THE INSURANCE AUTHORITY ANNUAL REPORT 2024-25[1] (SYNOPSIS)

保險業監管局
Insurance Authority

Nurturing New Opportunities Amid Global Uncertainties

The Insurance Authority ("IA") is an insurance regulator independent of the Government and the insurance industry. We regulate 157 authorized insurers and 118,406 licensed insurance intermediaries as of 31 March 2025.

The IA's main statutory functions are to protect policy holders and maintain the general stability of the insurance market through effective regulation and supervision of the insurance industry, proactive and proportionate enforcement to curb misconduct, public education to enhance people's understanding of insurance, and promotion of sustainable market development initiatives to increase the competitiveness of Hong Kong as a global risk management centre and insurance hub.

The IA's Principal Functions

Regulation and Supervision

The IA continuously strives to safeguard the interests of policy holders and instil greater public confidence by regulating and supervising insurers and insurance intermediaries as well as introducing regulatory framework enhancements.

Regulation of Insurers

Prudential Supervision

- To ensure the financial soundness and risk management capability of insurers, we adopt a multifaceted supervisory approach, consisting of comprehensive risk assessments, financial examinations, and on-site and thematic inspections.
- During the reporting year, we issued a circular to promote operational resilience in managing technology risk based on a survey of the three supervised groups of Designated Insurance Holding Companies; and a circular outlining findings and concerns from a thematic on-site review of selected general insurers' claim handling practices.
- We stepped up supervisory actions against individual insurers to safeguard policy holders' interests.

[1] The annual report covers the IA's major activities and initiatives between 1 April 2024 and 31 March 2025. Please visit the IA website for the full report.

Regulation of Insurers (continued)

Conduct Supervision

- We conducted eight comprehensive on-site inspections of authorized insurers, paying particular attention to their sales practices and corporate culture.
- We launched the Continuing Professional Development ("CPD") Pilot Schemes for Key Persons in Control Functions for Intermediary Management and Responsible Officers, drawing around 500 participants.
- Following our regulatory efforts, the insurance market achieved a 99.9% CPD compliance rate.

Macroprudential Surveillance

- We took part in various International Association of Insurance Supervisors ("IAIS") exercises to assess systemic risks.
- We completed the industry consultation on the draft Domestic Systemically Important Insurers ("D-SII") framework and will finalise the framework in 2025.

Group-wide Supervision

- We organised supervisory colleges and crisis management group meetings, attended by 15 national and overseas regulatory bodies.

Regulation of Insurance Intermediaries

Licensing

- We began collecting licensing and related fees from insurance intermediaries from 23 September 2024 onwards, after the five-year waiver period ended.

Supervision

- We examined 800 statutory returns and conducted 11 on-site inspections of insurance broker companies in line with the risk-based approach.
- Regarding insurance broker companies, we promulgated a circular addressing non-compliant business models concerning unlicensed selling of long term insurance policies to Chinese Mainland Visitors, and actively followed up.
- Regarding insurance agencies, we strengthened alignment between the regulatory approach on these agencies and supervisory practices on insurers, emphasising the importance of insurers' internal control measures over appointed insurance agencies.

Regulatory Framework Enhancements

Risk-based Capital ("RBC") Regime

- The RBC regime was successfully implemented on 1 July 2024.
- The IA promulgated and revised various guidelines to tie in with the RBC regime.
- We conducted the consultation on public disclosure requirements, which will be followed by the legislative process.
- We kick-started the review of the RBC regime.

Proposal to Enhance Regulation of Participating Policies

- We proposed a package of tools to step up regulation of participating policies, including caps on illustration rates, a commission spreading mechanism and a centralised platform for fulfilment ratios.

Policy Holders' Protection Scheme ("PPS")

- Preparatory and law drafting work for the PPS with the Government underway.

Anti-Money Laundering and Counter-Financing of Terrorism ("AML/CFT")

- We completed the largest and most complex AML on-site inspection since the IA's inception, culminating in a pecuniary penalty of HK$23 million on an insurer.
- We conducted four AML/CFT inspections on insurers, two of which were conducted together with conduct inspections for increased synergy. We also completed 18 desktop reviews.
- We organised two seminars to raise industry awareness of the latest AML/CFT provisions and emerging trends, and to share common observations from on-site inspections.

Complaint Handling

- We received 1,066 new cases and successfully closed 968 of them. We also met our performance pledge by concluding at least 80% of complaints received within six months. (Related statistics can be found on P. 13)

Anti-Scam

- The IA supported the Anti-Scam Consumer Protection Charter 3.0, which brought together financial regulators, technology companies and telecommunications firms to jointly combat financial fraud and scams.

Investigation and Enforcement

The IA takes proactive and proportionate enforcement actions to stem misconduct and strengthens the regulatory framework with sufficient deterrence. Related statistics can be found on P. 12.

Surveillance

- We commenced development of surveillance capabilities to gather intelligence on conduct trends and undesirable behaviour.

Investigations, Disciplinary Actions and Prosecution

- The IA concluded 85 investigations.
- We instigated our first criminal prosecution against a licensed broker company.
- The Disciplinary Executive Process was established to improve efficiency.
- We imposed 50 disciplinary actions for conduct breaches and fit and proper issues.

Collaborations with Law Enforcement Agencies

- The IA conducted a joint operation with the Independent Commission Against Corruption ("ICAC") in April 2024, targeting corrupt conduct in the unlicensed sale of insurance policies to Chinese Mainland Visitors.
- We cooperated with the ICAC and Hong Kong Police Force under the signed Memoranda of Understanding.

Market Development

The IA strives to integrate Hong Kong into national development and reinforce the city's status as a global risk management hub. Our Market Development Section has built networks, gathered intelligence, and identified opportunities.

Integrating into National Development

Unilateral Recognition Policy ("URP") for Cross-boundary Motor Insurance

- A total of 22 Hong Kong insurers offered URP products.
- We reached an agreement with the National Financial Regulatory Administration, Guangdong, which permitted Hong Kong insurers to issue independent own-damage policies to add on the compulsory motor insurance required by the Mainland.

Innovative Products Dovetailing Annuity Plans with Elderly Care Facilities in the Greater Bay Area ("GBA")

- The IA encouraged Mainland insurers with requisite experience to make innovative products that dovetail annuity plans with elderly care facilities in the GBA available in Hong Kong.

Promoting Competitiveness

Company Re-domiciliation Regime

- We actively facilitated the legislative process of a company re-domiciliation regime and issued a circular providing guidance on the related requirements and procedures.

Indexed Universal Life Insurance ("IUL") Products

- We promulgated a joint circular with the Hong Kong Monetary Authority to clarify regulatory expectations on IUL products for professional investors.

Reinforcing Status as a Global Risk Management Centre

Insurance-linked Securities ("ILS")

- The IA facilitated more catastrophe bond issuances in Hong Kong, including repeated issuances by the World Bank and a local professional reinsurer.
- The Pilot ILS Grant Scheme was extended for three years up to 2028.
- We hosted another ILS Conference, gathering more than 100 institutional investors and professional service providers from around the world.

Reinforcing Status as a Global Risk Management Centre (continued)

Captive

- The IA granted authorizations to two new captive insurers up to August 2025.
- We hosted the second Captive Forum in Beijing, attracting some 50 diverse stakeholders.
- We moderated a breakout session at the Belt and Road Summit to delve into the role of captive insurers in supporting multilateral infrastructure projects.

Marine Insurance

- We granted authorization to one more leading Protection and Indemnity Club.

Reinsurance

- We granted authorization to a Hong Kong-based professional reinsurer to expand its business to cover long term risks.
- Preferential treatment for eligible professional reinsurers in Hong Kong was formalised by the National Financial Regulatory Administration as a long-term measure.

Unleashing Social Value of Insurance

Climate Risk Management

- We fostered industry collaboration with local academia to conduct a project to enhance climate risk modelling and assessment capabilities.
- We organised a workshop with the Development Bureau and the Hong Kong Federation of Insurers ("HKFI") to promote usage of government spatial data.

Qualifying Deferred Annuity Policy ("QDAP")

- We facilitated the launch of 23 QDAP products by 19 long term insurers, contributing up to HK$25 billion in annualised premiums.

Study on Mental Health and Insurance in Hong Kong

- We conducted a study on common mental health conditions and insurance, with the findings now being finalised.

Holistic Review on Medical Insurance

- We commenced a review on the medical insurance business.

Insurtech

Cyber Resilience Assessment Framework ("C-RAF")

- The revised Guideline on Cybersecurity (GL20) took effect in January 2025, providing insurers with the C-RAF to assist them in evaluating risk exposure and addressing vulnerabilities.

Insurtech (continued)

Fintech & AI Industry Survey

- We conducted an industry survey to gauge the readiness of insurers in adopting Artificial Intelligence ("AI") to inform regulatory changes.
- We developed the AI Cohort Programme to boost camaraderie within the insurance industry.

Federated Learning

- We completed the technical development phase of a research project on Federated Learning in partnership with the Hong Kong Applied Science and Technology Research Institute, involving platform establishment and model validation for proof-of-concept insights.

Open Application Programming Interface ("API")

- We continued our partnership with the Hong Kong Science and Technology Parks Corporation to showcase practical use cases following the launch of the Open API Framework.

Green and Sustainable Finance

Cross-sector Co-operation

- We continued to contribute as a member of the Green and Sustainable Finance Cross-Agency Steering Group ("CASG") to promote sustainability disclosure and support transition finance.
- The IA actively took part in IAIS's Climate Risk Steering Group deliberations.

Industry-wide Green Efforts

- We maintained a close dialogue with HKFI's Task Force on Green Insurance.

Asian Insurance Forum ("AIF") 2024

- Themed "Rising to the Challenge amidst Global Volatility", the AIF 2024 drew record-high participation of over 2,400 in-person and online attendees from Hong Kong and beyond, with discussions focused on trending insurance topics.

Nurturing Talents

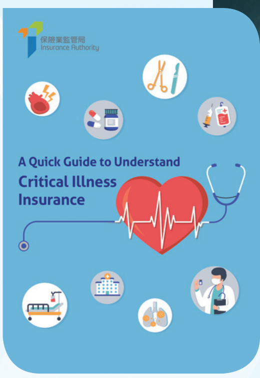
- The IA remained steadfast in supporting initiatives that promote the development of green and sustainable finance go-getters and Fintech talents.
- We teamed up with fellow financial regulators to establish the Hong Kong Academy of Finance and conceive the Financial Leaders Programme.

Public Education

The IA strives to attain a high level of transparency and raise public awareness of our work and functions through a variety of communication channels.

- We actively engaged with the media and members of the public through four media briefings and events, ten interviews, five blog articles, 86 press releases, and 106 LinkedIn posts.
- A thematic campaign targeted at Chinese Mainland Visitors was launched to help safeguard their interests if considering Hong Kong insurance products.
- Public education campaigns on critical illness insurance and QDAPs were rolled out respectively, comprising initiatives across online and offline channels.
- We launched a new youth engagement initiative targeted at tertiary students, featuring popular singers in campus outreach and an online campaign to share concepts of lifetime risk management and the importance of insurance.
- We published two editions of our periodical, Conduct in Focus, to provide information on regulatory matters and trending issues.

The IA actively engages with media to convey key initiatives and updates to the public



Public education campaigns to share tips on critical illness insurance and promote QDAPs

"Seven Key Points to Note When Taking Out Insurance in Hong Kong" thematic campaign targeted at Chinese Mainland Visitors

New youth engagement initiative to raise awareness of risk management and insurance among tertiary students

The IA is set to host IAIS's annual flagship event in 2026 and welcome hundreds of delegates from around the world

Stakeholder Engagement

The IA actively engages with diverse stakeholders and fosters relationships locally, nationally, and overseas to drive policy development and legislative reforms.

The IA holds a Future Task Force meeting to discuss Fintech issues and regulatory developments

An IA delegation visits the Bermuda Monetary Authority

IA Chairman Mr Stephen Yiu (left) visits Mr Xia Baolong (right), Director of the Hong Kong and Macao Work Office of the Communist Party of China Central Committee and the Hong Kong and Macao Affairs Office of the State Council, in Beijing

IA CEO Mr Clement Cheung attends the 19th Asian Forum of Insurance Regulators Annual Meeting and Conference in Nepal

The 24th Joint Meeting of the Insurance Regulators of Guangdong, Hong Kong, Macao and Shenzhen

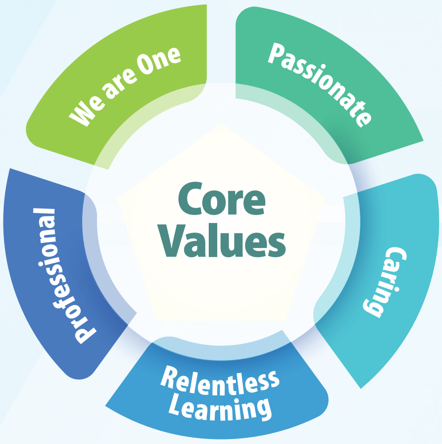
The IA leads a delegation from the Hong Kong insurance industry to Beijing to meet senior officials of the National Financial Regulatory Administration

Corporate Development

Our Organisation

The IA is governed by a Board consisting of a Chairman, Non-Executive Directors, and Executive Directors, all appointed by the Chief Executive of the Hong Kong Special Administrative Region. With our multidisciplinary team of around 350 staff from the regulatory and insurance sectors, we strive to foster a corporate culture characterised by empathy and dynamism. We are committed to the development of our staff members' capabilities and an ongoing learning environment.

Corporate Culture



Our Staff

- **357** staff members
- **61%** female, **39%** male
- **50%** of staff in senior management roles are female
- **41** Average age
- **91%** hold a Bachelor's or higher degree
- **53%** hold professional qualifications

Financial Position

As an independent financial regulator, the IA continues to exercise prudent financial management to ensure resources are deployed efficiently in carrying out our statutory functions and regulatory activities. For 2024-25, income and operating expenditure were HK$537.8 million (2023-24: HK$526.6 million) and HK$544.3 million (2023-24: HK$505 million) respectively, resulting in a deficit of HK$6.5 million (2023-24: surplus of HK$21.6 million). The accumulated deficit of HK$327 million was met by the Government's capital grants totalling HK$953 million.

Major Environmental, Social and Governance ("ESG") Initiatives

Environmental	Social	Governance
Promoting green and sustainable finance	Organising volunteering and fundraising activities to promote caring for the underprivileged	Most members of the Board are Non-Executive Directors, offering insights from their diverse professional expertise
Fostering a green workplace via recycling, reducing energy and paper consumption, and green procurement	Prioritising staff well-being in building our corporate culture	Corporate plan and budget reviewed by the Financial Secretary
Appointing a consultant to verify our greenhouse gas emissions and environmental performance	Committed to staff training and development. Total training hours reached 18,766 for 2024-25	Independent checks and balances[2]

[2] The Ombudsman, Insurance Appeals Tribunal, Process Review Panel for the IA

Hong Kong Insurance Market

HK$637.8 billion total gross premiums[3]

1st in the World for insurance penetration[4]

2nd in the World for insurance density[4]

6 of the top 10 insurers in the world authorized to conduct business in Hong Kong[5]

3 out of the 5 Internationally Active Insurance Groups ("IAIGs") in Asia (ex-Japan) under Hong Kong's Group-wide Supervision framework

IA Activities

Supervision of Insurers and Intermediaries

157
authorized insurers

3
Internationally Active Insurance Groups

Attended
25
supervisory college meetings

Conducted
37
on-site inspections of authorized insurers

118,406
licensed insurance intermediaries

Processed some
178,000
applications for new licences, renewal of existing licences, and updating of details[6]

Conducted
11
on-site inspections of insurance broker companies,

resulting in more than
80
findings that required remedial actions

---

3 Based on provisional market statistics between 1 January 2024 and 31 December 2024. Details of industry statistics (long term business and general business) can be found on the IA website.
4 Swiss Re Institute sigma No 2/2025.
5 Fortune Global 500 list in 2025.
6 Includes applications for new licences, renewal of existing licences, updating of details for existing licences, and termination of appointments.

Enforcement[7]

Cases brought forward from the previous reporting year	209
New cases opened	83
Total number of cases	**292**

Cases closed	125
Ongoing cases	167
Total number of cases	**292**

Enforcement Actions

	No. of Cases[7]	No. of CPD Non-Compliance Cases
Disciplinary Action	50[8]	233
Criminal Conviction	1	–
Pecuniary Fine Imposed	HK$23,049,000	HK$619,500

Compliance Advice Letters and Letters of Concern[9]

108 Compliance Advice Letters

55 Letters of Concern issued

Cases Inherited from the Former Self-Regulatory Organisations ("SROs")[10]

280 cases received

277 cases closed[11]

[7] Cases involving non-compliance with CPD requirements are excluded.
[8] Includes one case pending review by the Insurance Appeals Tribunal during the reporting period.
[9] The figures are the total number of letters issued by the Conduct Supervision Division and Enforcement Division.
[10] The Hong Kong Confederation of Insurance Brokers, Professional Insurance Brokers Association, and Insurance Agents Registration Board established by the Hong Kong Federation of Insurers.
[11] The three outstanding cases are inter-related and are currently undergoing external review.

Complaint Handling[12]

Cases brought forward from the previous reporting year	280
New cases received	1,066
Total	**1,346**
Cases closed	968
Referrals to the IA's Enforcement Division or Conduct Supervision Division	32
Ongoing cases	346
Total	**1,346**

[12] Excluding self-reported cases from insurers and insurance intermediaries.

Market Development

Insurance-linked Securities ("ILS")

Total ILS issuances involving

HK$6.2 billion since the launch of a bespoke regulatory regime for ILS business in 2021

Indexed Universal Life Insurance ("IUL")

As of August 2025,

6 insurers in Hong Kong provided IUL products for professional investors since the issuance of the joint circular by the IA and the Hong Kong Monetary Authority

Insurtech

Sandbox pilots approved

43

Sandbox applications concerning virtual on-boarding

25

Unilateral Recognition Policy ("URP") for cross-boundary motor insurance

22 insurers in HK provided URP products,

accounting for

90% of the motor insurance market

Market Outreach

More than

30 outreach meetings with industry stakeholders arranged

THE INSURANCE AUTHORITY ANNUAL REPORT 2024-25

Full Report

Video

Feedback Form

FOLLOW US

www.ia.org.hk

Insurpedia 蓋世保鑑

Insurance Authority