

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."