowledge to capture opportunities in key areas such as fintech and green finance.

Ladies and gentlemen, Hong Kong and the world at large have had their fair share of volatility in the past few years. It now falls upon us to show to the world that Hong Kong is back onstage, stronger than ever, and to dedicate efforts in tackling challenges in our society.

As we reflect, reset and chart our way towards a brighter tomorrow, we bear in mind the call made by President Xi Jinping that, and I quote: "Those enjoying benefits and joy of all people should also share their burdens and concerns". I believe this is relevant to the insurance industry: after all, we depend on you to provide greater financial security in this fast-moving and unpredictable world.

I wish you all a productive forum and good health. Thank you.



Members of public can visit revamped Hong Kong Jockey Club Drug InfoCentre free of charge (with photo)

The Hong Kong Jockey Club Drug InfoCentre (HKJC DIC) has reopened for members of the public to visit free of charge from today (December 5).

The HKJC DIC is located at the roof floor of the Low Block of the Queensway Government Offices and is accessible from MTR Admiralty Station or bus and minibus stops on Queensway. The HKJC DIC was closed for a large-scale renovation from February 2021 and a reopening ceremony was held on November 28, 2022, after the completion of its renovation.

Operated by the Tung Wah Group of Hospitals, the revamped HKJC DIC is equipped with various multimedia facilities and devices, including an interactive game that detects movements and an imaging device that shows the harmful effects caused by drug abuse. To publicise that the legislative amendment relating to the control of cannabidiol (CBD) will commence on February 1, 2023, a resource corner is set up during the initial period of the reopening to provide information about the harmful effects of CBD and the relevant control of the substance. In addition to exhibitions, visitors can participate in guided tours and anti-drug events organised at the HKJC DIC.

Visitors are welcome to visit the HKJC DIC during its opening hours, which are from 10am to 6pm on Mondays, Tuesdays, from Thursdays to Sundays, and public holidays (including the Christmas holidays during December 25 and 27, 2022, and the New Year's holidays during January 1 and 2, 2023). The HKJC DIC is closed on Wednesdays (except public holidays), and the first and second days of Lunar New Year. Please visit the website of the HKJC DIC (www.druginfocentre.hk/en/index.html) for the days of opening and arrangements, as well as latest information about the centre and its

activities. Enquiries could be made through email at hkjcdic@sb.gov.hk or by calling 2867 2935 during opening hours.



[Red flags hoisted at Silverstrand Beach and Clear Water Bay Second Beach](#)

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (December 5) that due to big waves, red flags have been hoisted at Silverstrand Beach and Clear Water Bay Second Beach in Sai Kung District. Beachgoers are advised not to swim at these beaches.

[Special announcement on train incident between MTR LOHAS Park Station and MTR Tseung Kwan O Station](#)

Attention TV and radio duty announcers:

Please broadcast the following special announcement as soon as possible, and repeat it at suitable intervals:

A train incident occurred between MTR LOHAS Park Station and MTR Tseung Kwan O Station at 9.18am today (December 5). The Fire Services Department is conducting a rescue operation and assisting in the evacuation of members of the public at scene.

Government issues Development Roadmap for the Insurance Sector in Hong Kong

The Government today (December 5) issued a development roadmap for the insurance sector in Hong Kong, outlining visions and missions of the Government, as well as targeted policy measures to consolidate the status of Hong Kong as a global risk management centre and sophisticated insurance hub.

The Government will work closely with the Insurance Authority (IA) and industry stakeholders to realise the roadmap, with the following major elements:

Visions and missions

The visions and missions for developing our insurance sector are outlined below –

- (a) to sharpen our competitive edge as a global risk management centre and boost the synergies between different financial sectors;
- (b) to enlarge the market accessible by our insurance sector through proactive policy initiatives and facilitative legislation;
- (c) to achieve balanced development of the long term and general businesses;
- (d) to leverage on our unique advantages under the "one country, two systems" principle and integrate the insurance sector into the national development arena riding on the "Dual Circulation" strategy; and
- (e) to unleash the social value of insurance by providing comprehensive risk management and mitigation solutions to all members of the public.

"Dual Circulation" strategy – domestic circulation

The Guangdong-Hong Kong-Macao Greater Bay Area is an ideal entry point to enlarge the market accessible by our insurance sector. We are striving to set up insurance after-sales service centres in places such as Nansha and Qianhai in the near future, and are exploring feasible ways of connecting the insurance markets in the Mainland and Hong Kong.

"Dual Circulation" strategy – international circulation

The enhanced legislative framework launched in March 2021 has put us at the forefront of group-wide supervision, and we will do our utmost to convince insurance groups that Hong Kong is the location of choice for their headquarters. The risk-based capital regime is also on track for implementation in 2024, and the Government stands ready to render assistance to entities from the Mainland or abroad, as part of its wider campaign on "competing for enterprises".

Moreover, we are keen to achieve balanced development of the insurance sector as an integral part of our offerings as a global risk management centre. Recent measures to support issuance of insurance-linked securities and granting of tax concessions for all general reinsurance, selected general insurance business of direct insurers and selected insurance brokerage businesses will reinvigorate the ecosystem to transform Hong Kong into a sophisticated insurance hub.

Unleashing the social value of insurance

The Government will continue to work with the IA to narrow the protection gap in Hong Kong. The tax-deductible Qualified Deferred Annuity Policies unveiled in 2019 has proven its popularity, with the momentum maintained by the Protection Linked Plan. We will also commence public consultation on a policy holders' protection scheme within 2022.

New opportunities

On Fintech, the Government is determined to intensify cross-sector collaboration through subsidy schemes on proof-of-concept trials. The IA has injected additional impetus by authorising four virtual insurers and facilitating remote onboarding of and interaction with customers during the pandemic. For green and sustainable finance, the insurance sector can harness opportunities by working on differential underwriting, impact investment mandates, disclosure requirements and product innovation.

Conclusions

The visions and missions of the Government to develop the insurance sector in Hong Kong must be supported by four enablers that include connectivity with the Mainland and global markets, attracting new talents and nurturing existing talents, adoption of technologies, and data accessibility.

The full development roadmap can be found at Annex.

The Financial Secretary, Mr Paul Chan, said, "Insurance plays a distinctive and significant role in our financial markets. As market participants are reassessing and reprioritising risks in light of the pandemic and geopolitical tensions, it is an opportune time for the Government to announce this roadmap outlining a set of visions and direction for development of our insurance sector by riding on the 'Dual Circulation' strategy and integrating into the national development arena."

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, said, "The Asian Insurance Forum is an annual flagship event organised by the IA. On this day of insightful exchanges, we are pleased to issue the development roadmap. I am confident that with concerted efforts among the Government, the IA and industry stakeholders, we can propel our insurance sector to new heights."