

Social stability provides business opportunities for the insurance industry

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(This is the summary translation of the [Chinese article](#). If there is any inconsistency or ambiguity between the English version and the Chinese version, the Chinese version shall prevail.)

A stable and safe business environment has always been a crucial factor in establishing Hong Kong as an international financial centre. However, our economy has suffered a heavy toll since last year because of the social events and the COVID-19 pandemic. New office premiums for long-term insurance business in the first quarter of 2020 recorded a year-on-year decline of 27.5% to HK\$35.1 billion, an unprecedented drop since the global financial crisis in 2008.

Amid the increasingly complicated international situation and the growing volatility of asset prices, some policy holders may be concerned about the business situation of individual insurers and whether their policies will be affected. The Insurance Authority (IA) has adopted a risk-based, data-driven strategy to prudently monitor market changes to ensure all insurers meet the statutory requirements for solvency margins. I am proud of my colleagues, who have been working tirelessly under great pressure through the pandemic. Their work is extremely important, as policy holders will be able to make decisions about their policies at ease, based on their personal needs and financial affordability, only when their interests are adequately protected.

Despite the ever-changing external environment, the IA and the insurance industry spared no effort in launching a series of measures to provide better services for policy holders. These include:

- Rolling out temporary facilitative measures in phases for policy holders to purchase protective products, such as Qualifying Deferred Annuity Policy

(QDAP) and Voluntary Health Insurance Scheme (VHIS) products, without the need for face-to-face meetings;

- Approving a number of pilot projects under the Insurtech Sandbox for customers to safely access needed services through digital channels; and
- Proactively promoting remote on-boarding and advocating the establishment of an industry-wide platform for the shared use of players, which will facilitate financial inclusion.

Hong Kong is first in Asia in terms of insurance density and ranks among the top places in the world in terms of insurance penetration. Fifteen of the 20 largest insurers worldwide have set foot in Hong Kong, creating a lot of employment opportunities. The solid foundation of our insurance industry remains intact despite the impact of the global financial crisis, China-US trade tensions and social events. Looking forward, there are immense emerging opportunities from the development of the Greater Bay Area and the Belt and Road Initiative (BRI). The IA maintains close dialogue with the Mainland authorities to make breakthroughs in setting up post-sale service centres and developing cross-border insurance products. We are also working on other initiatives, such as promoting the setup of captives in Hong Kong and enabling the issuance of Insurance-Linked Securities (ILS) to reinforce the role of Hong Kong as a risk management centre for the BRI and an insurance hub in the Asia-Pacific region.

At the end of last month, the National People's Congress adopted a resolution to improve the legal system and establish an enforcement mechanism for safeguarding national security in Hong Kong. This will help ensure a safe and stable society, providing a cradle for the development of all sectors and is a critical prerequisite for attracting foreign investment and expertise. Stakeholders and institutions in the financial market will welcome the decision, as I do. In fact, Hong Kong must

leverage its unique advantages and serve the long-term development of our country under the concept of One Country, Two Systems.

The IA will continue to strengthen its co-operation with other regulators to safeguard the healthy operation of the financial system in Hong Kong, to facilitate the sustainable growth of the insurance market, and to enhance the global competitiveness of our insurance industry. I would like to call for a united effort from all industry stakeholders to propel our city forward against all odds, and to hold our heads high and set sail again after adversity.

Dr Moses Cheng

Chairman of the Insurance Authority