

Speech by CE at Asian Insurance Forum 2023 (English only) (with photos/video)

Following is the speech by the Chief Executive, Mr John Lee, at the Asian Insurance Forum 2023 today (December 8):

Deputy Director Yin Zonghua (Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (SAR)), Secretary General Jonathan Dixon (Secretary General of the International Association of Insurance Supervisors), 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. It is a pleasure to speak to you today at this sixth annual Asian Insurance Forum.

This year's event is themed around enhancing global financial stability and resilience. And it resonates well with a post-pandemic global economy struggling with high inflation and tightening monetary policies, alongside escalating geopolitical tensions.

In short, our economies, our businesses and our communities need all the "insurance" they can secure. All the insurance we can realise.

Hong Kong is, as always, here to help. We are, after all, a free and open economy powered by a resilient financial sector. We are accustomed to fluctuations in the global financial market.

The International Monetary Fund, in its latest Staff Report this year, reaffirmed our status as a major international financial centre, complete with robust institutional frameworks, substantial capital and liquidity buffers, high-quality regulatory regime, and a well-functioning Linked Exchange Rate System.

Our prowess as a financial centre is thanks to the unique "one country, two systems" principle, which bestows upon us unparalleled connectivity with both the Mainland of China and the rest of the world.

The Hong Kong SAR Government, with the welcome support of the National 14th Five-Year Plan, is strengthening Hong Kong's position as an international financial centre and risk management centre.

The insurance industry, in managing, mitigating and transferring risks, plays a pivotal role in enhancing financial stability and resilience.

At this very forum last year, we published the Development Roadmap for the Insurance Sector in Hong Kong. It outlines targeted policy measures to secure Hong Kong's status as a global risk management centre and

sophisticated insurance hub.

We have since made advances in several key areas over this past year, many of which embrace the emerging domestic market of the Guangdong-Hong Kong-Macao Greater Bay Area, or the GBA.

First, we have implemented the "unilateral recognition" policy for cross-boundary motor insurance, which ties in well with the Northbound Travel for Hong Kong Vehicles Scheme launched in July. That is a truly compelling illustration of how insurance co-operation could enhance regional connectivity.

Second, we are pursuing the establishment of insurance after-sales service centres at such strategic locations as Nansha and Qianhai in the GBA to facilitate holders of Hong Kong-issued insurance policies to get support and make enquiries.

Thirdly, the Insurance Authority is working to provide more cross-boundary insurance products tailored for GBA residents.

These and other measures will not just benefit people in the GBA, but also help boost mutual access with the Mainland's insurance market.

Another major commitment in our Development Roadmap is to attract insurance groups to set up headquarters in Hong Kong.

As I stressed in my Policy Address, we are committed to helping foreign companies, in insurance and other businesses, establish their headquarters or a corporate division here, complementing national strategies to attract foreign investment and "go global".

The initiative would include helping companies incorporated overseas to re-domicile here in Hong Kong.

I encourage insurance companies, particularly those pursuing business in the Asia-Pacific region, to take advantage of the opportunity. And to enjoy Hong Kong's favourable environment and world-class professional services.

We also set out plans to implement a risk-based capital regime for the insurance industry. And we plan to roll out the new capital regime in the coming year.

The Roadmap also calls for Hong Kong's insurance sector to take advantage of the opportunities presented by the Belt and Road Initiative, which celebrates its 10th anniversary this year.

It helps that Hong Kong is an international financial centre and global risk management centre. That we host nine of the world's top 10 general insurers, and are home to an impressive array of long-term insurers, reinsurers, risk advisers and insurance professionals.

We also encourage companies to set up captive offices in Hong Kong. They can enhance corporate risk management capabilities, while enjoying Hong

Kong's regulatory and tax concessions.

The development of insurance-linked securities is also a Roadmap goal. And I'm pleased to note that, since 2021, we have welcomed four issuances of catastrophe bonds, totalling 560 million US Dollars. One of them became the first insurance-linked security to be listed on the Hong Kong Stock Exchange.

We're working to expand our insurance-linked securities, given climate change and other global challenges, and the growing demand for alternative risk transfer tools.

Climate risk creates opportunities for the insurance industry. And Hong Kong is in a strong position to realise those opportunities. The insurance sector has launched its Industry Climate Charter, a united commitment to responding to the climate crisis.

We believe in technology and its innovative role in the industry's future. To spur insurtech's development, the Insurance Authority introduced the Open Application Programme Interface framework in September. It's designed to increase data exchange and open competition in the insurance sector.

The Interface has already sparked more than 30 cases along the insurance value chain. And we hope to see more collaborations using insurtech to promote financial inclusion, enhance connectivity and add value to policyholders.

In a world beset with uncertainty and instability, insurance has grown ever more important, providing much-needed security and peace of mind for us all.

I am confident that the insurance industry will continue to create opportunity for our financial services sector, for the Hong Kong economy and for the community at large.

My thanks to the Insurance Authority for hosting this annual Asian Insurance Forum, for bringing together insurance and financial sector professionals from Hong Kong, throughout the region and around the world.

I wish you all a rewarding Forum, and the best of business in the new year.

Thank you.

