

Asian Insurance Forum 2021
“Opportunities and Challenges in the Post-pandemic New Normal”
7 December 2021

Welcome Remarks by Dr Moses Cheng
Chairman of the Hong Kong Insurance Authority

Chief Executive the Honourable Mrs Carrie Lam, Mr Yin¹, Mr Dixon², friends and colleagues, ladies and gentlemen, good morning!

It’s my great pleasure and honour to welcome all of you to the Asian Insurance Forum 2021! On behalf of the Hong Kong Insurance Authority (“IA”), let me extend our gratitude to those of you who are with us here at the forum venue and also to those of you who are joining us online. The looming threat of COVID-19 variants has prevented us from reverting this flagship event to its original scale, however, a hybrid format does have the advantage of a broader reach and greater flexibility for our participants.

Ever since the pandemic has erupted, “New Normal” has become a buzzword. But what exactly does it mean? I tend to equate it with changes to the way in which we used to live, work, learn, interact and consume. For the insurance industry, it manifests in the form of remote onboarding systems, paperless transaction protocols, automated back-office processes, innovative product

¹ Mr Yin Zonghua, Deputy Director, Liaison Office of the Central People’s Government in the HKSAR

² Mr Jonathan Dixon, Secretary General, the International Association of Insurance Supervisors

features, robust business continuity plans, fortified risk assessment processes and internal controls. Seen in a wider context, it reshaped mass consumption behaviour and the global supply chain. As an international financial centre and a premier logistics hub, it is imperative for Hong Kong to stay ahead of the curve in capturing emerging opportunities.

Despite an external environment filled with doubts and uncertainties, it is indeed fortunate that under the “One Country Two Systems”, we would be able to play a meaningful part in contributing towards national development while pursuing our own progress. The drawing up of the programme rundown for today was following the similar line-up.

Let me give you a flavour of what is in store. We are immensely grateful to the Honourable Mrs Carrie Lam for agreeing to deliver the opening address, and to Mr Jonathan Dixon for giving a keynote speech, both of them doing so for the fourth year in a row. It will be followed by the first panel discussion focusing on positing of Hong Kong in the dual circulation economic strategy moderated by Mr Laurence Li and a second panel discussion tackling climate change and green finance moderated by Mr Ma Ho Fai, one of my fellow Non-Executive Directors (“NEDs”) serving on the Board of the IA.

After the Honourable Paul Chan kick starts the afternoon session with a second keynote speech, Mr Stephen Yiu and Mr Samuel Chan, who are also NEDs, will steer the panel discussions covering future direction of Fintech development and the evolving regulatory landscape before Mr Bernard Chan gives us a wrap-up. As you would agree, there is a lot to look forward to.

On the first topic of dual circulation economic strategy, we must anchor our minds on the shifting momentum of growth to Asia-Pacific. The Regional Comprehensive Economic Partnership (“RCEP”), projected to enter into force on 1 January 2022, will bring together 15 member states accounting for about 2.2 billion people and US\$26 trillion of GDP, measuring roughly 30% of the world’s total. A historical free trade pact of this nature and scale cannot be overstated, especially when coupled with the loop of international circulation. My team in the IA, myself included, are conscious of the need to forge an attractive platform for state-owned enterprises to manage their expanding portfolio of risks by setting up captives in Hong Kong or through issuing risk-transfer instruments like insurance-linked securities (“ILS”).

Turning to the loop of domestic circulation, Hong Kong has already made a decent head-start by preparing for establishment of after-sales service centres in the Greater Bay Area and implementation of the “unilateral recognition” policy for motor vehicles seeking to enter Guangdong Province via the Hong Kong-Zhuhai-Macao Bridge. These initiatives are impactful not only because they serve to remove some pain-points that have been haunting local insurers for some time, but the enhanced connectivity will also lead to unimpeded flow and optimal deployment of production capabilities between the 11 cities within GBA. I am sure that the first panel discussion will produce plenty of valuable insights.

On the second topic of climate change and green finance, many of you should have no difficulty recalling the wildfires in California and Australia, flooding in Europe and Henan and, most recently, the “once-in-500-year storm” hitting British Columbia. We may not have experienced such incidences first-hand,

but Hong Kong being shut down twice within a week in October because of typhoon signal number 8 could not possibly escape your attention. These extreme weather events demand top priority and determined action.

The insurance industry is capable of combating climate change in a variety of ways. The IA will spare no effort in ensuring timely compliance with recommendations made by the Task Force on Climate-related Financial Disclosures and the Principles for Sustainable Insurance advocated by the United Nations. I dare not steal the thunder from speakers in the second panel discussion who will elaborate on other aspects such as public advocacy, data modelling, product innovation and impact investment.

COVID-19 demands forbearance and perseverance, while presenting a chance for reflection and revelation. It exposed weaknesses but accelerated reforms. The pandemic has been a potent driver of Fintech development along the entire insurance value chain. While we cherish the added personal convenience and improved customer experience, the accompanying risks should not be overlooked. Supervisors around the globe are not just facilitators of Fintech development but are gearing up for a holistic approach in technology investment and to make the most out of the lately available technological tools. The third panel discussion co-organised with the Hong Kong Academy of Finance will shed further light on how to shape Fintech for the New Normal.

Ladies and gentlemen, insurance business is built on trust and commitment to fulfil promises. A suitable dose of prudential supervision is necessary for it to grow and flourish. The fourth and final panel discussion mobilises four senior

executives in the IA to recapitulate experience gained in the past two years and offer an outlook for the future.

Let me conclude my opening remarks by wishing you all a very fruitful day ahead, good health and a happy festive season.

Thank you very much.