



Protecting Policy Holders' Interests in Health Insurance

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Chief Executive Officer, Hong Kong Insurance Authority

31 March 2022



Statutory Functions

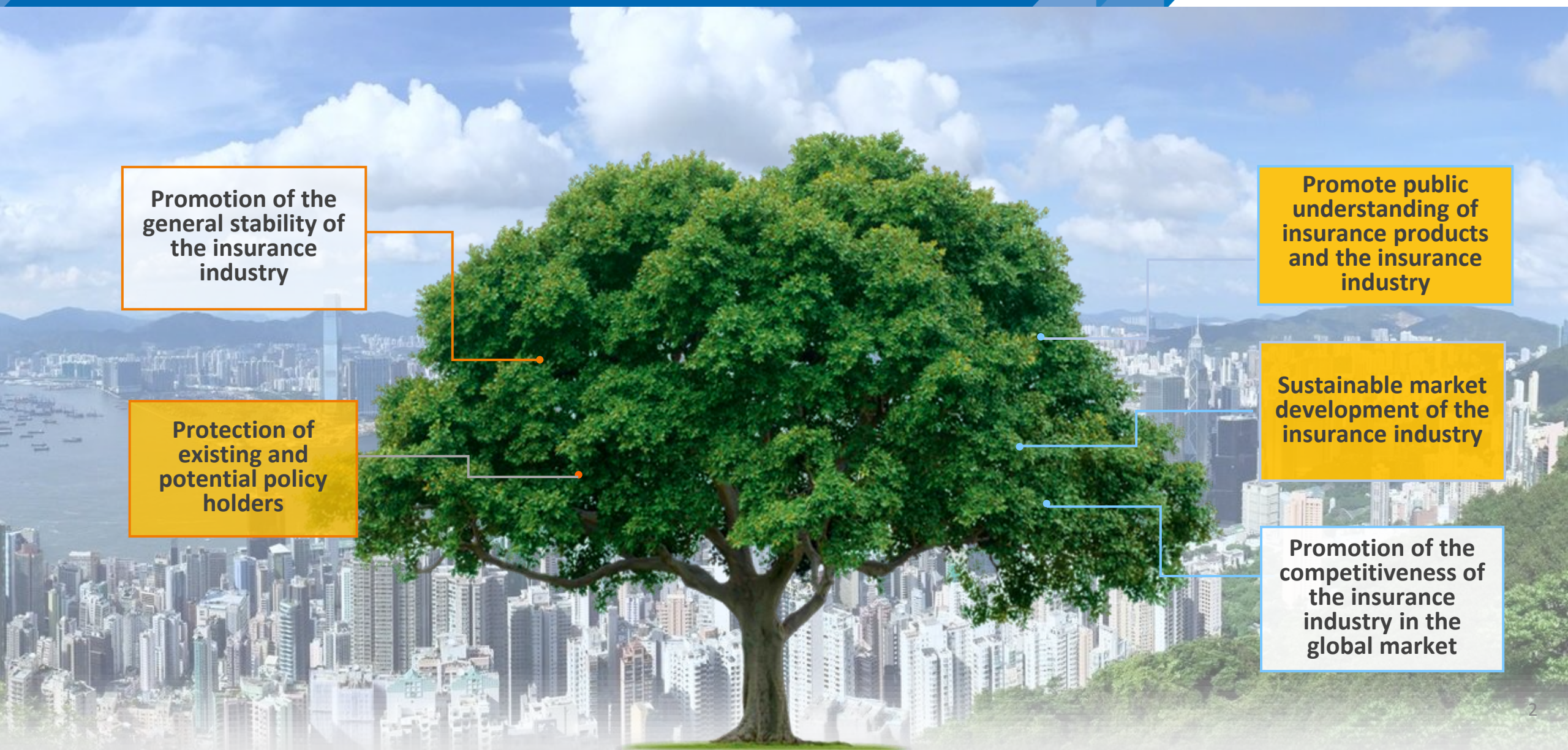
Promotion of the general stability of the insurance industry

Promote public understanding of insurance products and the insurance industry

Sustainable market development of the insurance industry

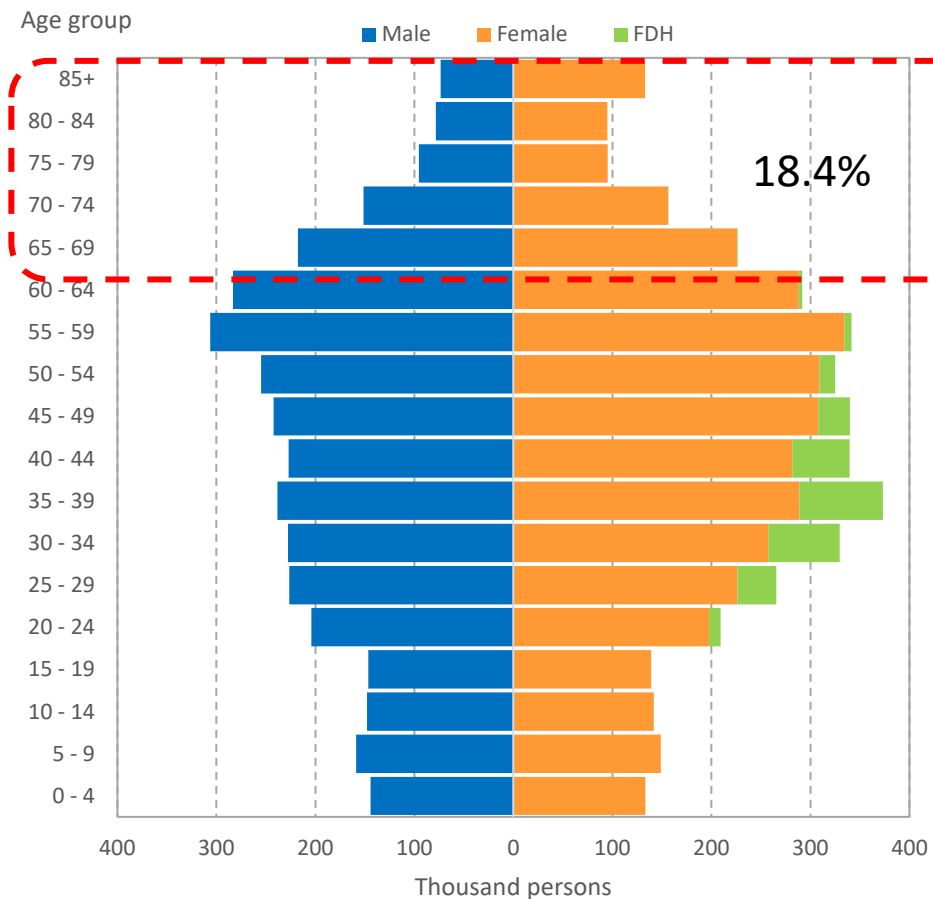
Promotion of the competitiveness of the insurance industry in the global market

Protection of existing and potential policy holders

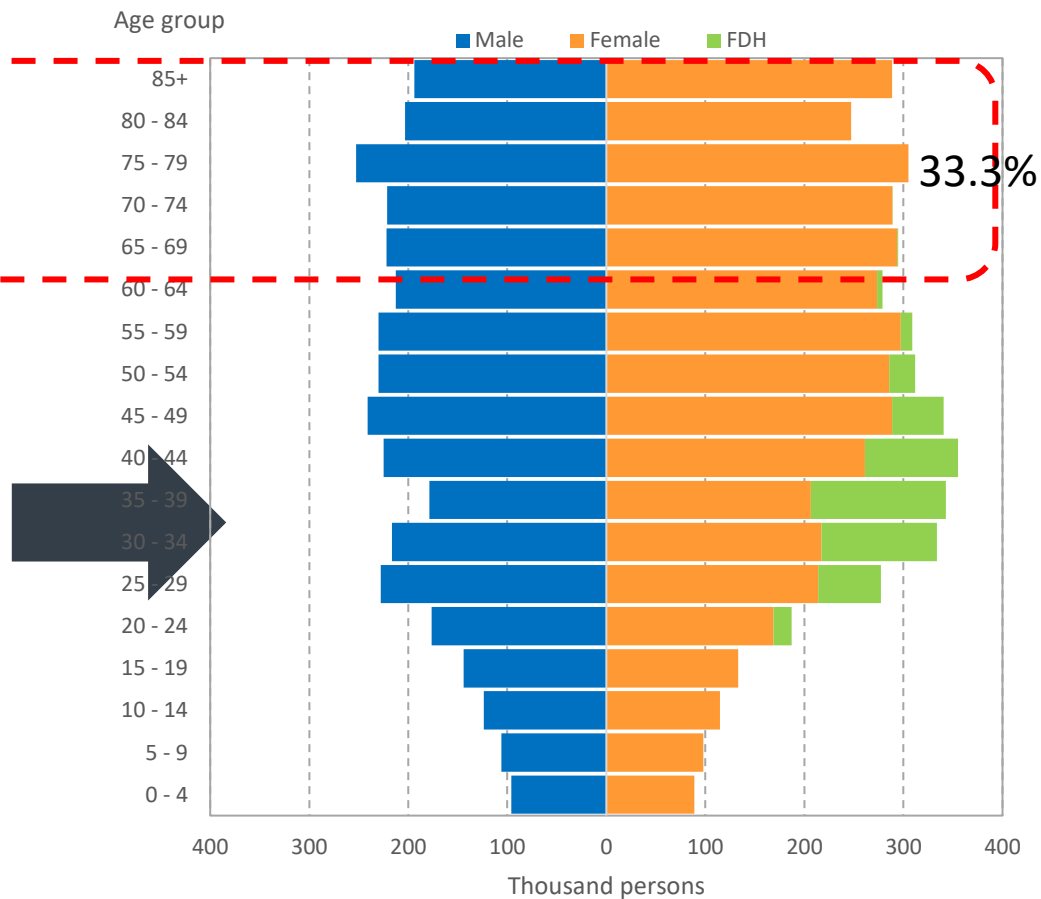


Demographical Changes

Mid-2019



Mid-2039 (projected)



Life Expectancy

2019



Men
Age **82.2**

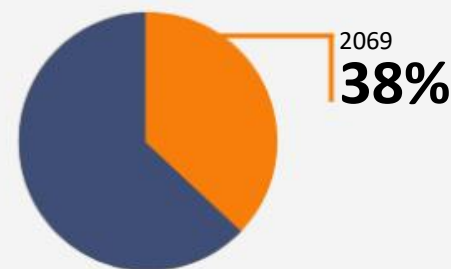
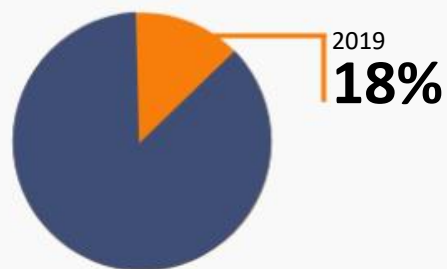


Women
Age **88.1**

Year
2019

Hong Kong's Ageing Population

Percentage of the population aged 65 and over
(excluding foreign domestic helpers)



Year
2069

2069



Men
Age **88.4**



Women
Age **93.9**

Proportion of working population to retirees



2019 – Each Retiree is supported by 3.77
working age adults

● Retiree
● Supporter



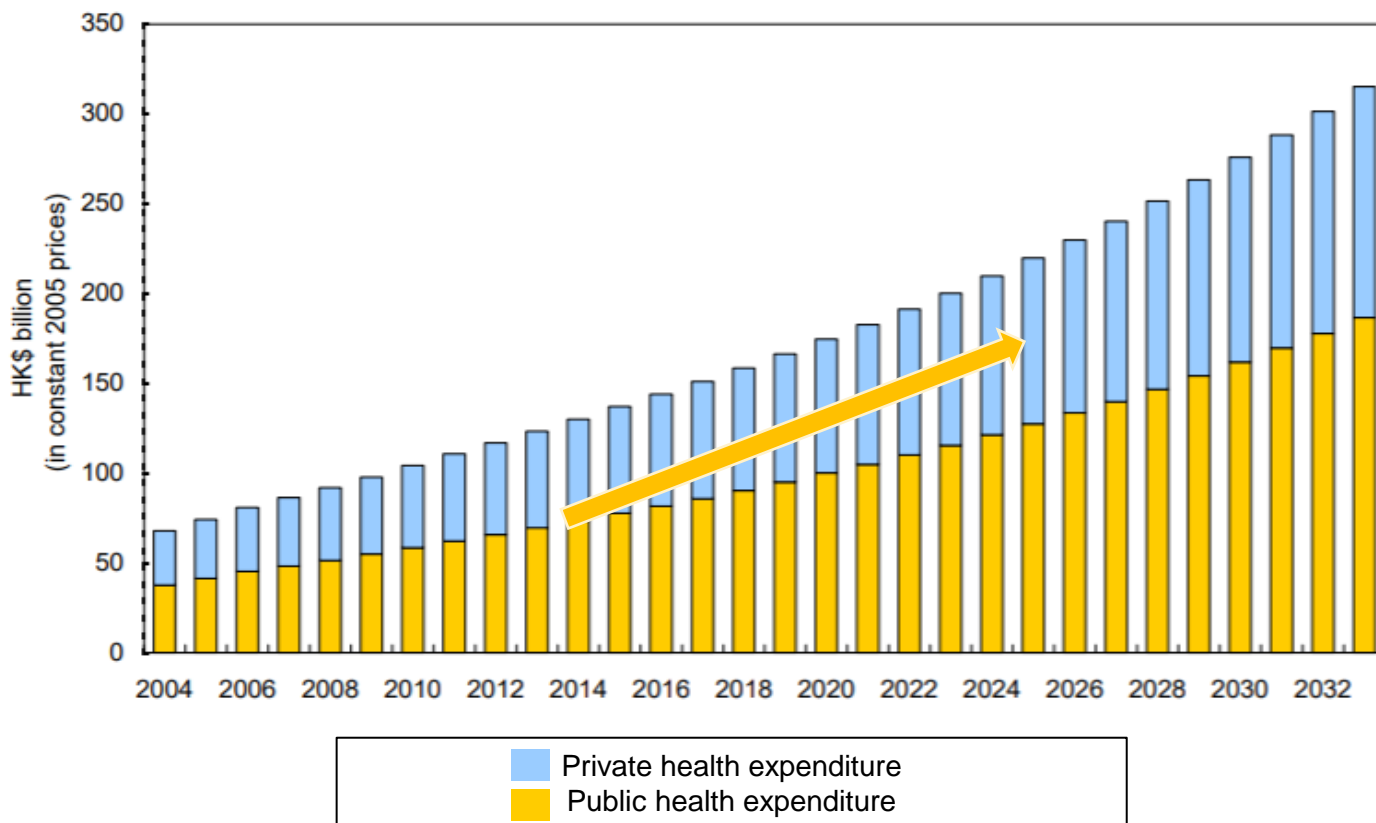
2069 – Each Retiree is supported by 1.40
working age adults

Financial Sustainability



Historical Trend

Projected Health Expenditure

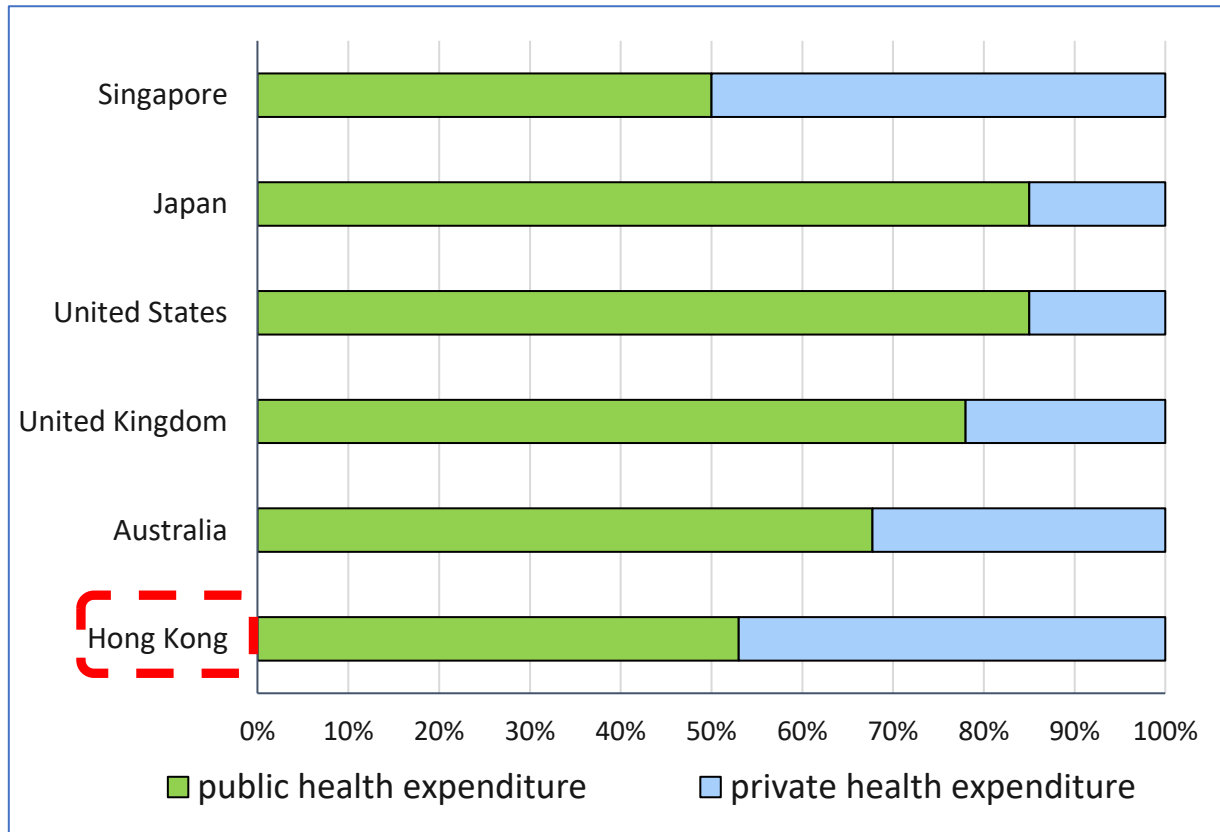


Source: Hong Kong's Domestic Health Accounts: Financial projection of Hong Kong's total expenditure on health from 2004 to 2033.

- ❖ Total health expenditure: \$189,624 million (USD 24,310 million) in 2019/20
- ❖ From 1989/90 to 2019/20, total health expenditure rose by 413% in real terms (average annual growth of 5.6% compared with GDP growth of 3.4%)
- ❖ Total health expenditure went up from 3.6% to 6.8% of GDP, driven by the public sector (+578%) that far exceeded the private sector (+300%)
- ❖ Public share of total health expenditure expanded from 40% to 54% and is projected to reach 59% by 2033.

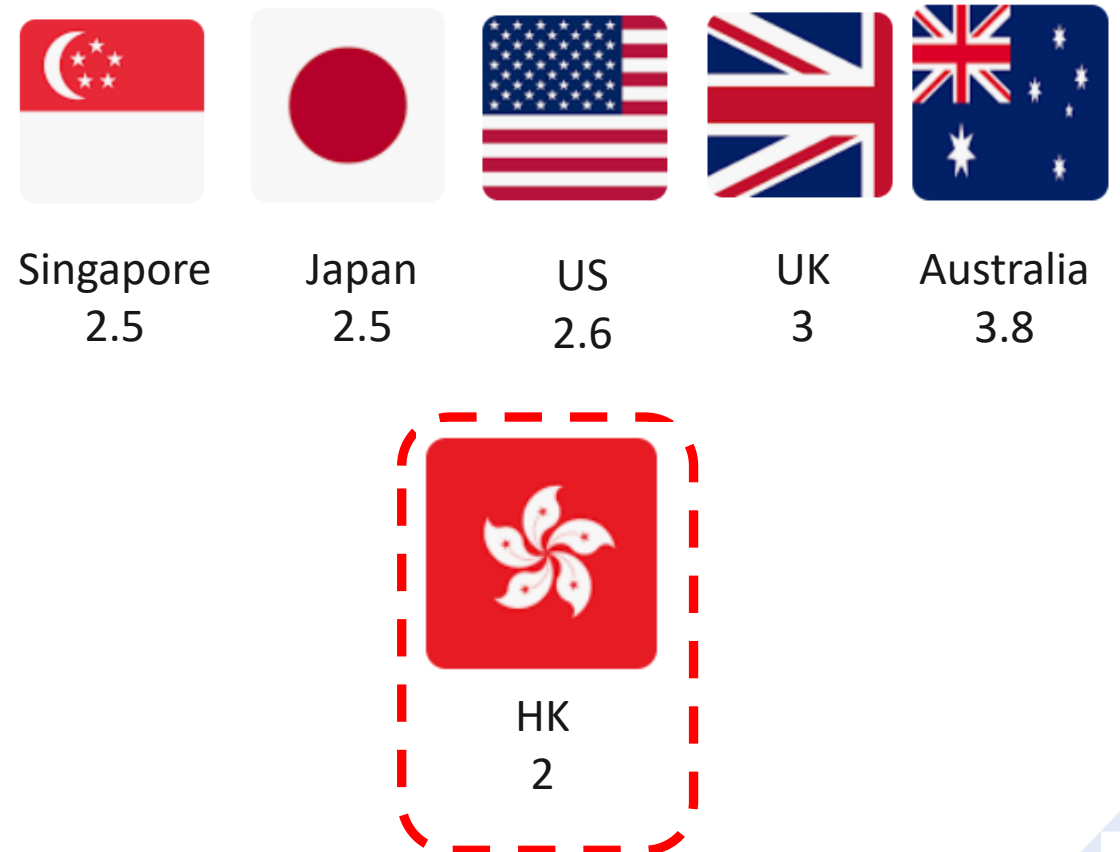
Comparison Between Economies

Comparison of Health Expenditure



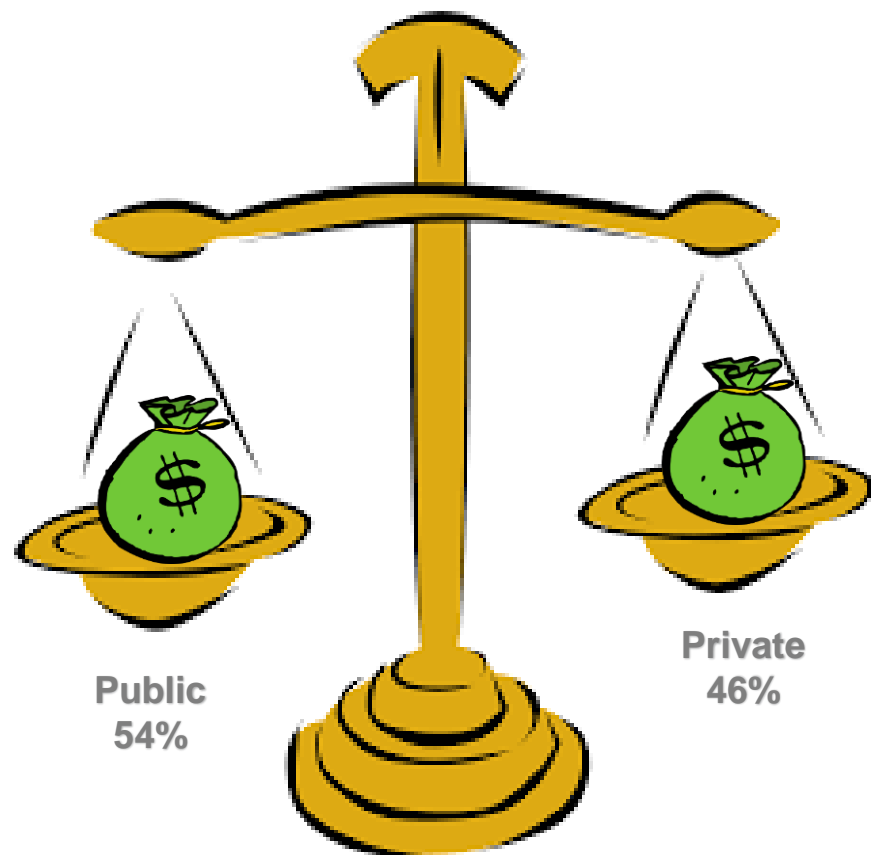
Source: Food and Health Bureau 2019

Comparison of Doctors per Thousand Population in 2020

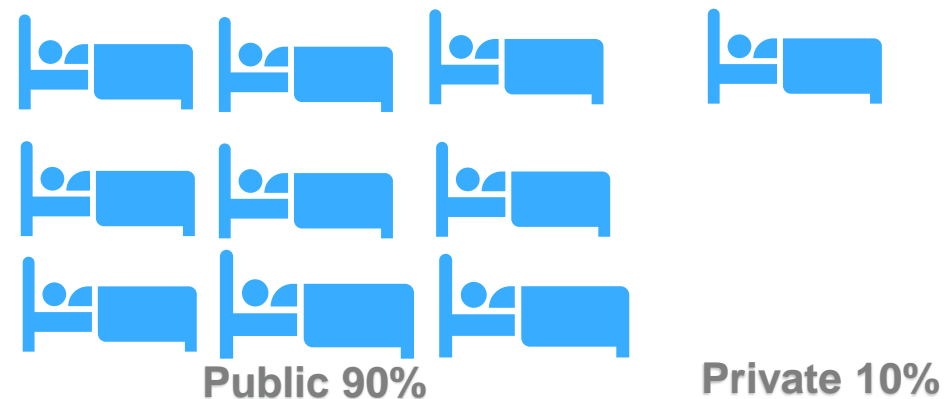


Sectoral Distribution

Total Health Expenditure in 2020



Inpatient Services (Bed Days) in 2020



Outpatient Services (Attendances) in 2020



Waiting Time and Affordability

Waiting Time for Specialist Out-patient Consultation (1 January 2021 – 31 December 2021)

Speciality	Median	Longest
Ear, Nose Throat	26 - 91 weeks	74 - 132 weeks
Eye	49 - 133 weeks	69 - 152 weeks
Gynaecology	26 - 69 weeks	40 - 90 weeks
Medicine	29 - 88 weeks	104 - 152 weeks
Orthopaedics & Traumatology	21 - 70 weeks	81 - 116 weeks
Paediatrics	8 - 19 weeks	15 - 55 weeks
Psychiatry	14 - 61 weeks	42 - 98 weeks
Surgery	28 - 52 weeks	82 - 102 weeks

Source: Hospital Authority

Waiting Time for Elective Surgeries (as at 31 December 2021)

Cataract Surgeries	Median	90 th percentile
62,768 bookings	40 - 92 weeks	56 - 176 weeks

Total Joint Replacement Surgeries	Median	90 th percentile
32,318 bookings	80 - 200 weeks	180 - 364 weeks

Service Types	Private Fees	Public Fees
In-patient Services	HK\$ 49,932 to HK\$ 127,367 / episode	HK\$100 / day
General Out-patient Consultation	HK\$ 325 / attendance	HK\$ 50 / attendance
Specialist Out-patient Consultation	HK\$ 793 / attendance	\$135 for 1st attendance, \$80 per attendance afterwards

Source: HKFI & Hospital Authority

Policy Objective

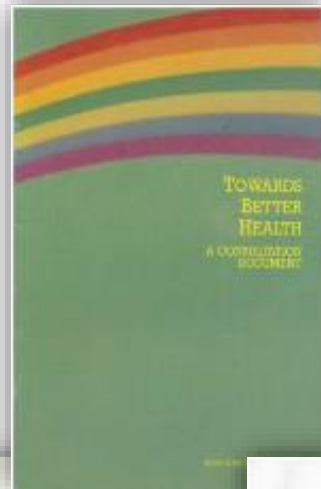
No one should be deprived of adequate healthcare because of lack of means.

Four Priorities

- Acute and emergency care
- Low income and underprivileged groups
- Illnesses that entail high cost, advanced technology and multi-disciplinary care work
- Supply and training of healthcare professionals

Policy Reform Proposals

1993



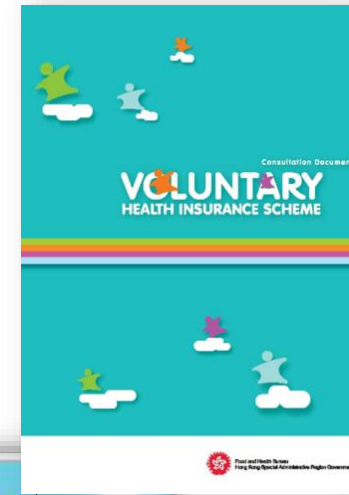
2000



2008



2014



Hong Kong health chief Sophia Chan defends insurance scheme despite critics saying tax breaks are too small

Long-awaited voluntary scheme will improve the standard of medical insurance packages in the market by offering attractive terms, Chan says
PUBLISHED : Thursday, 01 March, 2018, 9:05pm
UPDATED : Thursday, 01 March, 2018, 11:28pm
COMMENTS: 4



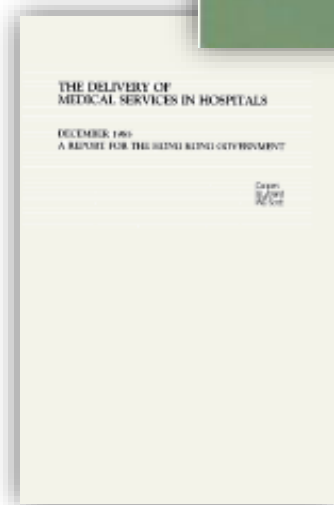
'No timetable' for high-risk pool under new insurance plan, Hong Kong health chief says

Secretary for Food and Health Sophia Chan says government to focus on launch of voluntary health insurance scheme for now

PUBLISHED : Wednesday, 04 April, 2018, 10:01am
UPDATED : Wednesday, 04 April, 2018, 10:01am
COMMENTS: 1



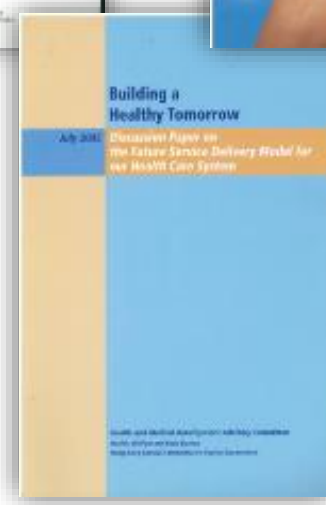
An arrangement to cover high-risk individuals under Hong Kong's new voluntary health insurance scheme is still on the table, but the city's health chief is unable to promise it will be available within the current term of the government.



1985



1999



2005



2010

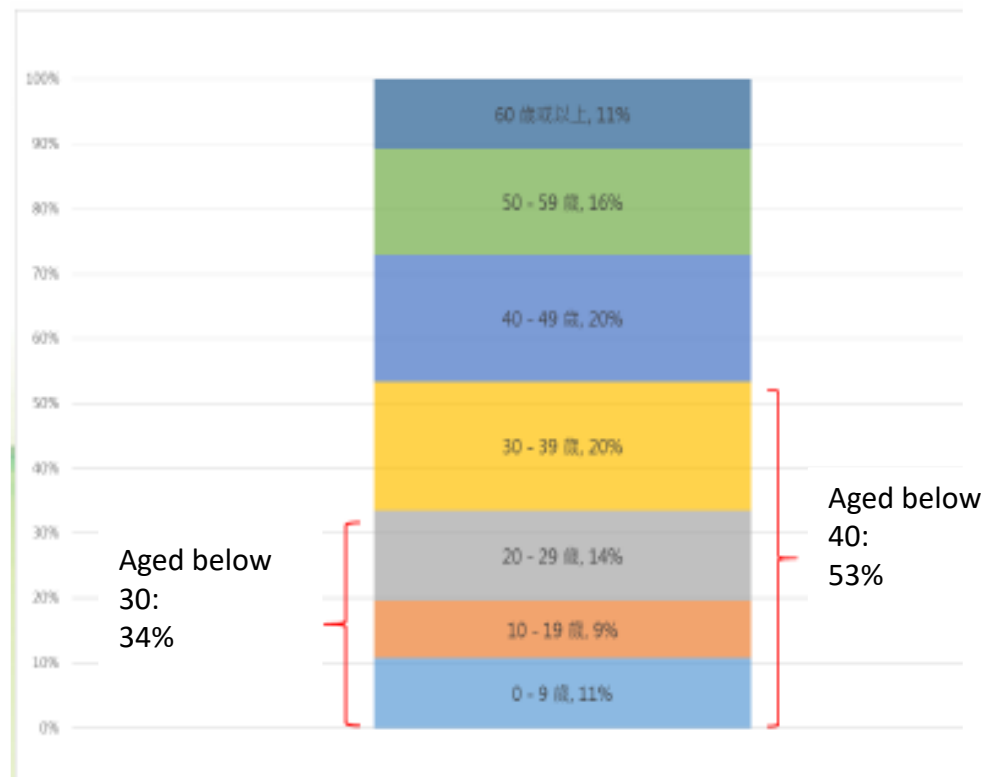
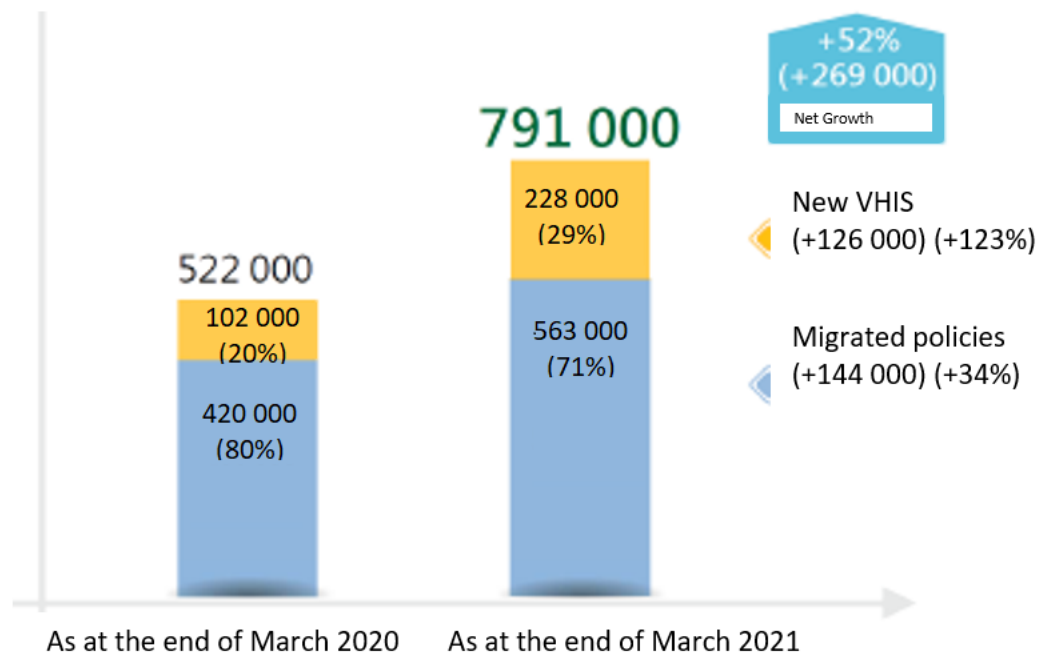
Voluntary Health Insurance Scheme





Performance

Accumulated
no. of policies



Guideline on Medical Insurance Business (GL31)



Fair Treatment of Customers

Developing, marketing and selling products in a way that pays due regard to the interests and needs of customers

Providing customers with information before, during and after the point of sale that is accurate, clear, and not misleading

Minimising the risks of sales which are not appropriate to customers' interests and needs

Ensuring that any advice given is of a professional standard

Dealing with customer claims, complaints and disputes in a fair and timely manner

Protecting the privacy of information obtained from customers

Industry Best Practices

Best Practice on Standardizing Underwriting Questionnaire for Individual Hospital Indemnity Insurance Plans *(effective from October 2020)*

- Align the wording of all questions;
- Use layman terms and simple formats (e.g. “Yes / No”) for most questions;
- Clearly specify the scope of disclosure;
- Shorten and cap the disclosure time frame at **5 years** for most questions about pre-existing conditions.

Standardized Underwriting Questionnaire on Health-Related Information for Individual Indemnity Hospital Insurance Plans
個人醫院保險問卷
標準化健康資料問卷

Part A – General Information 資料 – 基本資料

3. year entered to any of the questions 3 – 8 below is “Yes”, please proceed to answer the relevant follow-up questions in Part B.
以下問題 3 至 8 的答覆 “是”，請回答相應的跟進問題。

1. Height 身高	centimetres (cm) 厘米	CM 呎	feet / inches 呎 / 吋
2. Weight 體重	kilogrammes (kg) 公斤	KG 磅	pounds (lbs)

Please ✓ the appropriate boxes.
請在適當的方格上打✓

	Yes 是	No 否
3. Smoking status 吸煙習慣 Do <<you>> smoke or have <<you>> smoked in the last <<insert a period of not more than 5 years>>? <<you>> 是否吸煙或曾經吸煙去 <<選 5 年或更短的時間>> 的期間？ For the purpose of this question, the meaning of “smoking” includes but is not limited to <<insert from list below: cigarettes, cigars, tobacco pipes, chewing tobacco and the use of nicotine replacement products (such as e-cigarettes)>>. “吸煙”，在此問題的目的包括但不限於 <<以下清單：煙、煙草、煙斗、嚼煙及煙草替代產品（例如電子煙）>>。	<input type="checkbox"/>	<input type="checkbox"/>
4. Alcohol consumption 飲酒 In the last <<insert a period of not more than 12 months>>, on average do <<you>> drink alcoholic beverage for more than <<insert a frequency e.g. 3 times>> in a week? 在過去 <<選 12 個月或更短時間>> 的期間，平均 <<選 3 次或更多>> 星期一次飲酒？ 飲酒頻率：週三次>>？	<input type="checkbox"/>	<input type="checkbox"/>
5. Taking of drugs not prescribed by doctors 服用未經醫生處方之藥物 In the last <<insert a period of not more than 5 years>>, have <<you>> used any drugs (including dietary supplements which are not prescribed by doctors (including food, toning or recreational drugs such as cocaine, ecstasy, heroin, methadone, anabolic steroids) for a continuous period of more than <<insert a period of not less than one (1) month>>? 在過去 <<選 5 年或更短時間>> 的期間，<<選>> 是否持續服用 <<選 1 個月或更長時間>> 服用未經醫生處方之藥物（包括非處方藥物或滋補性藥物，例如可卡因、興奮劑、海洛英、阿片類、可卡因類固醇、加拿大注射藥物等）？	<input type="checkbox"/>	<input type="checkbox"/>

Best Practice on the Use of Genetic Test Results *(effective from June 2020)*

- Insurer will not require applicants to undertake genetic testing for underwriting purpose
- For medical indemnity insurance, no predictive genetic test results will be asked regardless of the sum insured

Limited Impact of Insurance

Product features skewed towards income protection

Marketing strategy of leading insurers

Low penetration and poor awareness

Lack of uniform policy coverage and terms

Transparency of medical fees and charges

Limited supply of manpower professionals

Role of primary health services

Product Innovation



合資格延期年金保單
Qualifying Deferred
Annuity Policy



Protection Linked Plan

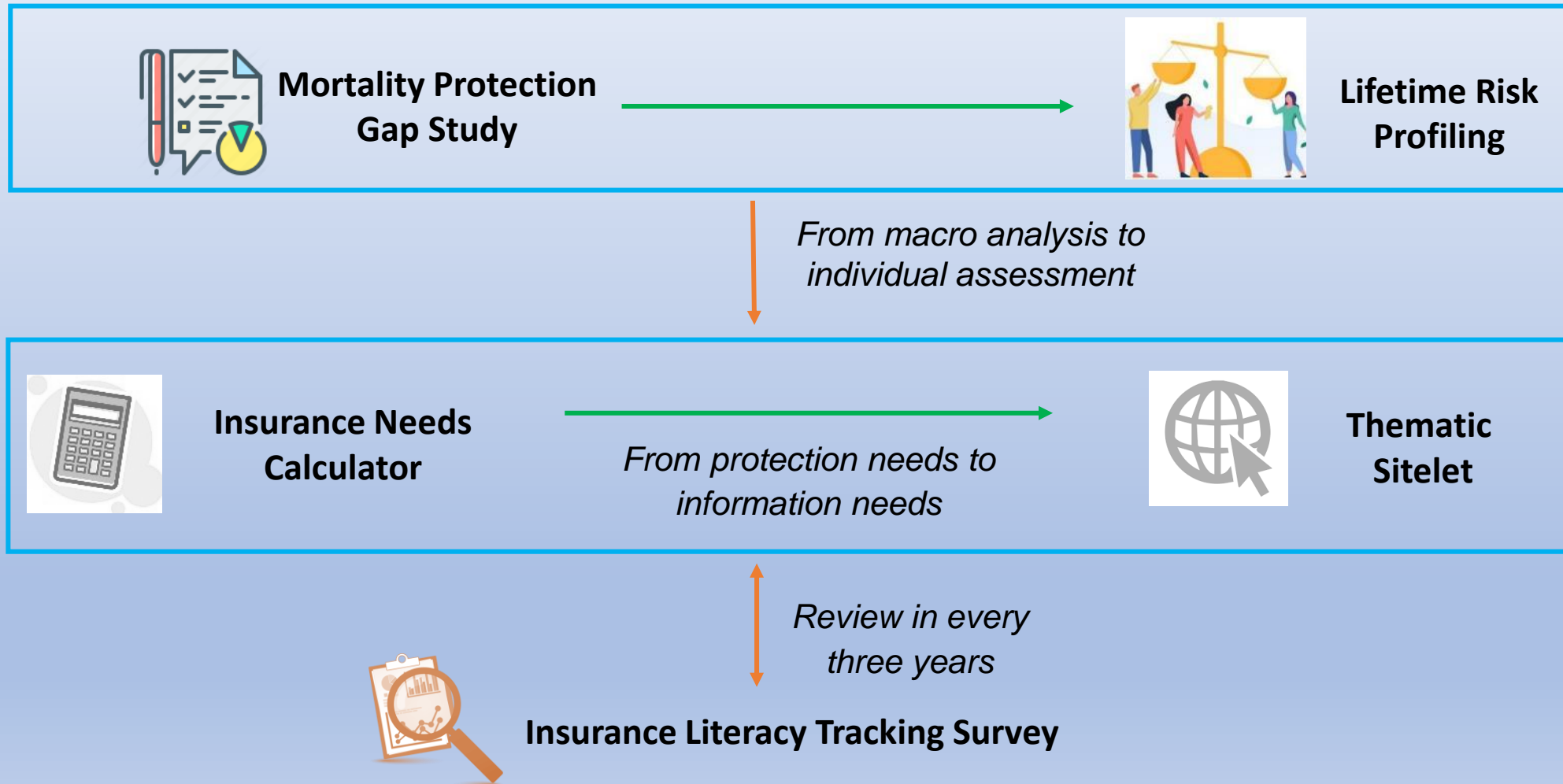
Statutory Functions

- *Promote the understanding by policy holders and potential policy holders of insurance products and the insurance industry*
- *Formulate effective regulatory strategies and facilitate the sustainable market development of the insurance industry*

Mission

- *Improve insurance literacy and educate the public*





Protection Needs Assessment

Dual approach

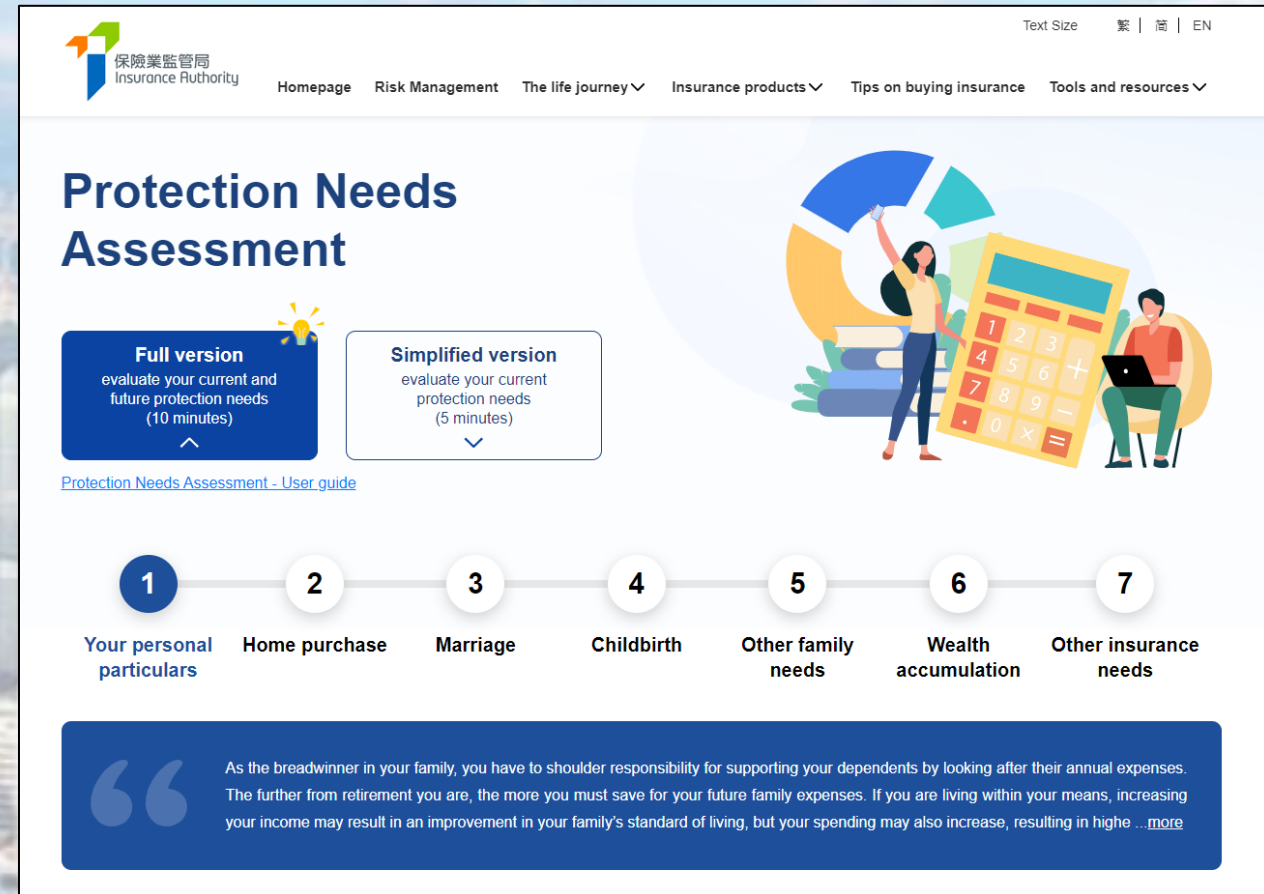
- Simple version: current protection gap
- Full version: protection gap over the next 50 years and analysis of risk exposures.

User friendly

- Seven simple steps to use, supplemented by useful tips on major events in life

Informative

- Repositories of mainstream insurance products and research findings



The screenshot shows the Insurance Authority's Protection Needs Assessment website. At the top, there is a navigation menu with links for Home page, Risk Management, The life journey, Insurance products, Tips on buying insurance, and Tools and resources. The main heading is "Protection Needs Assessment". Below this, there are two options: "Full version" (evaluate your current and future protection needs in 10 minutes) and "Simplified version" (evaluate your current protection needs in 5 minutes). A 7-step process flow is shown below, with steps: 1. Your personal particulars, 2. Home purchase, 3. Marriage, 4. Childbirth, 5. Other family needs, 6. Wealth accumulation, and 7. Other insurance needs. At the bottom, there is a quote: "As the breadwinner in your family, you have to shoulder responsibility for supporting your dependents by looking after their annual expenses. The further from retirement you are, the more you must save for your future family expenses. If you are living within your means, increasing your income may result in an improvement in your family's standard of living, but your spending may also increase, resulting in higher..."



- Concept of risk assessment, risk management and risk mitigation
- Five stages: children and teenagers, young adults, mature adults, married persons and pre-retirees
- Mainstream insurance products
- Things to consider before acquiring insurance
- Assessment tools and educational materials

Which types of insurance do you need?

Consider why you want to buy insurance, and learn about the functions and features of the different insurance products, so that you can choose the type that best suits your needs in different stages of your life.

Life insurance Critical illness insurance Medical insurance (Group and individual medical insurance) Accident insurance

Annuity Fire insurance or home insurance Motor insurance Travel insurance Domestic helper insurance

Life insurance

- ✓ What types of life insurance products are available?
- ✓ Should I increase my insurance when I get married?
- ✓ Should I buy a pure protective product or one with a savings element?

Life insurance is designed for individuals, normally the primary breadwinner in a family, who wish to minimize the impact of their death on their dependents. The dependents will get a death benefit to cover their financial needs.

[More](#)



Financial Literacy

- A combination of knowledge and skills, attitude and behaviour necessary to make sound decisions relating to personal insurance

What to achieve?

- Assess general insurance literacy
- Identify common misconceptions and perception gaps
- Understand the awareness and behavioral patterns of people at different life stages



A Balancing Act

Inclusion and
Awareness

Market Stability

Protection of
Policy Holders



Market Resilience

Reduce Social
Burden

Harmonious
Society



Thank You

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