

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.