

(English Translation)

Keynote Address by Mr Clement Lau
Executive Director, Policy and Legislation, Insurance Authority
at the Opening Ceremony cum Seminar
of the 2026 Regulatory Training Programme
held by the Association of Lusophone Insurance Supervisors (ASEL)
on 13 April 2026

Honorable Secretary Mr Tai Kin Ip, Vice Minister Mr Xiao Yuanqi, Dr Gabriel Bernardino, Dra Filomena Manjata, Dra Ester José, Chairman Mr Vong Sin Man, friends, ladies and gentlemen,

It is my great honor to represent the Insurance Authority of Hong Kong at the opening ceremony cum seminar for the ASEL training programme today, and to share with you our perspectives on the emerging trends in technological innovation and regulatory approach.

Insurtech is evolving at a staggering pace. In 2025, the global Insurtech market was valued at approximately USD 36 billion, and it is projected to grow twenty-fold over the next decade. Whether through AI, machine learning, big data or cloud computing, technology is fundamentally reshaping the insurance ecosystem. Amidst this wave of transformation, the Asia-Pacific region is widely regarded as one of the world's fastest-growing markets. Hong Kong, as a global risk management center, has been proactive in fostering Insurtech innovation while progressively building a robust regulatory framework. Please let me walk you through the latest developments in Hong Kong's insurance sector and our regulatory responses.

Opportunities and Risks in Insurtech Innovation

Innovation brings benefits but it also comes with risks. As AI and digital technologies become ubiquitous, cybersecurity and technological risks have also grown with increasing complexity. Cyber attacks pose significant challenges to data security and operational stability. In the case of Hong Kong, we recorded nearly 16,000 cybersecurity incidents last year, and roughly 60% of which were phishing attacks. AI-driven attacks, supply chain vulnerabilities and high dependency on cloud infrastructure are emerging as new sources of risk. Therefore, for the insurance industry, a solid foundation for cybersecurity and operational resilience is a prerequisite to support long-term growth, and this has been a primary focus of our work.

In January 2025, we updated our Guideline on Cybersecurity and introduced a Cyber Resilience Assessment Framework (“CRAF”). It provides the industry with a structured and consistent methodology for risk assessment in three steps. First, insurers should assess their inherent cyber risk levels, and secondly, they should review the maturity and effectiveness of their existing cyber security measures. The third step that follows would be for insurers to develop concrete and practical remediation plans and timelines to address gaps identified. Cybersecurity is the cornerstone of sustainable Insurtech development. This framework would be able to effectively assist our insurers to more systematically understand and manage their cyber risks.

Having laid a solid foundation for risk management, we have also stepped up our efforts in promoting development, particularly the application of AI in the insurance industry.

AI Application in Hong Kong Insurance Industry: Overview and Trends

Let me quickly set the scene first. Hong Kong is actively nurturing an AI ecosystem leveraging on our supportive government policies, world-class infrastructure and an extensive network of AI solution providers. Within the insurance sector, some advanced players have already integrated AI across multiple facets of their operations. However, many other insurers remain less ready in rising up to the challenges of rapid AI advancement for their business competitiveness and sustainability. We did an industry survey last year, which revealed that 36% of insurers are still in the phase of exploring AI, while 26% of them have not yet considered its use. Only 5% of the insurers are relatively more mature in AI adoption. The survey also informed us of varying needs of insurers. The more sizable insurers generally demand clearer regulatory guidance so that they will know how to manage the risks within the "regulatory boundaries". For small and medium-sized insurers, they require more practical support in soliciting AI solutions within their limited resources. The survey results also indicated that AI application is at present mostly in non-customer-facing areas such as process optimization, internal support and data processing. But as technology advances, the potential of AI usage in customer service, underwriting, claims and product innovation may also become increasingly evident. As the Insurance Authority holds a statutory duty to promote sustainable industry development, we must act in light of the situation reflected in the survey.

Our Strategic Approach: Balancing Regulation and Development

Our statutory mandate is to both regulate and develop. We wish to maintain market stability and we also want it to thrive. So our AI strategy is two-pronged:

enhancing regulatory clarity while driving use case application. The key is to balance regulation and development considerations and ensure responsible adoption.

AI Regulatory Guideline

On the regulatory front, we aim to roll out a new guideline for insurers' AI governance framework later this year. This will be a risk-based framework, covering core elements including governance and accountability, data protection, cybersecurity, disclosure arrangements and operational resilience. Drawing reference from local and international experiences, this guideline aims to encourage development while strengthening fairness, accountability and transparency in insurers' internal governance.

AI Cohort Programme

Our major development initiative is the "AI Cohort Programme" that we launched in August last year. This programme addresses the diverse needs identified in our survey by bringing together insurers at different maturity levels and relevant stakeholders to create a collaborative, inclusive and complementary ecosystem. The programme also emphasizes operational resilience whereby we encourage insurers to diversify their service providers to mitigate concentration risk.

The core idea of the programme is to enable pioneers to drive industry-wide development. With our support and empowerment, insurers in the advanced league will help the less prepared industry players to gradually build their AI capabilities. We categorize the former as "Core Participants" and the latter as "General Participants" in the programme. We have invited seven insurers to become Core Participants to share their practical experiences with the wider industry and also

establish their respective AI Center of Excellence in Hong Kong to promote AI development and talent cultivation. We will assist the insurers in leveraging on Cyberport's shared infrastructure to support their AI innovation, as well as connecting them to providers of AI solutions that best suit their business needs. We will also provide regulatory guidance to facilitate use case development, and benefit from expert advice in implementing the programme.

Closing Remarks

Insurtech and AI undoubtedly bring immense opportunities, but they also give rise to new challenges in regulation and risk management. Seizing these opportunities while maintaining a stability baseline requires concerted efforts of regulators and the industry. We shall remain committed to driving responsible and healthy development through clear and effective regulation, and ensuring an appropriate balance between stability and innovation.

Last but not the least, please allow me to extend my heartfelt congratulations on the success of the seminar and the training programme.

Thank you very much.

Technology Innovation Trends in Hong Kong's Insurance Sector and Regulatory Responses

Mr Clement Lau

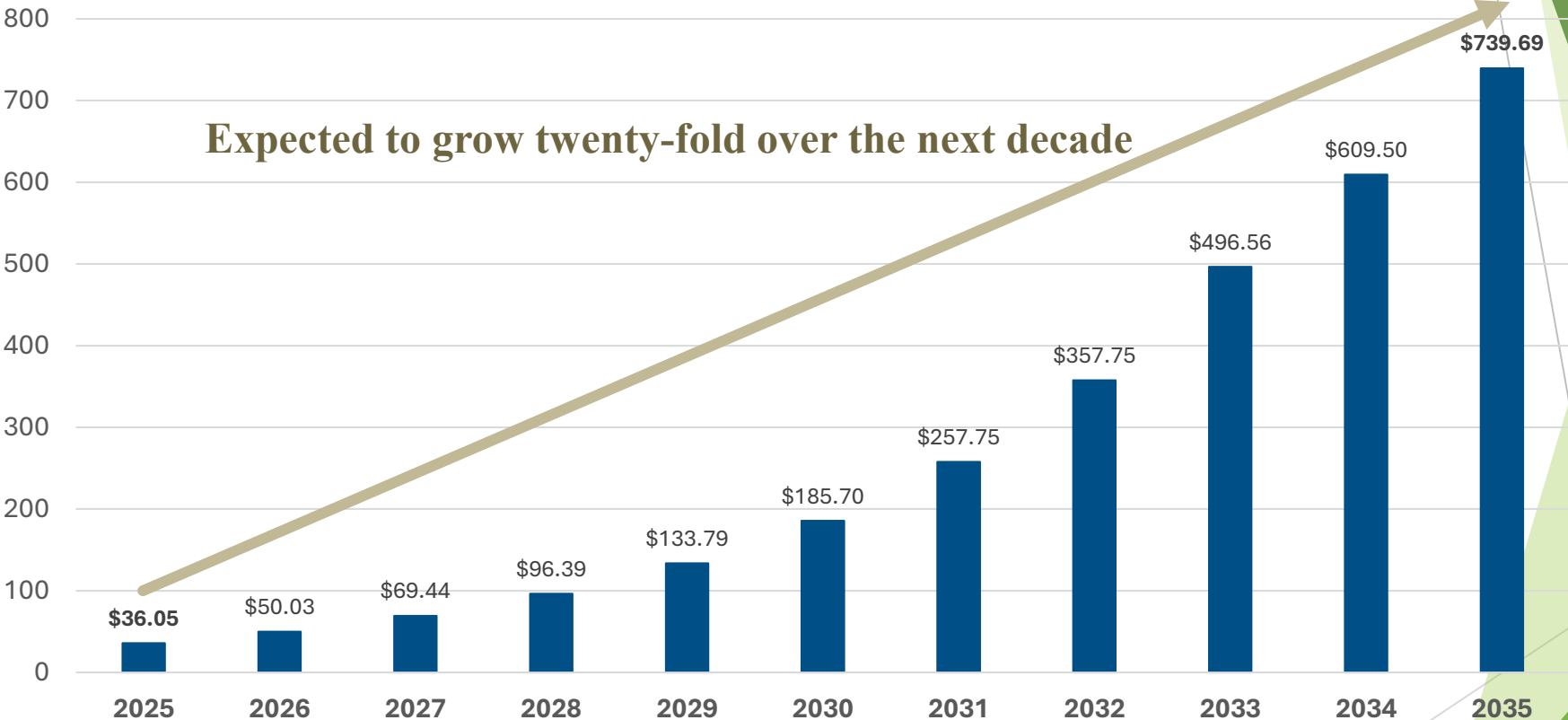
Executive Director (Policy and Legislation)

Insurance Authority

13 April 2026

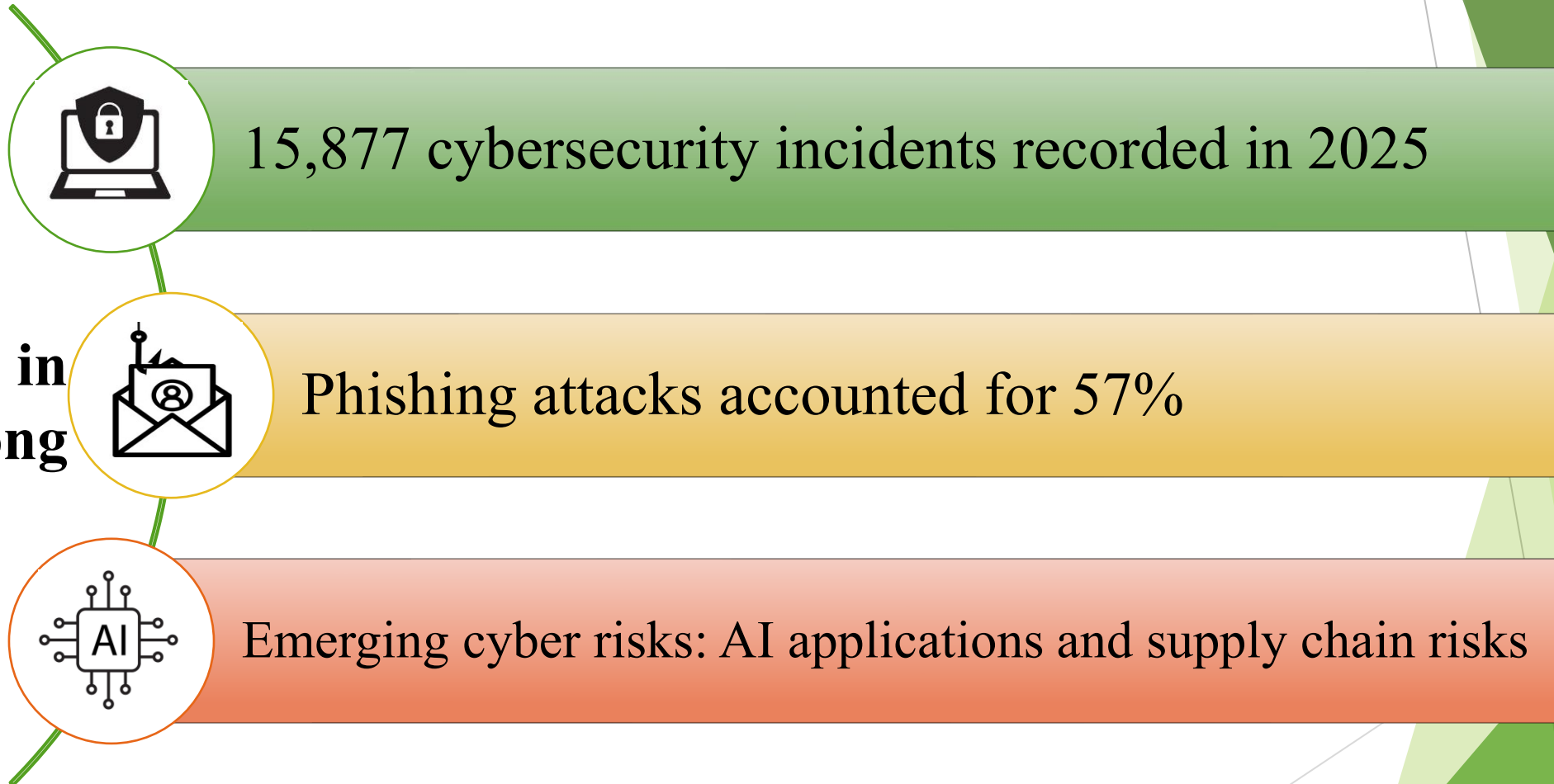
Latest Developments in InsurTech

2025-2035 Global InsurTech Market Size (in USD 1 billion)



Source: Precedence Research – Insurtech Market, <https://www.precedenceresearch.com/insurtech-market>

Opportunities and Risks of InsurTech Innovation



**Statistics in
Hong Kong**

Source: Hong Kong Computer Emergency Response Team Coordination Centre, Hong Kong Cybersecurity Outlook 2026,
<https://www.hkpc.org/en/about-us/media-centre/press-releases/2026/hk-cybersecurity-outlook-2026>

Cyber Resilience Assessment Framework

1

Inherent Risk Assessment

Inherent risk ratings:
High/ Medium/ Low

Cybersecurity Maturity Assessment

Includes 90 to 221 maturity control principles spanning across 7 domains

2

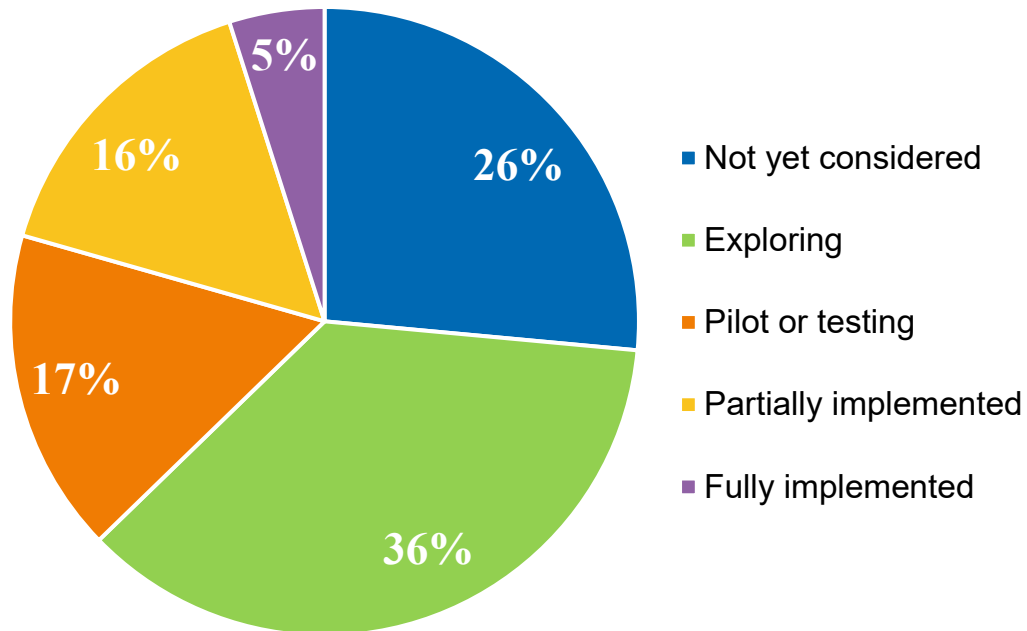
3

Improvement/ Remedial Plan

Submission of improvement roadmap with action plan and target completion date

AI Maturity in Hong Kong's Insurance Industry

AI Adoption Status in the Insurance Industry



Varying Maturity

Large insurers implement

Medium insurers contemplate

Small insurers hesitate

Support Required

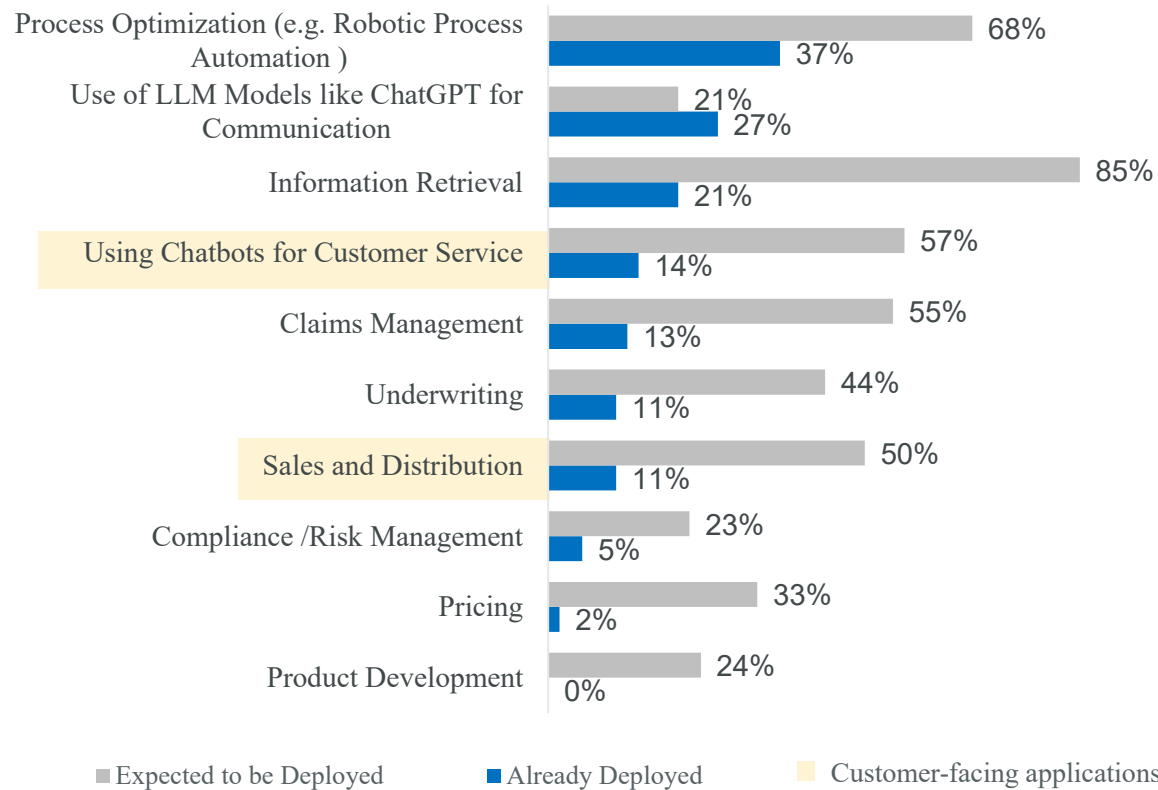
Tailored regulatory guidance

Solutions matching workshops

Knowledge sharing

AI Applications in Hong Kong's Insurance Industry

Current and Future AI Applications



Shifting Trends

Internal applications:

- Process Optimization
- Communication
- Information Retrieval



Customer-facing applications:

- Customer Services
- Distribution Support

Support Required

Regulatory guidance and technical solutions

Our Strategic Approach: Balancing Regulation and Development

**Enhance regulatory
clarity to support the
responsible use of AI**

Regulation



Development

**Promote AI applications
through use case incubation
and ecosystem building**

AI Regulatory Guideline

AI Governance Framework

Accountability



Personal Data Protection



Cybersecurity



Disclosure Obligations

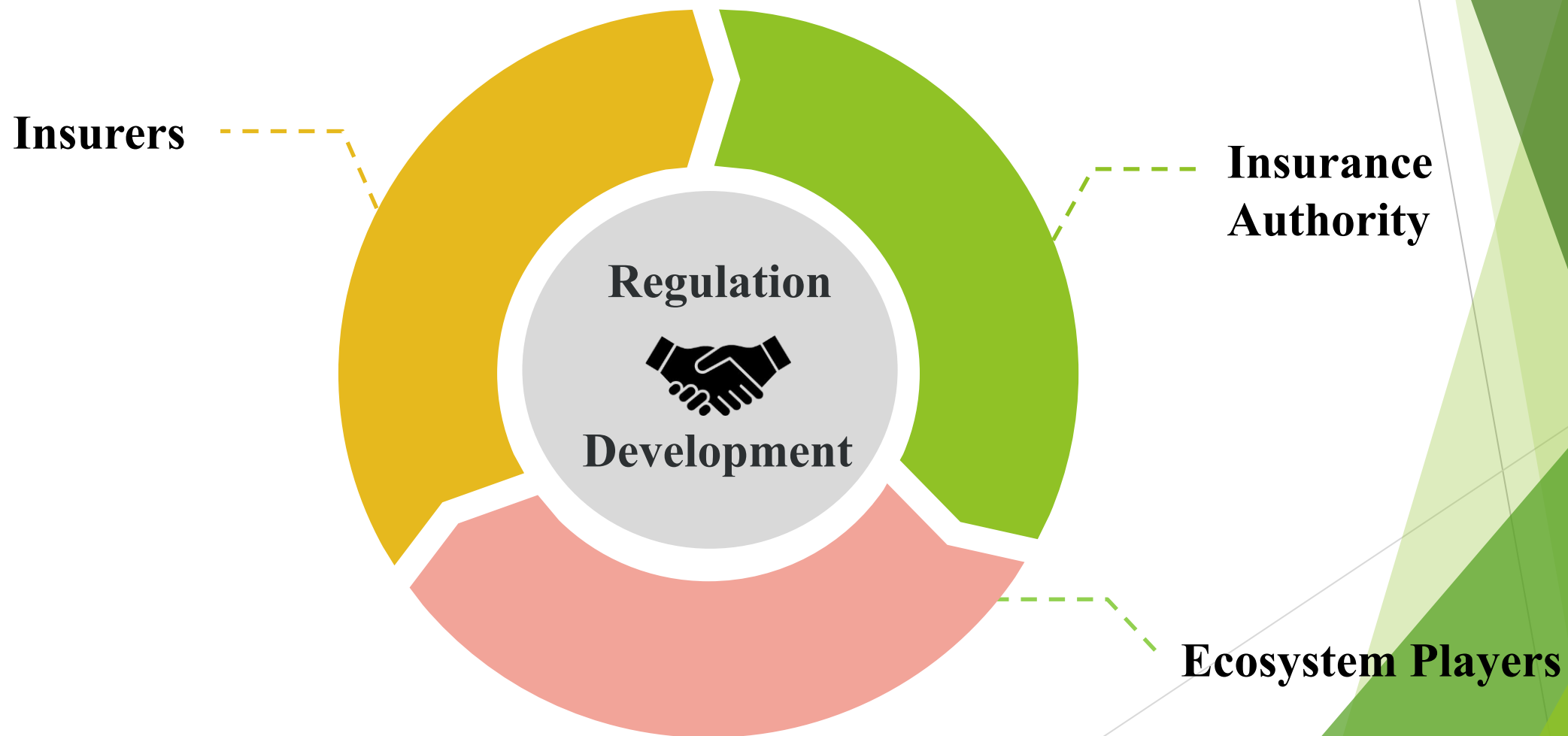


Operational Resilience

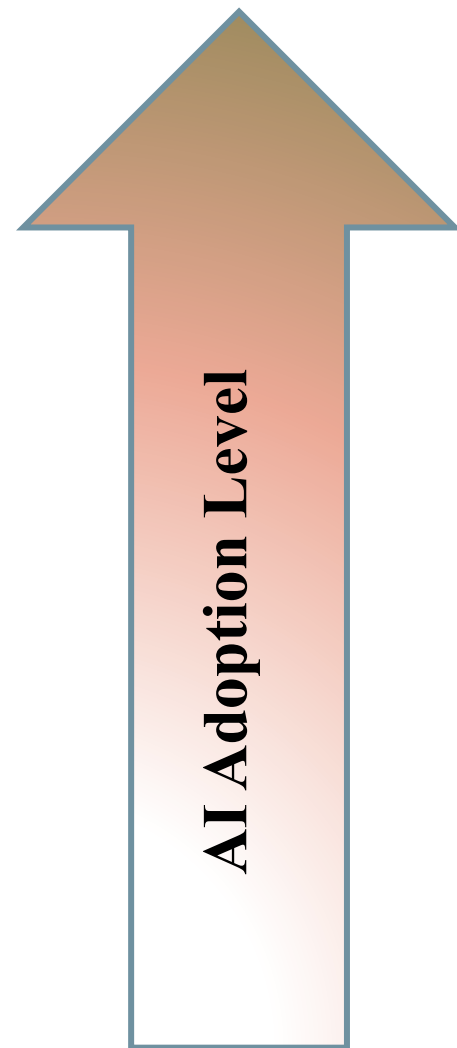


Our Vision for AI Development

Building a collaborative, inclusive and complementary ecosystem



AI Cohort Programme



Core Participants

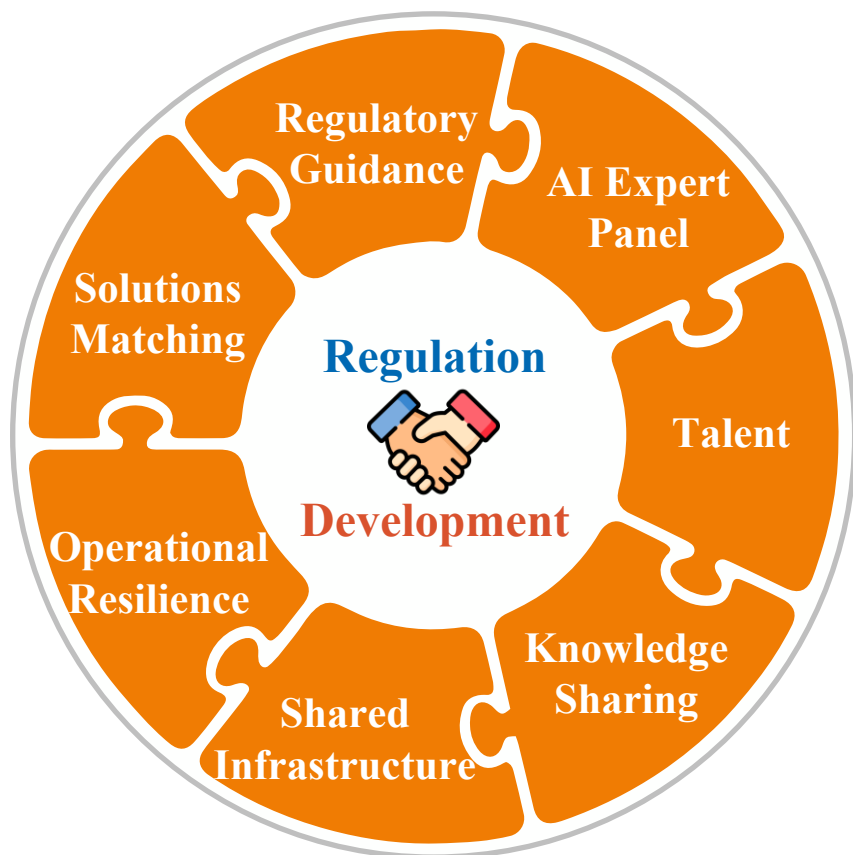
General Participants

AI Cohort Programme

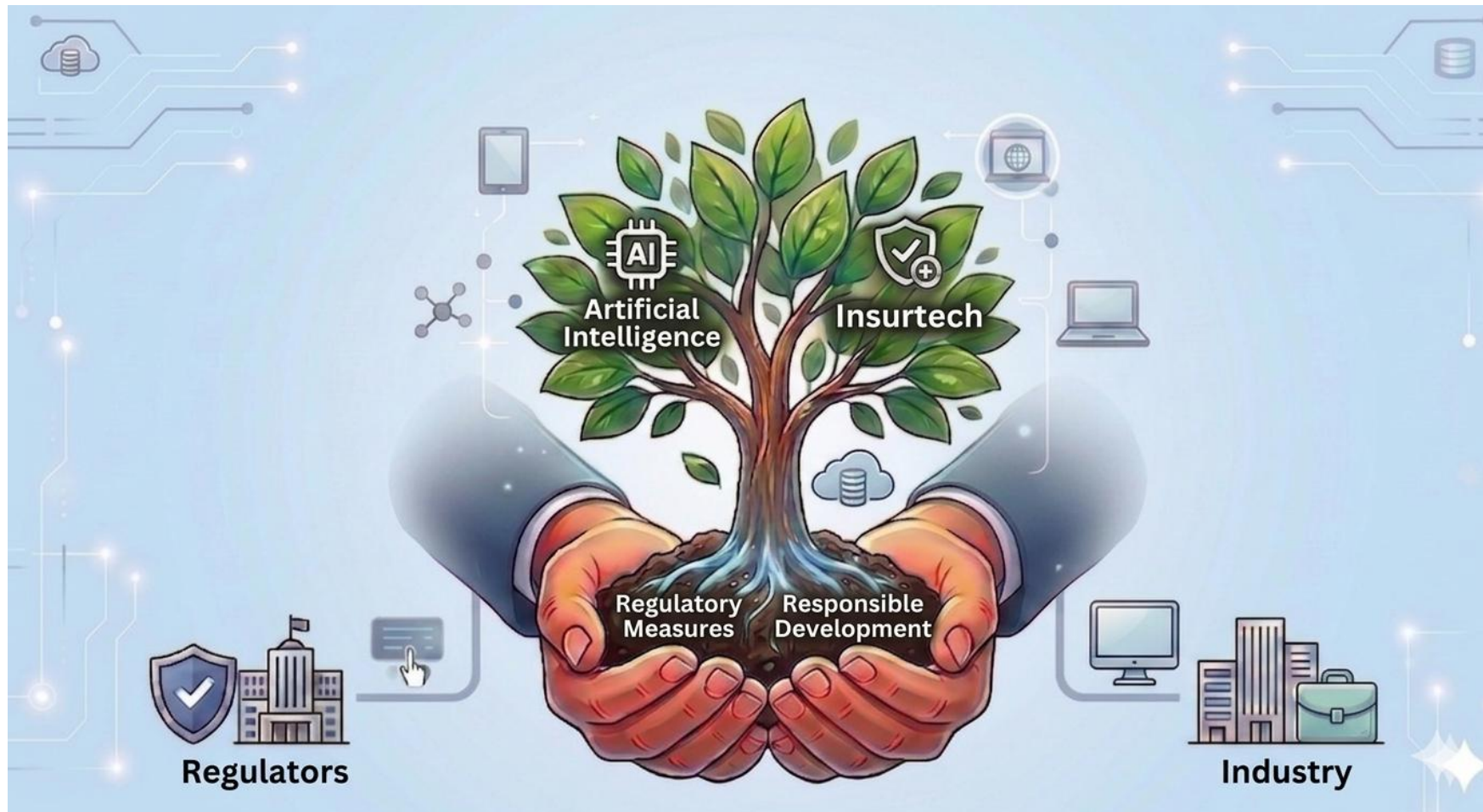
Regulatory guidance and expert advice

Solution matching between insurers and AI firms

Knowledge exchange on use cases and best practices



Innovate and Develop with Soundness and Prudence



Thank you..