

Speech by CE at Asian Insurance Forum 2021 Opening Ceremony (English only) (with photos/video)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the Asian Insurance Forum 2021 Opening Ceremony this morning (December 7):

Deputy Director Yin Zonghua (Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region), Moses (Chairman of the Insurance Authority, Dr Moses Cheng), Clement (Chief Executive Officer of the Insurance Authority, Mr Clement Cheung), ladies and gentlemen,

Good morning. I am delighted to speak to you, once again, at the Asian Insurance Forum, a flagship event hosted annually by the Insurance Authority. I have been participating every year since the Forum's inauguration in 2018, including through a video speech last year when the event was held online. This year, the event is in hybrid form. I am pleased to be here in person and speak to more than 100 guests and participants, on top of the hundreds of professionals, from Asia and from around the world, who are taking in today's event online.

This year's theme, "Opportunities and Challenges in the Post-Pandemic New Normal", respond, of course, to COVID-19. I am pleased to say that Hong Kong has been doing well in controlling the pandemic, with no local infection at all for some months now. That's thanks to the remarkable resilience and patience displayed by the Hong Kong community and is an excellent demonstration of the "can-do" spirit of Hong Kong. The stable epidemic situation has provided us with a good basis to resume normal, which makes this year's Forum theme particularly fitting. Among the things that people want to resume, I believe that quarantine-free cross-boundary travel into the Mainland tops many people's wish lists. While we are not yet there, I can assure you we are making good progress in our talks with the Mainland authorities, and I do hope to bring you good news pretty soon.

Beyond cross-boundary travel, it is time to adopt a forward-looking perspective, time to focus on the post-pandemic economy and the boundless prospects it will offer us. My 2021 Policy Address delivered on October 6 includes a chapter entitled "New Impetus to the Economy: Integration into the National Development". In it, I emphasise that the development of Hong Kong is inextricably linked to that of our nation, that by embracing the Central Government's policies in support of Hong Kong, we can take full advantage of our unique capabilities. And with these, and the support of our country, we can find the flourishing future we all want.

The National 14th Five-Year Plan promotes our strengthening as an international financial centre and a global risk-management centre under the nation's "dual-circulation" development strategy. As I see it, this is also a

golden opportunity for our insurance industry to grow, to take advantage of the bountiful prospects there for Hong Kong and for you.

This morning's opening panel discussion will focus on China's dual-circulation economic strategy and Hong Kong's place in it. Our positioning in the strategy reflects our central role in the Guangdong-Hong Kong-Macao Greater Bay Area. With a population of some 86 million and a combined GDP of about US\$1.7 trillion, the Greater Bay Area is an ideal entry into the Mainland's domestic loop. After all, the fast-emerging bay area development will enable the unimpeded flow of people, goods and capital throughout the nine Mainland cities and the two special administrative regions.

The insurance industry has an essential role to play in realising the vision of the Greater Bay Area. Mitigating risks is at the heart of the insurance profession. And in doing so, you will help ease the minds of those planning to live, study and work in the Greater Bay Area. Insurance creates confidence, too, in our entrepreneurs looking to the Greater Bay Area for their future.

To help you seize the far-reaching opportunities of the Greater Bay Area, my Government has been working in concert with the Insurance Authority to establish after-sales service centres in co-operation with our Mainland and Macao counterparts. This is the breakthrough that everyone in the insurance industry has been longing for, and I can understand that expectations have been further raised following the formal launch of Wealth Management Connect in September. As the Chief Executive of the Hong Kong Special Administrative Region (SAR), I would try my best to give it a further push. The pandemic has amply demonstrated the practical value of such after-sales centres, for they will do away with the need for Greater Bay Area policyholders to come to Hong Kong for their customer support.

We are also preparing for the introduction of the unilateral recognition policy. This will allow third-party insurance coverage for Hong Kong vehicles entering Guangdong Province via the Hong Kong-Zhuhai-Macao Bridge, something which is set to be in huge demand after we have overcome the pandemic. There is also the possibility of developing cross-boundary health policies and other innovative insurance products. These could be of great benefit to those who regularly travel to and from the Greater Bay Area.

Looking a bit further than the Greater Bay Area, there is opportunity too in assisting Mainland enterprises planning to expand overseas. The Central Government has announced that it supports Hong Kong in providing insurance and reinsurance services for large infrastructure projects under the Belt and Road Initiative. It also backs Mainland enterprises looking to set up captives in Hong Kong to enhance their corporate risk-management systems. The prospects are enormous, and I encourage the insurance industry to take advantage of them by advancing your participation in the Belt and Road Initiative, while contributing to national development.

The Insurance Authority, let me add, has put together a Specialty Risks Consortium. It is created to help match risk owners in the Mainland with

professional service providers around the world. The Consortium has attracted 38 members. They're companies and captives, insurers, brokers and risk advisers, and they're creating tailor-made solutions for big-ticket investment projects in emerging markets. The Authority is also partnering with the Mainland's Assets Supervision and Administration Commission to identify entities interested in forming captives or risk-management centres in Hong Kong.

Beyond opportunities arising from our country's development, the global challenge of climate change will also have an impact on the insurance industry. The COP26 United Nations Climate Conference, which concluded last month in Glasgow, Scotland, keeps alive the Paris Agreement. The Glasgow Climate Pact, the outcome document of the Conference agreed by the nearly 200 countries that took part, maintains the hope of limiting global warming to 1.5 degrees Celsius.

While Hong Kong is small in size, we are determined to play our part in combating climate change. My Government has pledged that we will reach carbon neutrality before the year 2050 in my Policy Address last November. And this year, soon after my 2021 Policy Address, the Secretary for the Environment has released Hong Kong's Climate Action Plan 2050 and we have set for ourselves a midterm goal of 2035, at which time we hope to reduce carbon emission by 50 per cent as compared to the base year of 2005.

While it is important to reduce carbon emission, Hong Kong can contribute much more by leveraging our strengths as an international financial centre. I am pleased to note that the Insurance Authority is participating in the Green and Sustainable Finance Cross-Agency Steering Group, under which government bureaux and financial regulators collaborate to bolster Hong Kong's position as a leader in green and sustainable finance and help transition the financial ecosystem towards carbon neutrality. The Insurance Authority is also developing a multi-pronged approach for the insurance industry's contribution. Initiatives will include public advocacy and education, corporate disclosures, risk advisory and modelling, product innovation and impact investment.

The development of insurance-linked securities is another illustration of how the insurance industry can play a meaningful role in the fight against climate change by helping manage the risks involved. In his welcome remarks, Moses touched on the growing impact of climate change, both around the world and right here in Hong Kong. The escalating frequency of extreme weather events, the rapid pace of urbanisation and rising volatility of financial markets have pumped up the demand for insurance-linked securities as a means of managing natural disasters and their fallout.

In May, riding on an endorsement from the Central Government, my Government put in place a dedicated regulatory framework and pilot subsidy scheme to promote Hong Kong's development as a centre for insurance-linked securities. In October, we issued our inaugural catastrophe bond in Hong Kong. That landmark achievement was realised through a Special Purpose Insurer, aptly named "Greater Bay Re". Given that most instruments currently

on offer are underpinned by catastrophic risks in North America and the Oceanic region, enormous potential exists within the Greater Bay Area. I trust that the inaugural catastrophe bond will mark the beginning of our journey to nurturing a vibrant insurance-linked securities ecosystem in Hong Kong, and will for sure attract top talents in this area to join us here. Meanwhile, nurturing of local talents for the insurance sector remains a priority of my Government. I am glad to note that under the Pilot Programme to Enhance Talent Training for the Insurance Sector implemented by the Financial Services and the Treasury Bureau, over 7 300 insurance practitioners have participated in quality training courses organised by industry associations since August 2016, whereas about 370 university students have completed internships in insurance companies and insurance broker companies. We look forward to continuing co-operation with the industry in enhancing the talent pool to fuel sustainable market growth.

Ladies and gentlemen, Hong Kong has overcome unprecedented challenges over the past two years. Today, "One Country, Two Systems", the fundamental element for Hong Kong's success, is back on the right track, and we are entering a new era, one of great promise and opportunity – for our economy and for our community. That's thanks to two significant initiatives by the Central Government, namely the enactment and implementation of the National Security Law in June last year and the improvement to the Hong Kong SAR's electoral system this year. Speaking of the latter, we will soon be holding the Legislation Council General Election in less than two weeks' time. I would appeal to all registered voters here to cast your vote on December 19, to demonstrate your confidence in the improved electoral system, and in Hong Kong's future.

Finally, I would take this opportunity to express my gratitude to the insurance industry for offering relief for policyholders when economic activities were most severely curtailed and, more recently, for actively promoting the COVID-19 vaccination programme. I look forward to the industry's continued support, particularly in our work to promote Hong Kong as a global risk-management centre. I have every confidence in your ability to reach new heights and, in doing so, help create a rewarding future for us all.

I know you will enjoy today's Asian Insurance Forum. I wish you all a Merry Christmas and the best of health and happiness in the New Year. Thank you very much.

