

(English Translation)

**Welcome Remarks by Mr Clement Lau**  
**Executive Director, Policy and Legislation, Insurance Authority**  
**at Captive Forum 2026 on 25 March 2026**

Distinguished guests, friends, ladies and gentlemen,

Good morning! On behalf of the Insurance Authority (“IA”), it gives me great pleasure to welcome you to Captive Forum 2026. I would like to first extend a warm welcome to the new entrants to Hong Kong’s captive insurance market over the past year. They are: SAIC Motor Insurance Limited, Wayfoong (Asia) Limited of the HSBC Group, and CNNC Captive Insurance Limited.

Your participation is a strong testament that the captive ecosystem in Hong Kong is steadily advancing. We are pleased to see that, in addition to a locally-based international financial institution, an increasing number of leading Chinese Mainland enterprises are choosing Hong Kong as their group risk management platform.

As Chinese enterprises accelerate global expansion and deepen their integration into global industrial and supply chains, their risk profiles are being rapidly reshaped. Externally, challenges such as geopolitical tensions, cybersecurity, climate change and supply chain disruptions continue to mount. Internally, the rapid development of emerging industries such as artificial intelligence and new energy vehicles further broadens the scope of risks, exposing enterprises to unprecedented uncertainties.

Against this backdrop of ever-changing external conditions and on-going internal innovation, we must ask ourselves a core question: Amidst significantly

increasing uncertainties, is the relatively dispersed and reactive risk management model relying on traditional insurance still sufficient to support enterprises in addressing new challenges?

The recent shipping crisis triggered by conflicts in the Middle East is a real-life example of how geopolitical risks can rapidly impact supply chains. As such, risk management must move beyond passive responses and shift toward proactive prevention, which requires enterprises to adopt a more holistic, clear and autonomous approach of risk management.

The growing complexity of risks, together with the rapid emergence of new industries and technologies, means that the traditional insurance market may not be sufficient to meet management needs in the most timely and effective way. With limited historical risk exposure data and unstable loss patterns, the traditional insurance market would inevitably be more cautious, offering limited coverage or even listing certain risks as exclusion. Captive insurance, in contrast, allows higher strategic flexibility as it enables enterprises to formulate bespoke coverage, and more precisely coordinate insurance and reinsurance arrangements based on consolidated group-wide risk data. It helps fill protection gaps for specialised and emerging risks and better meets risk management requirements in this era.

In other words, a captive insurer is an important institutional platform for an enterprise to strengthen corporate risk governance. It enables a group to gain direct insight into claims trends and loss drivers, shifting risk management from a scattered and compliance-oriented practice to a centralised and proactive strategic arrangement. This data-driven and fine-tuned approach of risk management not only enhances risk-pricing capabilities and operational resilience, but also helps demonstrate a higher level of robustness in corporate governance to regulators and global markets.

Furthermore, from a macro policy perspective, captives play a meaningful role in driving insurance market innovation. When a captive insurer takes on new or complex risks, it generates practical experiences and data in the local insurance market, thereby prompting insurers to develop new products and solutions. This, in turn, enhances market capacity for emerging risks, enriches the insurance ecosystem and fosters a virtuous cycle.

China's GDP accounts for roughly 18% of the global economy. Recently published data show that annual premiums in the global captive insurance market has exceeded US\$ 220 billion. This means that by establishing captives, our leading enterprises have the opportunity to retain underwriting profits and investment returns, from premiums amounting to tens of billions of US dollars, within our own system.

As a world-leading international financial and risk management centre, Hong Kong boasts one of the most open insurance markets and is an ideal location for Mainland enterprises to develop captive insurance business. Apart from the institutional advantage under the principle of "One Country, Two Systems", Hong Kong's strengths lie in our mature and robust legal and regulatory framework, extensive international market connectivity and a professional services ecosystem with global expertise. To provide impetus to the development of captive insurance, Hong Kong also offers generous policy support, including tax incentives and a relatively relaxed regulatory regime compared to general insurers.

Presently, the seven captives based in Hong Kong are operating soundly, making positive impact on their parent groups regarding their global risk management and insurance cost control. You will hear a lot of real experience sharing later this morning. Looking ahead, the Hong Kong SAR Government and

the Insurance Authority will continue to foster a more dynamic captive ecosystem, actively explore more supportive policy measures and attract risk management talents and professional service providers to Hong Kong.

Distinguished guests, a robust risk management system is a cornerstone to an enterprise's long-term success, and captives serve as a key pillar. I hope today's exchanges will promote experience sharing, inspire new ideas, and motivate further application and development of captives in enterprise risk management.

Sincerely I wish this symposium every success. Thank you very much.