

Asian Insurance Forum 2018
Welcome Remarks by Dr Moses Cheng
11 December 2018

Chief Executive the Honourable Mrs Carrie Lam, Mr Dixon¹, Professor Kawai², the Honourable Chan Kin-por³, Mr Laurence Li⁴, colleagues and friends, ladies and gentlemen, good morning.

Confucius once said and I quote, “有朋自遠方來，不亦樂乎”. Translating into English, it means “welcoming friends from afar gives one’s great delight”. It is indeed my great honour and it gives me great delight to welcome all of you to this, the inaugural Asian Insurance Forum, presented by the Hong Kong Insurance Authority (IA), especially to those of you who have travelled great distance to come to Hong Kong. Welcome once again to visit Hong Kong. How wonderful it is to see so many of you here today. The expertise, ladies and gentlemen, gathered in this room, right here right now, clearly reflects Hong Kong’s strength as a key international finance centre and a vibrant insurance and risk management hub. We are hugely fortunate to have assembled such a wide range of experts here today, including policymakers, regulators, insurance industry leaders, professionals, and members of academia, focusing our discussions on Asia, the most dynamic growth region in the world, and exploring the vital role which insurance has to play in driving the region forward to greater prosperity.

¹ Mr Jonathan Dixon, Secretary General of International Association of Insurance Supervisors

² Professor Yoshihiro Kawai, Adjunct Professor of Graduate School of Management of Kyoto University and former Secretary General of International Association of Insurance Supervisors

³ The Hon Chan Kin-por, Member of Legislative Council (Insurance)

⁴ Mr Laurence Li, Chairman of Financial Services Development Council

As most of you would appreciate, my colleagues and I began to build the IA in December 2015, and we took over the regulation of insurers in Hong Kong in June last year. You may also know that we are busy preparing to take on the direct regulation of insurance intermediaries during the course of next year. We are also implementing the Policy Holders' Protection Scheme, developing with the industry a Risk-based Capital Regime and working on a practical group-wide supervisory framework. We certainly have a very busy regulatory agenda ahead.

Unlike many of our counterparts, the IA's responsibility goes beyond mere regulation. We are privileged to be tasked with promoting the stable and sustainable development of the Hong Kong insurance industry and its competitiveness in the global insurance market. We would also like to explore in this first Asian Insurance Forum the unique positioning of Hong Kong in the regional and global market.

To see regulation as distinct from promotion of the industry's sustainable development would certainly be incorrect. Rather regulation itself promotes insurance, for it is regulation that provides the institutional context of public trust and predictability within which the insurance market can grow and flourish. This is one of the good insights I have taken from the 25th Annual Conference of the International Association of Insurance Supervisors (IAIS), as most of us in the insurance circle know very well. That was held in Luxembourg last month.

To further elucidate this concept, as part of our agenda today, we are delighted to have both Mr Jonathan Dixon, the Secretary General of the IAIS and the former Secretary General, Professor Yoshihiro Kawai from Kyoto University, to share their thoughts on regulation and its development from both the international and Asian perspectives.

In exploring the unique positioning of Hong Kong in the regional and global insurance market, we would undoubtedly be looking at the impact of national policies, the Belt and Road Initiative (BRI) and the Greater Bay Area (GBA) of Guangdong-Hong Kong-Macao.

The GBA certainly represents one of the key opportunities for growth and development of the Hong Kong insurance sector. The essence of the GBA is to leverage the comparative advantages of each city in the GBA for the greater benefit of the entire area. In this respect, there is no doubt that the insurance sector in Hong Kong, in terms of its product range, level of innovation and degree of expertise, would be Hong Kong's key comparative advantage. This is an opportunity our insurance sector can certainly seek to exploit. As a first step, we are currently in discussion with Mainland Authorities regarding Hong Kong insurers setting up service centres in the GBA to handle claims processing and customer enquiries.

The BRI is the largest and most ambitious infrastructure development program ever known. Infrastructure project financing is notoriously complex, especially when it comes to cross-border projects involving some of the lesser

developed countries in the world. The best financial, construction, engineering and project management expertise is needed to make these projects work. Insurance and risk management also have a fundamental role to play.

To put it simply, with infrastructural development, no plans can be made, no designs can be drawn up, no financing can be secured and not a single brick can be laid, without the risk of the entire project, first being properly managed and brought within acceptable limits. This is the task of the insurance and risk management industry, an industry which has always been solution-driven, whether through the provision of risk transfer insurance or captive insurance solutions. This is why, ladies and gentlemen, insurance continues to serve as a key enabler of economic progress in the 21st century, in the same way as it has done throughout history.

Furthermore, if ever there was a place that could bring together all the relevant risk expertise needed to facilitate the deal-making required to address these challenges, it is Hong Kong. For many of us who call Hong Kong home, deal-making and problem-solving is in our DNA. It is what we do. Hong Kong's existence as an international finance centre is predicated on connecting East to West and removing barriers so that contracts can be entered into in a place where the rule of law is paramount. We also have the human capital advantage, an advantage which lies in the vibrant diversity of the people who work here. People like you, who power Hong Kong forward as an international finance centre on a daily (and, yes, nightly) basis.

It is with this collective expertise in mind that I am delighted to announce that the IA will launch today, the platform to be known as the Belt and Road Insurance Exchange Facilitation, or BRIEF, as we like to call it. BRIEF will bring together the best insurance and risk expertise with the aim of realising the manifest opportunity of BRI for the Hong Kong insurance industry. In short, BRIEF will be a forum for exchanging ideas, identifying which one's can work and creating practical insurance solutions that will enable projects to happen. As of today, 29 insurers, reinsurers and insurance brokers have signed up for the challenge and joined BRIEF. We welcome more of you here today to join, so that aspiration of BRIEF can be turned into your opportunity.

In my role as Chairman of the IA, I meet and converse with many insurance practitioners and insurance regulators. It always interests me when we speak of the “insurance market”, how the “market” reacts and how it adapts. That word “market” is a word that I love to hear. It brings to mind the image of something dynamic, a mechanism through which there is continual exchange and discussion, resulting in creative insurance solutions being discovered and crafted to manage risk and enable economic growth to happen. That is the real practical dynamic of the insurance market in action. It is that same dynamic which I am sure that we will see in action here today at this Asian Insurance Forum.

Ladies and gentleman, in exploring the unique positioning and the key opportunities for the Hong Kong insurance industry, at home, in Asia and in the global market, and to set our discussion in proper perspective, I am most

honoured to welcome the Chief Executive of Hong Kong, the Honourable Mrs Carrie Lam, to address us on the latest initiatives that her government is espousing in relation to the insurance industry. In closing, let me once again welcome you to this first Asian Insurance Forum. I look forward to your active participation, especially in a series of panel discussions this afternoon where we shall dive deeper into some of the key opportunities and issues. Let me wish you all a very enjoyable and fruitful time at the Forum and then you would come away from it fully energised and carry with you lots of ideas for 2019 and beyond.

Thank you very much.