

# Insuring an Auspicious Start to the Winning Side of 2018

A Presentation to the Asia Insurance Review  
5<sup>th</sup> Asia Investment Management Summit for Insurance

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**30 November 2017**

# Key Mission of Insurance Authority

- To facilitate sustainable development of the insurance industry
- To protect policy holders with a modernised regulatory infrastructure

# Key Statutory Functions

Regulate and supervise  
insurers and insurance  
intermediaries

Promote proper  
conduct and practices

Conduct studies,  
consider and propose  
related law reforms

Revise and propose  
reforms of the  
regulatory system

Facilitate sustainable  
market development  
and promote  
competitiveness of the  
industry

Engage with the public  
for better  
understanding of  
insurance products and  
the industry

# Risk-based Capital Regime (RBC)

RBC will enhance risk management capability and capacity of insurers and protect policy holders' interests



**Risk Sensitive  
Approach**

**Improve Protection  
for Policy Holders**


**Maintain Global  
Competitiveness**

# Yield versus Risk



A word cloud containing various investment-related terms. The most prominent words are 'Responsible Investment', 'Blockchain Technology', 'Green Bonds', 'Insurance', and 'Alternative Investments'. Other visible terms include 'ESG', 'GCC Bond', 'Yield', 'Liquid Investments', 'InsurTech', 'Equities', 'Investment', 'Asset Allocation', 'Real Estates', 'Asset Securitisation', 'Maximizing Returns', 'Digital Trust', 'HK-China Stock', 'Fixed Income', and 'Traditional Assets'.

Investment managers should exercise due care and diligence in the selection of investments.



A diagram of a balance scale. The left pan is higher and contains the text 'HIGH YIELD'. The right pan is lower and contains the text 'LOW RISK'. The scale is tilted towards the right, indicating that low risk is associated with high yield.

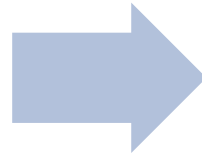
**HIGH  
YIELD**

**LOW  
RISK**

# Risk-sensitive Approach

## Existing Solvency I-based Framework

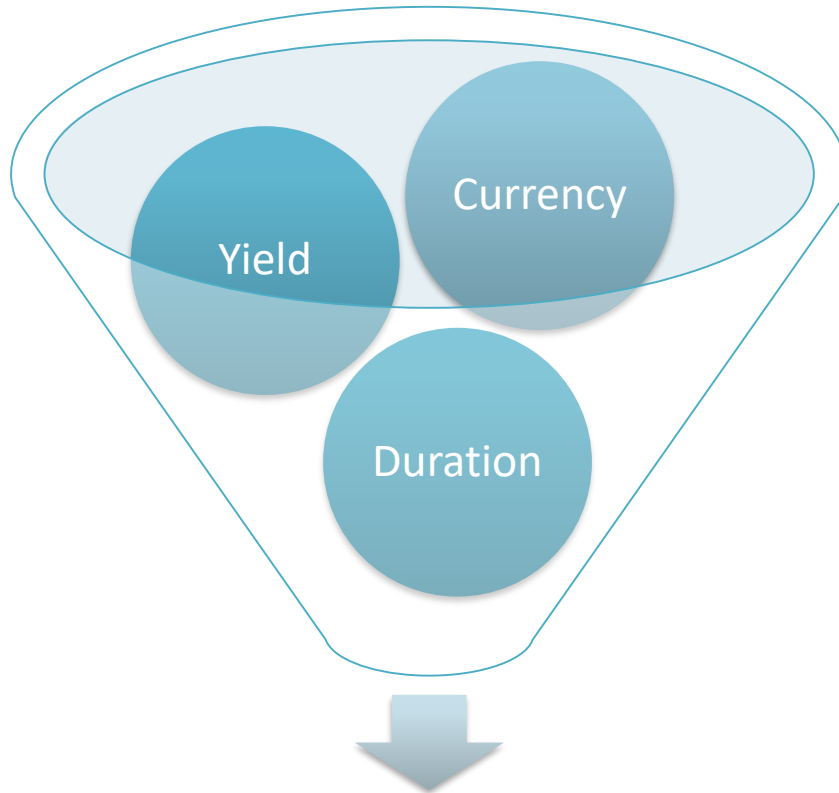
- Solvency margin requirements are determined as a percentage of insurers' liabilities.
- Does not fully reflect the risk profile of the insurer.
- Creates undesirable volatility to the solvency position.



## RBC Framework

- Solvency requirements reflect the riskiness of investments.
- Encourages better due diligence on investments and ALM.
- Provides a holistic view to quantitatively evaluate assets and liabilities on a consistent, comparable, economic value basis.

# Asset-Liability Management



High demand on  
HKD bonds and  
activate HKD bond  
market



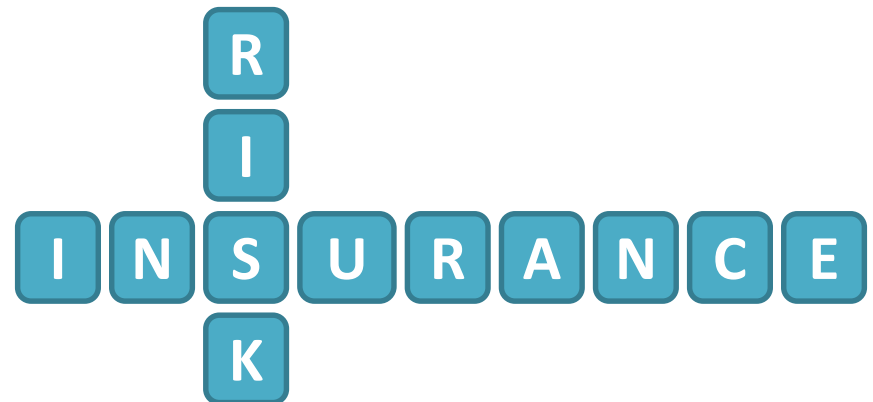
More active ALM to manage  
mismatch risk

保險業監管局  
Insurance Authority

# Improve Policy Holders' Protection



To protect the interests of policy holders while ensuring insurers remain solvent to meet its future obligations





# Maintain Global Competitiveness



**Consistent with global  
supervisory frameworks**

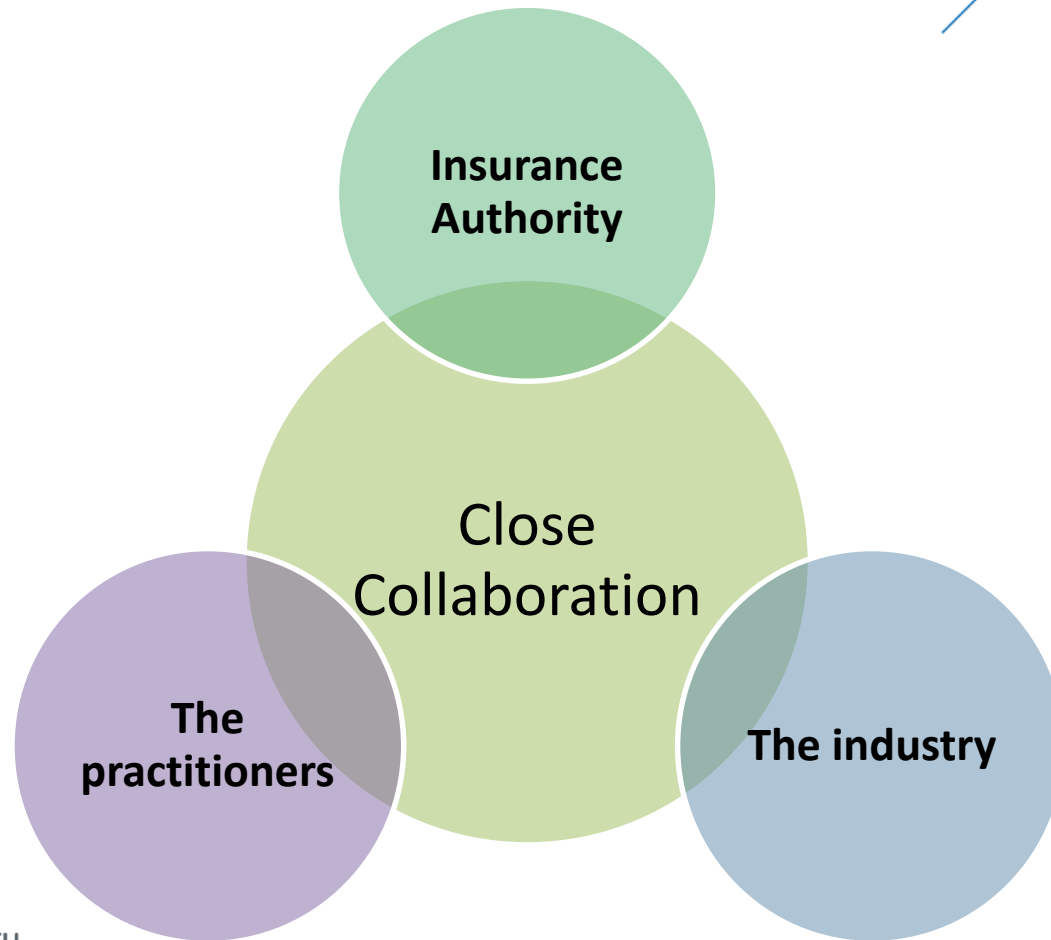
**Enhance HK regime's  
comparability with other  
jurisdictions**

**Facilitate the sustainable  
development of the HK  
insurance industry**

# IA promotes InsurTech

- ✓ “Sandbox” approach to promote technology application in the insurance industry
- ✓ “Fast track” for applications for authorisations of new insurers owning and operating solely digital distribution channels
- ✓ Insurtech Facilitation Team

# Future of insurance industry depends on...





保險業監管局  
Insurance Authority

thank you!