

**The Inaugural Harbour Summit — InsurTech and Health
Innovations**

首屆海港論壇—保險科技與醫療創新

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**“Insurtech: Now and the way forward” by
Dr Moses Cheng, Chairman, Insurance Authority**

Distinguished guests, ladies and gentlemen. Good morning.

I am most delighted to join you here this morning at the Harbour Insurance Innovation Summit 2017. It is exciting to see participants from different background joining together to explore new applications and integration of technology in the insurance industry.

I read in the Forbes Magazine last year the following passage written by Vladislav Solodkiy:

“Today’s consumers want to be able to get educated, get a quote and buy a policy from the comfort of their home or car via smartphone in less than 15 minutes. Just as fintech is transforming the banking world, ‘insurtech’ has set its sights on the insurance industry.”

While we are witnessing how technology could reinvent insurance, I am extremely excited to learn that insurance companies and technology companies are competing to bring in new Insurtech applications and

improvements to the existing infrastructure and business processes. When I look through today's agenda, I notice that Insurtech is increasingly connected with health management. Insurance companies are not only playing the role of risk transferees for policy holders, but also that of partners in their health management. It is quite common nowadays for insurance companies to engage their customers through wellness programme, using connected devices to collect activity and health-related data of the insured. The promotion of wellness programme would not only encourage policy holders to adopt healthy lifestyles and help insurance companies improve their underwriting results, but also serve to improve customer experience and foster closer, interactive long-term relationship between the insurers and their customers.

With technology, some insurance companies can also use data-driven algorithmic pricing and automated underwriting to extend insurance coverage to people with chronic diseases such as HIV and diabetes. The new data-driven approach pushes the boundaries of Insurtech by reaching those who were previously considered uninsurable. Take diabetes as an example, according to the Hospital Authority's statistics, there are currently some 700,000 people suffering from diabetes in Hong Kong, representing about 10% of the total population. This means that in every 10 people in Hong Kong, there is one person suffering from diabetes. The number is expected to increase significantly in the coming years.

In the past, diabetes patients would face great difficulties in getting medical insurance, and even if they could get insurance coverage, they would be

charged a premium loading because insurance companies need to charge high premiums to mitigate risks. Now insurance companies can partner with technology companies to develop mobile apps to gather and utilise customers' blood sugar level data, to keep track and analyse their data, and share it instantly with a team of medical professionals for personalised medical follow-up. I am sure Professor Juliana Chan¹ and the other speakers will share with you more insights on how technology could help patients in managing and controlling diseases.

To facilitate insurance companies to move fast in Insurtech applications, the Insurance Authority introduced two new initiatives in late September this year to promote the development of Insurtech in Hong Kong, namely, the Insurtech Sandbox and the Fast Track applications for authorisation of new insurers owning and operating solely digital distribution channels.

The Insurtech Sandbox provides a platform for insurance companies to obtain real market data and information of user experience in a controlled environment before making a formal market launch extensively. Technology companies can partner with insurance companies to make use of this Sandbox platform to test their innovative solutions. We have so far received some 15 enquiries relating to the Sandbox and held several meetings with potential applicants. While no formal application has been submitted yet, we expect one or more Sandbox trials being launched in the first half of 2018.

¹ Prof Juliana Chan (陳重娥教授), Department of Medicine & Therapeutics, CUHK, spoke on “醫療健康與科技發展” at the Inaugural Harbour Summit.

For the Fast Track, we provide a dedicated queue to expedite and streamline the whole authorisation process. We believe this would encourage insurance companies and technology companies to develop customised insurance products which would be simple and manageable to be sold through online or mobile apps, so as to enhance customers' experience and satisfy their needs. We have received some 30 enquiries about the Fast Track. One or two applications are likely to be formally submitted soon.

Ladies and gentlemen, the Insurtech world is forever changing and is changing fast. Both the industry and the regulator have to be agile enough to drive change and embrace innovation for the sustainable development of the insurance industry. Technologies aside, we must invest in people. I firmly believe that focusing on talent development is on the right track of enabling the sustainable growth of the industry. The Government launched the three-year Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector in 2016. Some \$50 million funding was dedicated to the insurance sector to roll out a series of education and training programme which have been well received. As the Chairman of the Insurance Authority, I am also working closely with the fellow regulators on a proposed initiative in nurturing talents for the financial industry. Pardon me for not being able to reveal more details to you today as the idea is still in a preliminary stage. Trust me that we will share with you more about the thinking in due course.

Professor Matthew R Evans, Dean of Science of The University of Hong Kong, wrote in “Growth Engine” published in the South China Morning Post on 27 May 2017 :

“The world around us is changing very fast. There are huge changes in technology occurring almost daily, opportunities and hazards emerge frequently.”

Ladies and gentlemen, ahead of us are ample challenges and opportunities brought about by the rapid development of new technologies. I believe in the days to come we shall see more collaboration between insurance companies and technology companies to come up with innovative solutions to our modern day problems. It is through such close collaboration that would bring about growth and development of the insurance industry. The Insurance Authority would be proud to serve as in the capacity of the facilitator to link the insurance industry and the technology companies. In closing, may I thank the organisers for bringing everybody together in this summit and may I wish you all a very successful and fruitful sharing and deliberation in this Summit.

Thank you very much.