Speech by FS at Asian Insurance Forum 2023 (English only) (with photo/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Asian Insurance Forum 2023 today (December 8):

Stephen (Chairman of the Insurance Authority, Mr Stephen Yiu), Clement (Chief Executive Officer of the Insurance Authority, Mr Clement Cheung), distinguished guests, ladies and gentlemen,

Good afternoon. It is a pleasure to be here, with you, for this year's Asian Insurance Forum. I hope you're enjoying this lunch break after today's full morning session. I am sure there's much more to come this afternoon.

This high-level forum serves as an inspiring platform for exchange of ideas on many issues relevant to the insurance industry. From the current state of the global financial markets, to ESG (environmental, social, and governance) and DEI (diversity, equity and inclusion), and from insurance's interface with Web3, to Hong Kong's prospect as a risk management centre, I am sure this forum is a much enlightening occasion that will drive new ideas, collaboration and businesses.

The theme of the forum is "Striving for Enhanced Global Financial Stability and Resilience". The Chief Executive and many distinguished speakers have shared their insightful perspectives on a wide range of issues. Now, please allow me to take some time to update you on how Hong Kong is doing on our financial stability and resilience, and share some observations about the development of Hong Kong's insurance industry.

As it nears the end of a momentous year, the world has found itself in a challenging global environment filled with complexities and tensions: slower global economic growth; higher-for-longer interest rates; supply chains being disrupted and reshaped by geopolitical fragmentation.

Hong Kong's commitment to financial stability

Despite these challenges, we remain highly confident about the financial stability of Hong Kong. Over the years, we have withstood trials and tribulations time and again. We have worked unceasingly to build a robust regulatory framework and strong buffers, maintaining a high degree of resilience to shocks.

To this end, we have established a high-level "cross-market, co-ordinated, and round-the-clock" monitoring system, covering all sectors of the financial market, so that we could detect looming risks. And I am glad to tell you that despite the volatility in the financial markets, there has been no untoward volatility.

Building resilience through development

But beyond maintaining the stability and security of the financial system, it is through consistently developing and enhancing our financial markets that we could strengthen our resilience.

And we know that in a highly competitive world of finance, we must never stop improving and reinventing ourselves so as to stay ahead of the competition.

Our work on this front is multifaceted. You may well be aware of the establishment of a task force to boost the liquidity of the stock market by a combination of measures. They include bringing enhancements to our listing regime, market structure, trading mechanism, mutual market access arrangements with the Mainland, and attracting both international and Mainland capital and issuers to Hong Kong.

In particular, our Connect Schemes with the Mainland have been expanding and deepening. Now they have extended from products to more derivatives, covering stocks, bonds, ETFs (exchange-traded funds) and risk management products, like interest rate swaps and A50 index futures. Just a couple of weeks ago, we announced that China treasury bond future contracts will be launched in Hong Kong.

As Renminbi (RMB) is getting more popular as a trade, settlement and reserve currency, we are working very hard to further enhance our offshore RMB business hub status, by offering more products and risk management tools to enrich our ecosystem and, at the same time, upgrade the related infrastructure.

We are also making great strides to open up new markets to attract new capital and new issuers. The ASEAN (Association of Southeast Asian Nations) and the Middle East are burgeoning, and they have both set out plans to modernise their infrastructure, pursue green transition and develop the digital economy. They are also seeking to diversify their sources of investments and markets for their products.

With the concerted efforts of the Hong Kong team and the cordial response from these counterparts, we are seeing heartening results. Last week, the first ever Saudi Arabia ETF was listed on the Hong Kong Stock Exchange. This week – indeed yesterday and today – we are hosting the first ever Priority Summit in Asia organised by the Saudi Arabia-based FII (Future Investment Initiative) Institute. Prominent figures from Saudi Arabia and around the world, in their speeches and interviews with media, have all recognised the unique attractiveness of Hong Kong as the leading international financial and business centre in this part of the world converging capital, investors and talent from both the East and the West.

Some latest developments of Hong Kong's Insurance Industry

Now allow me to share some observations about the development of the insurance industry in Hong Kong.

We are among the world's most open insurance centres. Seven of the top

10 insurers globally conduct their business here. The average gross premium was over $550 billion on average over the past few years. In 2022, the industry accounted for 3.6 per cent of the GDP (Gross Domestic Product) in Hong Kong.

And after some setback in 2022, the insurance industry is seeing strong rebound this year. In the first three quarters of 2023, new office premiums of long-term business recorded an increase by more than 30 per cent compared to the same period last year. The increase in demand for whole life and critical illness protection was particularly impressive.

These figures demonstrate that the insurance industry has been coping well with the myriad of challenges and changes. And they also show the promising prospects of Hong Kong's insurance industry on the Mainland, in particular the Greater Bay Area (GBA). We will continue to work with the Mainland authorities to assist the insurance industry to open up more business opportunities in the GBA.

And here, allow me to highlight a few developments which may characterise the local industry's development in the future: innovation and technology, climate change, and the social value of insurance.

Innovation and technology for insurance

On technology and innovation, we have witnessed disruption brought by insurtech, as traditional insurers seek deeper co-operation with fintech start-ups and technology providers to develop new product and tools, or even new business models to service various aspects of the insurance value chain. Since we introduced the virtual insurance regime in 2017, we have thus far licensed four virtual insurers, and their businesses have been expanding. In 2022, the businesses of the virtual insurers in Hong Kong expanded by 2.5 times compared to the previous year. And increasing digitalisation has driven about 80 per cent of insurers in Hong Kong to utilise digital channels to enhance business operations.

And virtual insurers are exploring new frontiers, for example, offering products in areas that may be left out previously by traditional insurers, like coverage for pets including dogs, cats and turtles. And what's more, with digital native edge, some virtual insurers are taking further steps to innovate niche products such as cyber insurance for virtual assets. Certainly, with the greater popularity of Web3, there will likely be ample space for cybersecurity insurance as new types of risks are emerging. Trends have shown that such business is increasingly shifting from the traditional coverage of hardware damage and business disruption to cover more third-party risks on data leakage, litigation costs and public liabilities.

Tackling climate change

On climate change, the World Economic Forum has warned that climate and environmental risks are the core focus of global risk perceptions over the next few decades, but they are also the risks for which we are least prepared.

At a global scale, natural catastrophe events caused US$270 billion of economic losses last year, but only 44 per cent of such risks was insured. In Asia, we face a much larger natural catastrophe protection gap of over 80 per cent compared to the rest of the world. Intensified natural disasters have increased insurance and reinsurance costs, creating significant rise in the demand for alternative risk transfer to supplement the traditional reinsurance market.

That is why we are keen on developing the insurance-linked securities, or ILS market, which can play an effective role in offloading underwritten risks to the capital market. While the global ILS market has been growing steadily over the past decade, the proportion of natural catastrophe risks covered by ILS remains small, and this market in Asia, including the Mainland, is very much underdeveloped.

I think you know this well: with the concerted efforts of the Government, the Insurance Authority and the industry stakeholders and our Mainland and overseas partners, we have so far issued four catastrophe bonds totalling US$560 million. That includes our recent issuance of catastrophe bonds for Chile in collaboration with the World Bank. It was also the first ILS product listed on the Hong Kong Stock Exchange.

Unleashing the social value of insurance

Finally, it is the social value of insurance. Let us not forget that insurance is an "economic shock absorber" and a "stabiliser for social harmony", which are important and fundamental roles that it should play in the community.

We are fully conscious of this undertaking. For instance, in 2019, the Government and the insurance industry worked together to launch two tax-deductible insurance products, the Voluntary Health Insurance Scheme and the Qualifying Deferred Annuity Policies, to encourage uptake of health insurance policy and early retirement planning. Both products have met with overwhelming response, with over 1 million and 260 000 policies issued respectively.

The momentum was reinforced by the Protection linked plan (PLP) launched in 2022. With simple product structure, reasonable mortality protection, and transparent fee structure, the PLP seeks to encourage the younger generation to start their retirement planning early, so as to narrow the protection gap and facilitate financial inclusion.

Concluding remarks

Ladies and gentlemen, before I close, I wish to take this opportunity to express my sincere appreciation to the Insurance Authority for organising this foremost platform of open and constructive dialogue, shaping a brighter future for the Asian insurance market.

My gratitude also goes to each and every one of you, for the remarkable contributions you have made, and will make, to the development of the insurance industry in such vital roles of transforming risks into opportunities, promoting innovation and offering protection to the society.

With the holiday season upon us, I wish you all a very merry Christmas and the best of health, happiness and love in the new year. Thank you.

[Update on cluster of COVID-19 cases in Kowloon Hospital]

The following is issued on behalf of the Hospital Authority.

Regarding an earlier announcement on a cluster of patients infected with COVID-19 in a male psychiatric ward, the spokesperson for Kowloon Hospital made the following update today (December 8):

Following a contact tracing investigation, five more male patients (aged 21 to 42) in the ward have presented with fever symptoms and tested positive for COVID-19. One of the patients was discharged earlier, the rest of the four patients are being treated in isolation and are in stable condition.

Infection control measures have already been stepped up according to established guidelines. All other patients in the ward are under close surveillance.

The case has been reported to the Hospital Authority Head Office and the Centre for Health Protection for necessary follow up.

Record of discussion of meeting of Exchange Fund Advisory Committee Currency Board Sub-Committee held on October 27

The following is issued on behalf of the Hong Kong Monetary Authority:

(Approved for Issue by the Exchange Fund Advisory Committee by circulation)

Report on Currency Board Operations (June 24, 2023 – October 17, 2023)
———————————————————————————-

The Currency Board Sub-Committee (Sub-Committee) noted that the Hong Kong dollar (HKD) traded within a range of 7.7940 – 7.8474 against the US dollar (USD) during the review period. The HKD exchange rate strengthened during late June to end of July, mainly reflecting seasonal corporate funding needs. The HKD softened in August alongside weak equity market activities and sentiments before rebounding since early September amid quarter-end seasonal demand and net buying flows through Southbound Stock Connect. Amid market expectation of a "high for longer" US policy rate, HKD interbank rates continued to track the USD rates while also affected by local supply and demand. Following the increase in the target range for the US federal funds rate in July, many banks raised their Best Lending Rates by 12.5 basis points, and the Best Lending Rates in the market ranged from 5.875 per cent – 6.375 per cent at the end of the review period. The Convertibility Undertakings were not triggered and the Aggregate Balance was little changed at around HK$45.05 billion. No abnormality was noted in the usage of the Discount Window. Overall, the HKD exchange and interbank markets continued to trade in a smooth and orderly manner.

The Sub-Committee noted that the Monetary Base increased to HK$1,872.80 billion at the end of the review period. In accordance with the Currency Board principles, all changes in the Monetary Base had been fully matched by changes in foreign reserves.

The Report on Currency Board Operations for the review period is at Annex.

Monitoring of Risks and Vulnerabilities
———————————–

The Sub-Committee noted that the US Federal Reserve was expected to maintain a "high for longer" interest rate profile amid a more-resilient-than-expected economy and the attendant upside risks to inflation, which could pose challenges to leveraged sectors and asset valuations. In Asia Pacific, regional economies continued to face a myriad of challenges from weak external demand and high indebtedness, while foreign exchange depreciation and fund outflow pressures arising from the widening interest rate differentials vis-à-vis the US might constrain the degree of any monetary policy easing.

The Sub-Committee noted that Mainland China's real GDP growth saw a faster sequential momentum in Q3 2023 after the authorities strengthened policy support to shore up market confidence and stabilise the economy. Nevertheless, Mainland China's economic outlook continued to face headwinds from a challenging external environment and a weak property market.

The Sub-Committee noted that the Hong Kong economy was expected to recover further for the rest of 2023, with inbound tourism and consumption demand being the major growth drivers. Meanwhile, the housing market softened further stepping into Q3 2023 as market sentiment turned more cautious amid rising interest rates and continuous launch of new projects by property developers with discounts.

Recent movements in the Hong Kong dollar interest rates

The Sub-Committee noted a paper that studied the recent movements in the Hong Kong dollar interest rates.

---

29 persons arrested during anti-illegal worker operations (with photos)

The Immigration Department (ImmD) mounted a series of territory-wide anti-illegal worker operations codenamed "Fastrack", "Lightshadow" and "Twilight", and joint operations with the Hong Kong Police Force codenamed "Windsand" for four consecutive days from December 4 to yesterday (December 7). A total of 24 suspected illegal workers, four suspected employers and one suspected aider and abettor were arrested.

During the anti-illegal worker operations, ImmD Task Force officers raided 56 target locations including industrial buildings, massage parlors, premises under renovation, recycling yards, residential buildings and restaurants. Twenty-one suspected illegal workers, four suspected employers and one suspected aider and abettor were arrested. The arrested suspected illegal workers comprised five men and 16 women, aged 27 to 54. Among them, two men and four women were holders of recognisance forms, which prohibit them from taking any employment. Three men and one woman, aged 46 to 57, were suspected of employing the illegal workers and were also arrested. One woman, aged 39, who was suspected of aiding and abetting a person who breached the condition of stay in Hong Kong, was also arrested.

Furthermore, during operation "Windsand", two male and one female Mainland visitors, aged 39 to 56, were arrested for breaching their conditions of stay by being involved in suspected parallel trading activities at Po Wan Road and San Wan Road in Sheung Shui district. The goods mainly included cosmetics products, daily necessities and health care products.

An ImmD spokesman said, "Any person who contravenes a condition of stay in force in respect of him or her shall be guilty of an offence. Also, visitors are not allowed to take employment in Hong Kong, whether paid or unpaid, without the permission of the Director of Immigration. Offenders are liable to prosecution and upon conviction face a maximum fine of $50,000 and up to two years' imprisonment. Aiders and abettors are also liable to prosecution and penalties."

The spokesman warned, "As stipulated in section 38AA of the Immigration Ordinance, an illegal immigrant, a person who is the subject of a removal order or a deportation order, an overstayer or a person who was refused permission to land is prohibited from taking any employment, whether paid or unpaid, or establishing or joining in any business. Offenders are liable upon conviction to a maximum fine of $50,000 and up to three years' imprisonment."

The spokesman reiterated that it is a serious offence to employ people who are not lawfully employable. Under the Immigration Ordinance, the maximum penalty for an employer employing a person who is not lawfully employable, i.e. an illegal immigrant, a person who is the subject of a removal order or a deportation order, an overstayer or a person who was refused permission to land, has been significantly increased from a fine of $350,000 and three years' imprisonment to a fine of $500,000 and 10 years' imprisonment to reflect the gravity of such offences. The director, manager, secretary, partner, etc, of the company concerned may also bear criminal liability. The High Court has laid down sentencing guidelines that the employer of an illegal worker should be given an immediate custodial sentence.

According to the court sentencing, employers must take all practicable steps to determine whether a person is lawfully employable prior to employment. Apart from inspecting a prospective employee's identity card, the employer has the explicit duty to make enquiries regarding the person and ensure that the answers would not cast any reasonable doubt concerning the lawful employability of the person. The court will not accept failure to do so as a defence in proceedings. It is also an offence if an employer fails to inspect the job seeker's valid travel document if the job seeker does not have a Hong Kong permanent identity card. Offenders are liable upon conviction to a maximum fine of $150,000 and to imprisonment for one year. In that connection, the spokesman would like to remind all employers not to defy the law by employing illegal workers. The ImmD will continue to take resolute enforcement action to combat such offences.

Under the existing mechanism, the ImmD will, as a standard procedure, conduct an initial screening of vulnerable persons, including illegal workers, illegal immigrants, sex workers and foreign domestic helpers, who are arrested during any operation with a view to ascertaining whether they are trafficking in persons (TIP) victims. When any TIP indicator is revealed in the initial screening, the ImmD officers will conduct a full debriefing and identification by using a standardised checklist to ascertain the presence of TIP elements, such as threats and coercion in the recruitment phase and the nature of exploitation. Identified TIP victims will be provided with various forms of support and assistance, including urgent intervention, medical services, counselling, shelter or temporary accommodation and other supporting services. The ImmD calls on TIP victims to report crimes to the relevant departments immediately.

Public urged not to buy or consume slimming products with undeclared controlled and banned drug ingredients (with photo)

The Department of Health (DH) today (December 8) appealed to the public not to buy or consume a slimming product, namely "simple heart SPECIFIC SLIMMING PRODUCT", as it was found to contain undeclared controlled and banned drug ingredients.

Acting upon a public complaint, the DH obtained sample of the above product via a social media platform for analysis. Test results from the

Government Laboratory revealed that the sample contained sibutramine, N-desmethylsibutramine and frusemide which are all Part 1 poisons under the Pharmacy and Poisons Ordinance (Cap. 138). The DH's investigation is continuing.

Sibutramine was once used as an appetite suppressant. Since November 2010, pharmaceutical products containing sibutramine have been banned in Hong Kong because of an increased cardiovascular risk. N-desmethylsibutramine is a substance structurally similar to sibutramine. Frusemide is a diuretic used in the treatment of high blood pressure, heart failure and oedema. Common adverse effects include feeling thirsty, dizziness, headaches and fast or irregular heartbeat.

According to the Ordinance, all pharmaceutical products must be registered with the Pharmacy and Poisons Board of Hong Kong before they can be legally sold in the market. Illegal sale or possession of unregistered pharmaceutical products or Part 1 poisons is a criminal offence. The maximum penalty for each offence is a fine of $100,000 and two years' imprisonment.

The DH spokesman strongly urged members of the public not to buy products of unknown or doubtful composition, or to consume products from unknown sources. Members of the public who have purchased the above products should stop consuming them immediately. They should consult healthcare professionals for advice if feeling unwell after consumption.

The spokesman added that weight control should be achieved through a balanced diet and appropriate exercise. The public should consult healthcare professionals before using any medication for weight control. They may visit the website of the Drug Office of the DH for "Health message on overweight problem and slimming products" and "Slimming products with undeclared Western drug ingredients" for information.

The public may submit the product to the Drug Office of the DH at Room 1801, Wu Chung House, 213 Queen's Road East, Wan Chai, during office hours for disposal.


YY.LINGLING
simple heart
満腹感を高める・食欲を抑える・代謝を上げる
SPECIFIC SLIMMING PRODUCT