

LCQ10: Development of the Hong Kong insurance trade in the Guangdong-Hong Kong-Macao Greater Bay Area

Following is a question by the Hon Chan Kin-por and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (January 23):

Question:

The Government has indicated that it is committed to promoting the development of Hong Kong insurance trade and enhancing Hong Kong's competitiveness as an insurance hub. Earlier on, the insurance trade has proposed that the Government establish a "Health Insurance Connect", an online medical insurance sales platform covering the entire Guangdong-Hong Kong-Macao Greater Bay Area (the Greater Bay Area), so that Mainland residents in the Greater Bay Area can complete the procedure for taking out insurance and lodging claims with Hong Kong insurance companies through the Internet without the need to come to Hong Kong. The platform is proposed to be a closed system under which the premiums paid by Mainland policyholders to Hong Kong insurance companies will be used in future as funds for settling such persons' claims or paying bonuses to them. This will ensure that such funds will be retained within the Mainland financial system, thereby addressing the Mainland authorities' concern about an outflow of funds. In this connection, will the Government inform this Council:

(1) of the progress of the study by and discussions between Hong Kong's and the Mainland's authorities concerning the Health Insurance Connect;

(2) of the new measures to assist Hong Kong insurance trade in developing businesses in the Greater Bay Area, and the implementation timetable for such measures; and

(3) whether it will consider allocating additional resources to subsidise the insurance trade in adopting innovative technologies and providing relevant staff training, so as to enhance the competitiveness of the industry?

Reply:

President,

Our response to the various parts of the question is as follows:

(1) and (2) We are committed to facilitating the Hong Kong insurance industry to capitalise on the business opportunities arising from the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development and better serve the needs of people in the GBA. Taking into account the industry's views, we are pursuing

with the relevant Mainland authorities the proposals of enabling Hong Kong insurance companies to set up insurance service centres and facilitating cross-boundary sale of Hong Kong insurance products including health insurance products in the GBA through "Insurance Connect".

Currently, the Insurance Authority (IA) is exploring with the China Banking and Insurance Regulatory Commission the possible framework to implement the two proposals. There is no implementation table for the time being because it will take time to resolve the differences in the legal and regulatory systems of the two jurisdictions.

(3) The IA has facilitated the adoption of innovation and technology by the insurance industry through launching the Insurtech Sandbox and Fast Track in September 2017. Specifically, the Insurtech Sandbox allows authorised insurers to experiment innovative insurance technology and other technology projects on a pilot basis to collect data to demonstrate that the innovative application could broadly comply with the supervisory requirements of the IA. The Fast Track offers an expedited and streamlined process in the IA's authorisation of new applications from insurers adopting solely digital distribution channels. In December 2018, the IA granted the first authorisation of a new insurer owning and operating solely digital distribution channels under the Fast Track.

In addition, there are existing government funding schemes to promote the adoption of innovation technology which are open to the insurance sector. On training, under the Pilot Programme to Enhance Talent Training for the Insurance Sector, industry associations are welcome to apply for funds to organise training to enhance industry practitioners' capability to adopt innovation technology.