



# Insurance Summit 2023

## The Balancing Act of Promoting Market Development and Fulfilling Societal Needs

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**Mr Clement Cheung Wan-ching, GBS, JP**

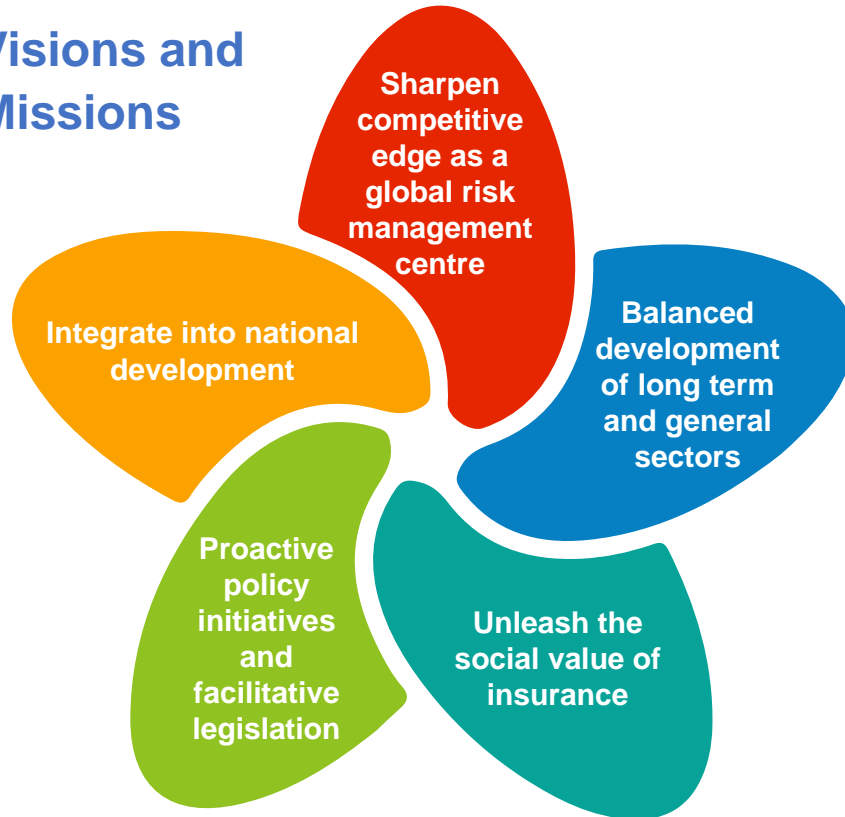
CEO of the Insurance Authority

24 November 2023

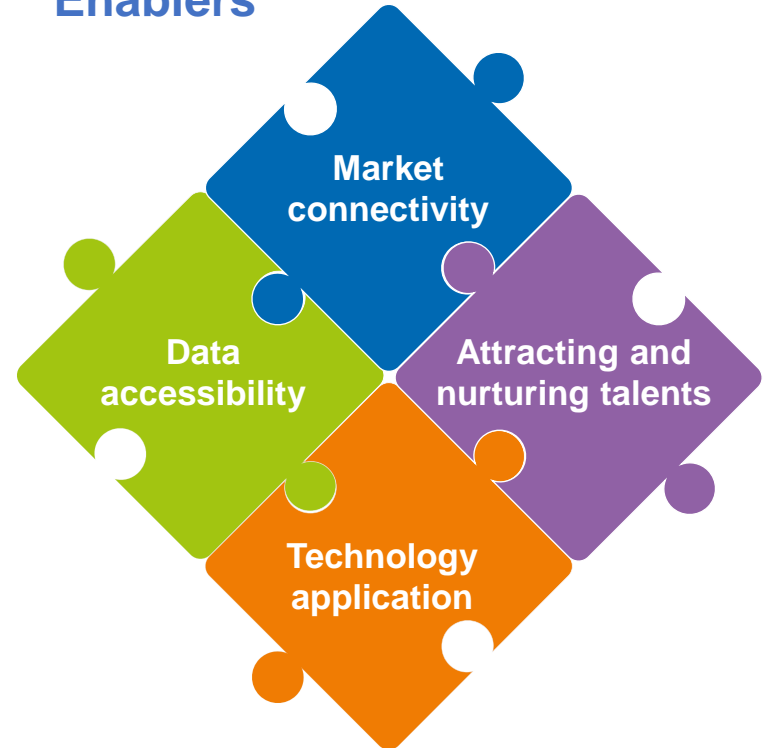


# Development Roadmap for the Insurance Sector

## Visions and Missions



## Enablers

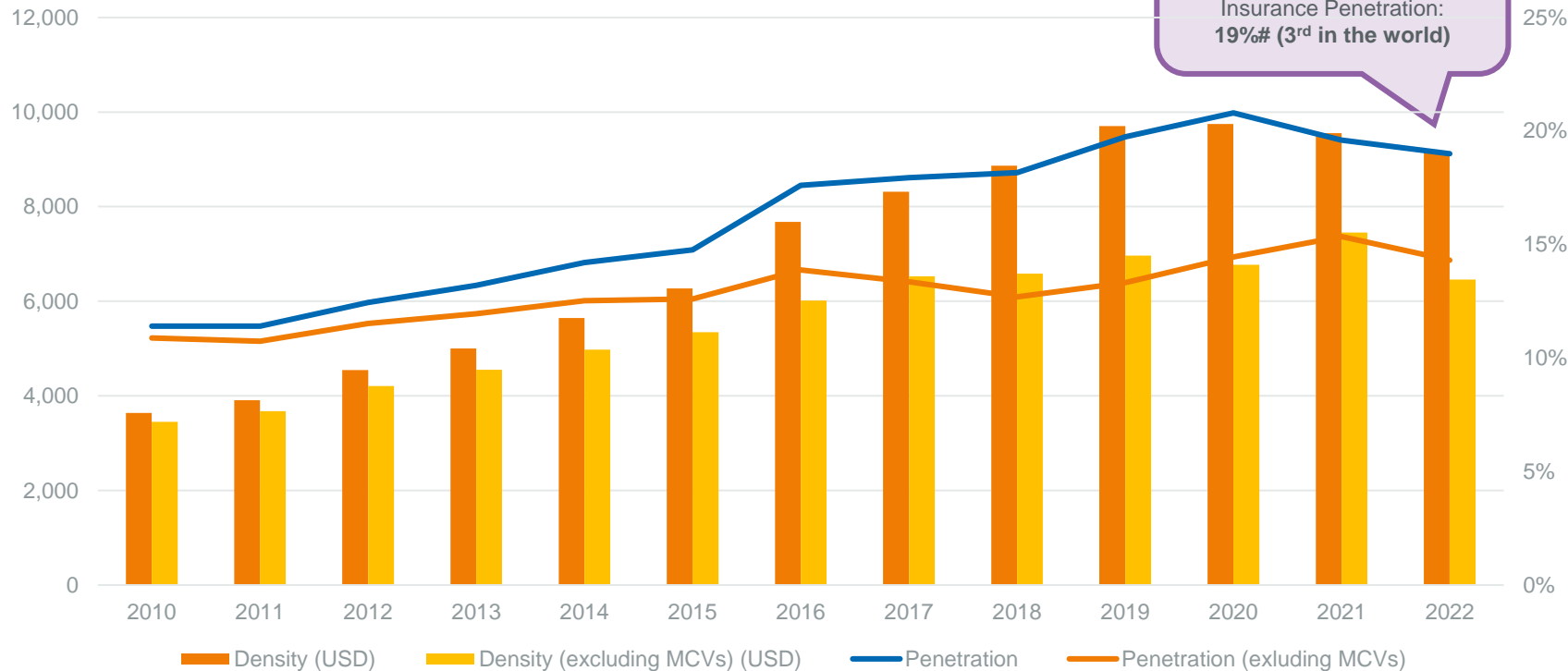


# Market Overview

## Industry Landscape

### Hong Kong's Insurance Market (2010-2022\*)

In 2022:  
Insurance Density:  
**US\$9,159# (2<sup>nd</sup> in the world)**  
Insurance Penetration:  
**19%# (3<sup>rd</sup> in the world)**



\* Based on IA provisional statistics  
# According to Swiss Re

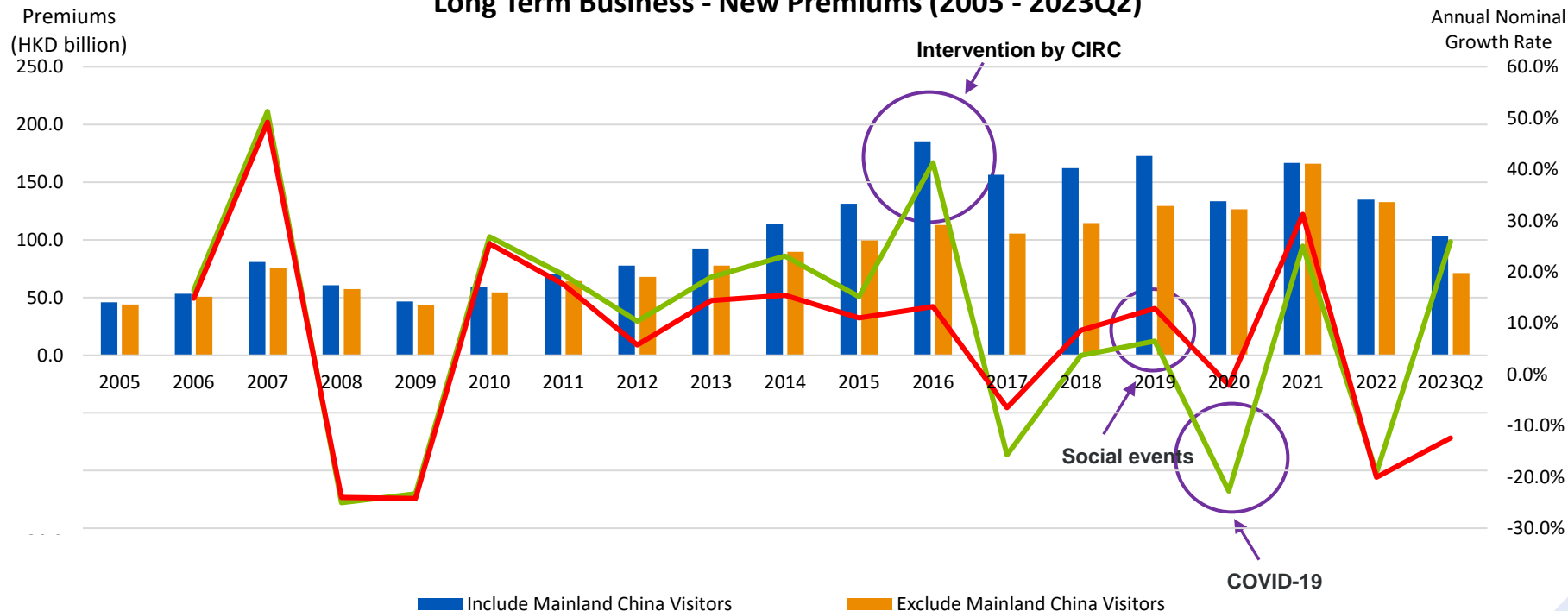
# Market Overview

## Long Term Business – New Premiums

Include Mainland China Visitors: CAGR b/w 2005 - 2022 = 6.5%

Exclude Mainland China Visitors: CAGR b/w 2005 - 2022 = 6.7%

### Long Term Business - New Premiums (2005 - 2023Q2)

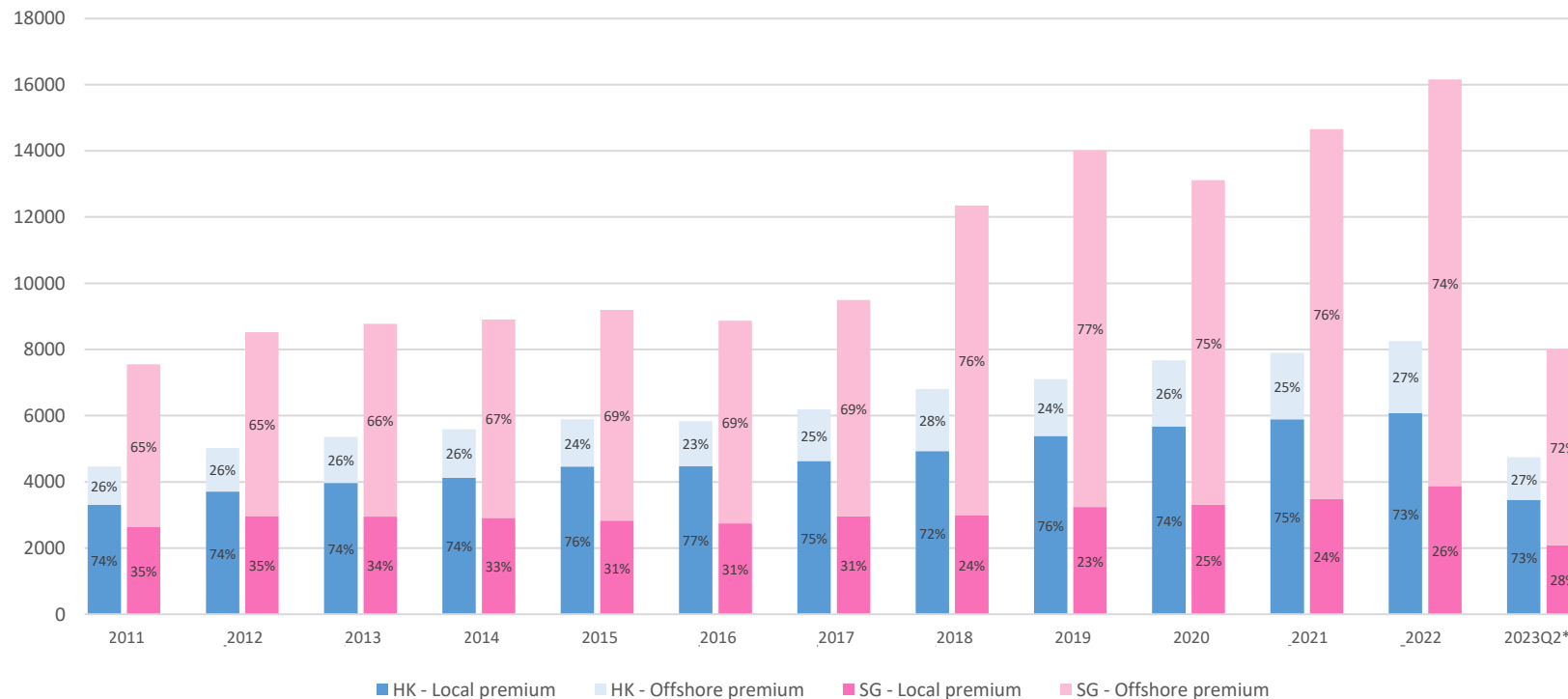


# Market Overview

## General Business – Comparison with Singapore

(US\$ million)

### Comparison of General Insurance Sector in Hong Kong and Singapore

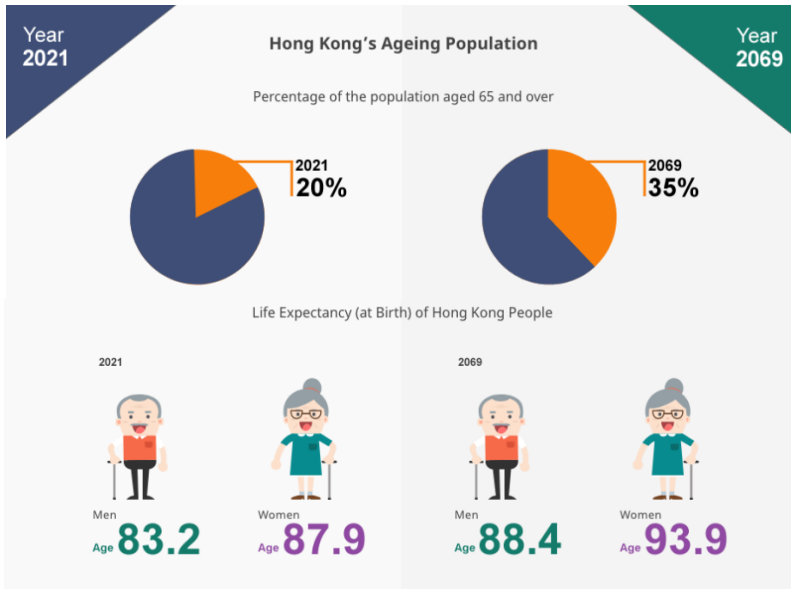


Source: Hong Kong Insurance Authority; Monetary Authority of Singapore

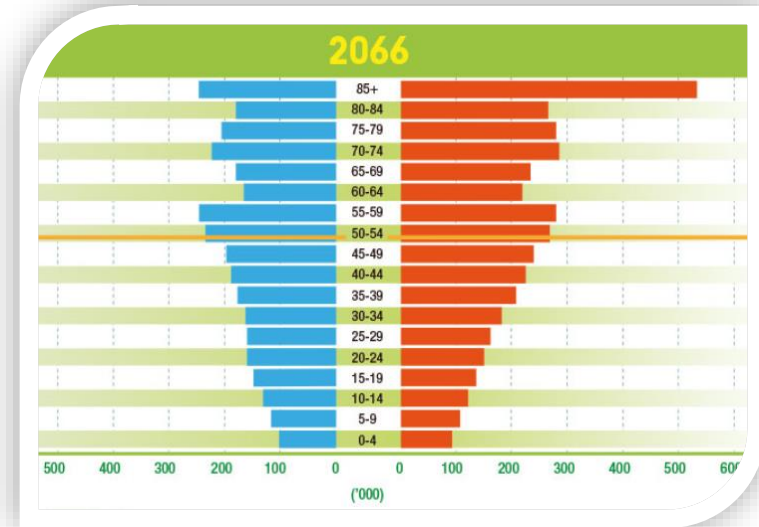
Note: For Hong Kong's statistics: direct business as local; reinsurance inward business as offshore. For Singapore's statistics: onshore direct gross premium as local; offshore insurance fund business (including direct insurer, reinsurers and captive insurers) as offshore

\* Provisional statistics

# Demographic Changes



Source: MPFA



Total mortality  
protection gap  
**HK\$6.9 trillion**

Protection gap  
per working adult  
**HK\$1.9 million**

**5.7 times** the weighed  
average annual  
income



## 合資格延期年金保單 Qualifying Deferred Annuity Policy

- More than 260,212 in-force policies
- Total annualised premiums of \$18.3 billion
- Average age of policy holders is 47 years old
- Average annualised premium of \$70,428 (higher than tax deduction amount)



## Protection Linked Plans (PLP)

- Embedded high mortality protection
- Low, simple and transparent fee structure
- De-risking towards retirement age
- 3 PLP have been launched since December 2021



## 自願醫保計劃 Voluntary Health Insurance Scheme

- A total of 1,129,000 policies issued as at September 2022
- 53% of policy holders are aged below 40 and 33% are aged below 30
- 32 insurers offering 425 certified products

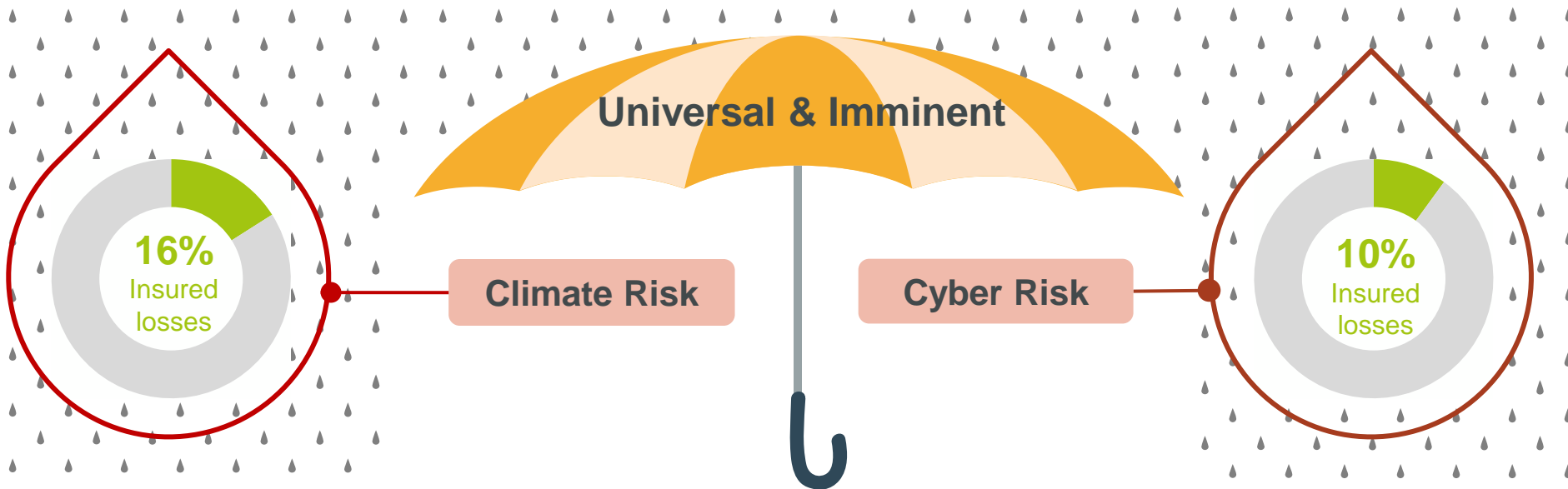
# Cross-boundary Collaboration

- Explore ways to make optimal use of extended care facilities available in the Greater Bay Area
- Satisfy the demand for retirement support among the local population
- Reduce the pressure borne by social and medical service providers in Hong Kong





# New and Emerging Risks



Widening protection gap



High growth & accelerated digitalisation



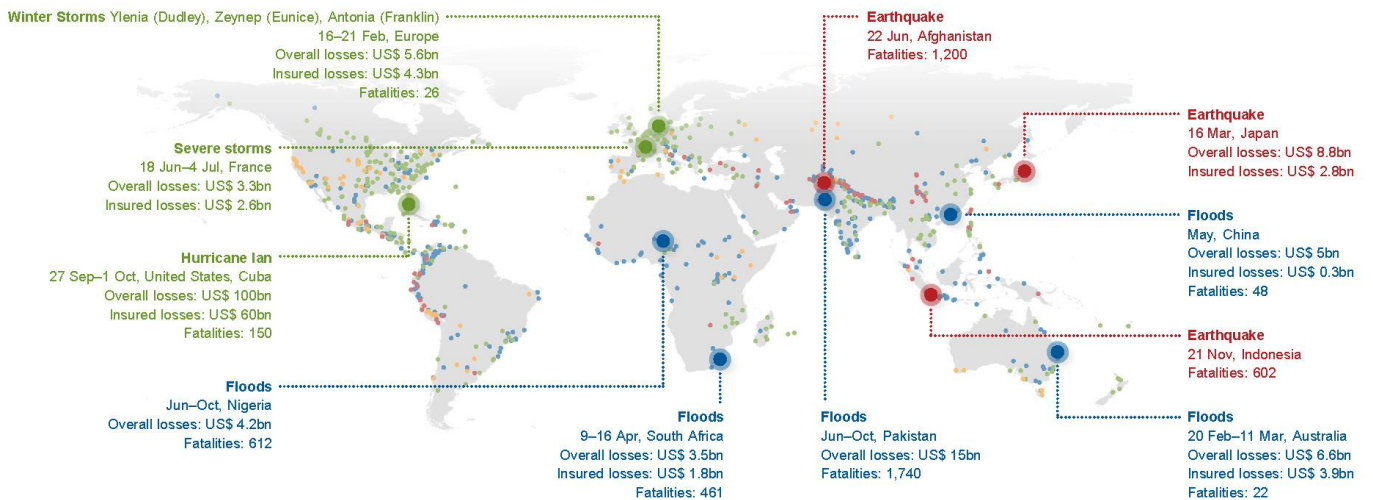
Frequency & intensity of Nat Cat events



Poor resilience and expanding vulnerabilities

# A Global Menace

## Total economic losses of US\$270B in 2022



 <p><b>Geophysical events</b> Earthquake, tsunami, volcanic activity</p>	 <p><b>Meteorological events</b> Tropical storm, extratropical storm, convective storm, local storm</p>	 <p><b>Hydrological events</b> Flood, mass movement</p>	 <p><b>Climatological events</b> Extreme temperature, drought, wildfire</p>	<p><b>Significant catastrophes</b> (based on the number of fatalities, overall and insured losses)</p> <p><b>All loss events</b> (based on property damage and/or fatalities)</p>
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Source: Munich Re, NatCatSERVICE, 2023

# Success Factors for Insurance-linked Securities Hub



**Government Support**



**Financial Infrastructure**



**Professional Talents**



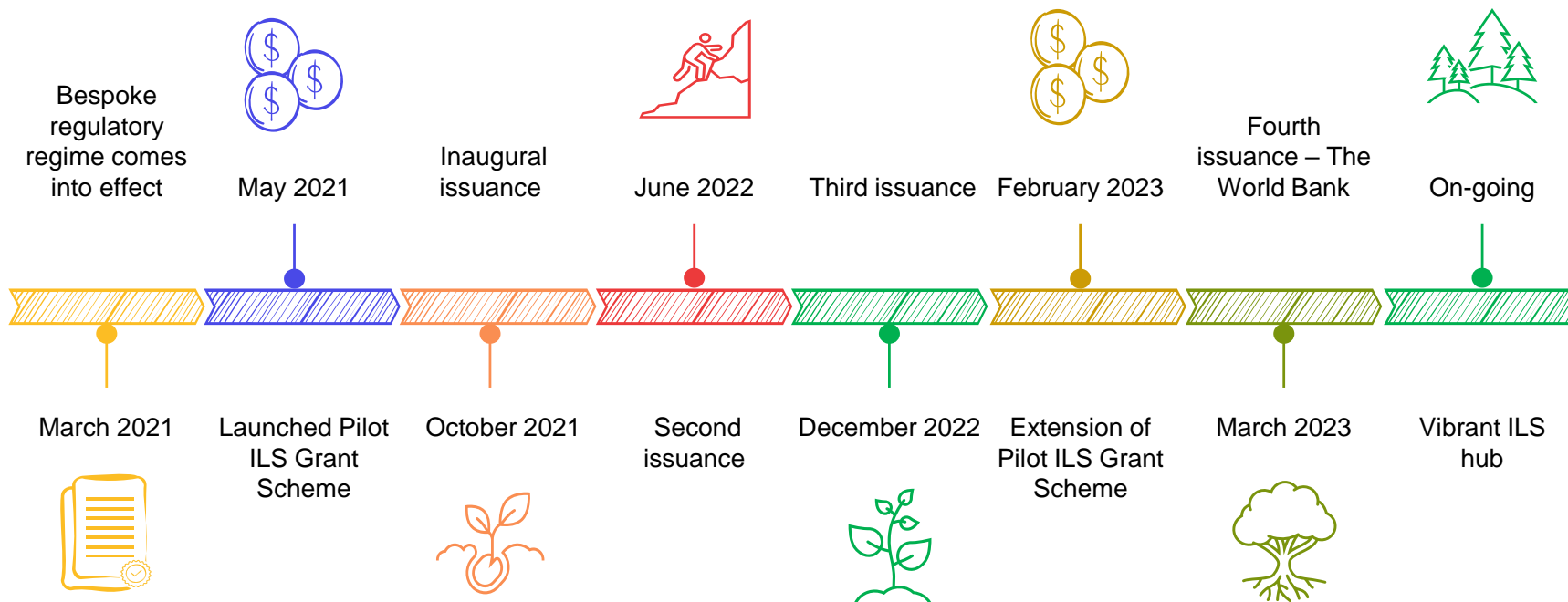
**Data Source**



**Risk Modelling**



# Milestone Achievements



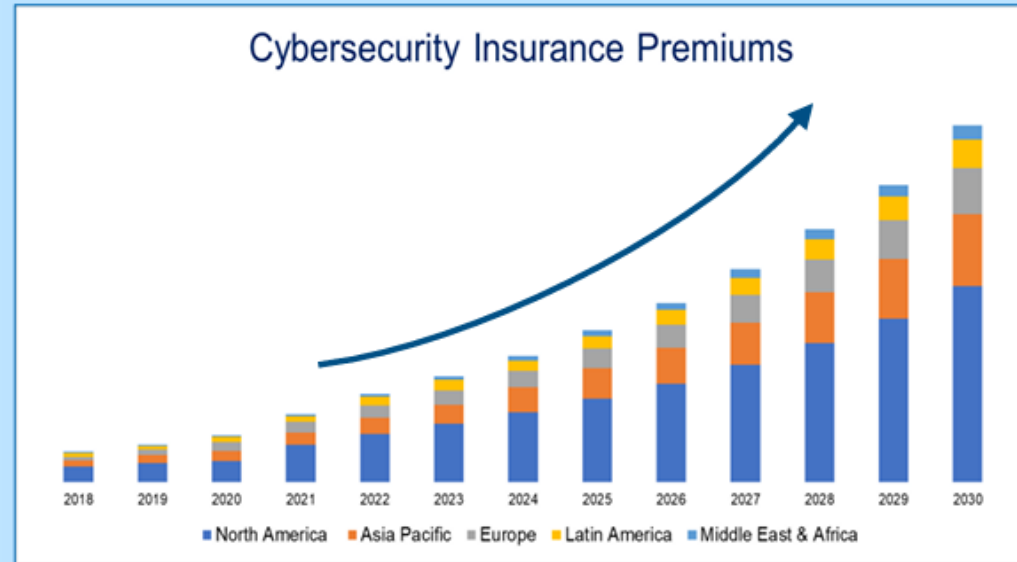
# Cyber Threats and Opportunities

## Situation in Hong Kong



Source: FSDC Paper No.49, HK Financial Services Development Council

## Global Cyber Insurance Market 2018 - 2030



Source: Polaris market Research Analysis (2022), Swiss Re Institute (2023)

# Evolution of Cyber Insurance



Evolving Coverage



Responsive Insurance Services



Pragmatic Risk Management Solutions



**Thematic Inspection on Compliance  
with CPD Requirements**



**Conduct Supervision on Insurers**



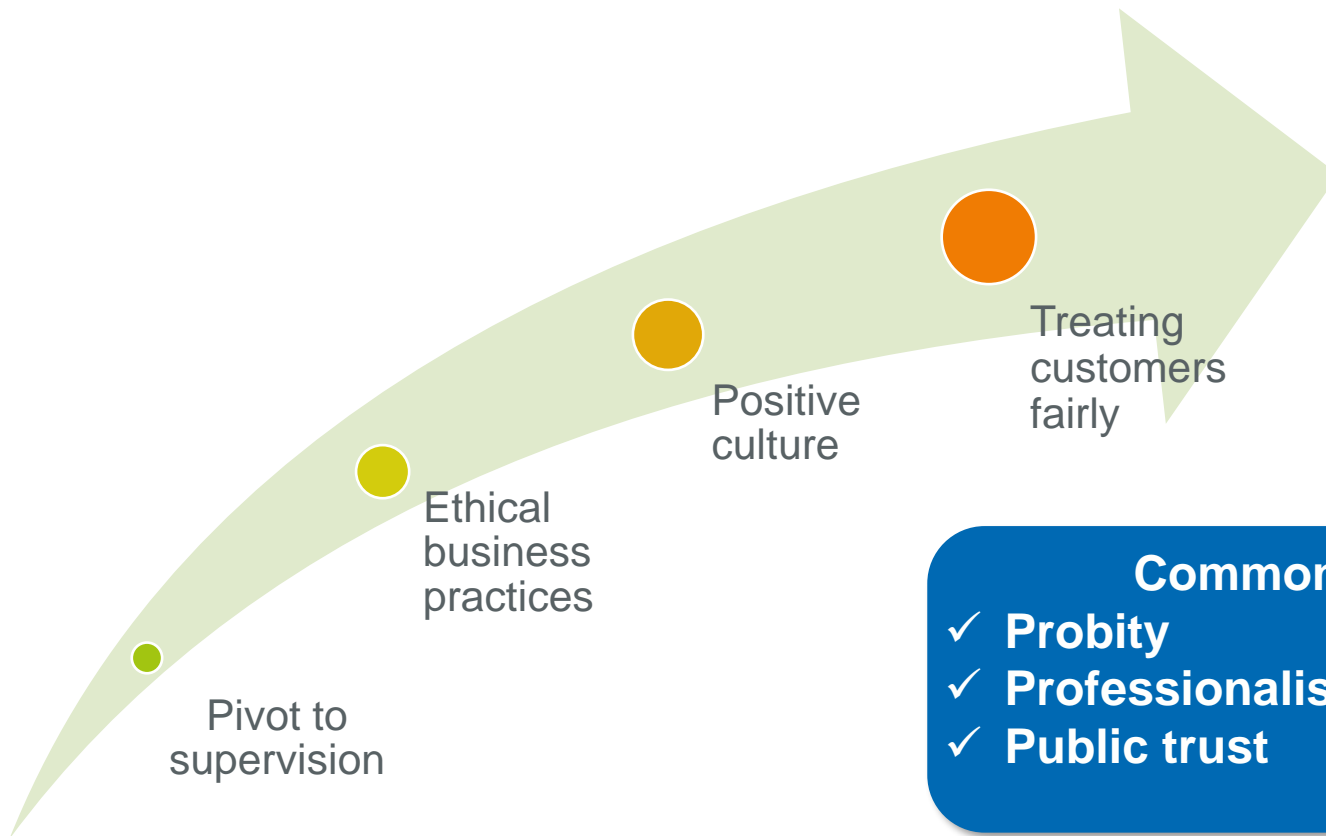
**Culture**



**Business  
operations**



**Internal  
controls**

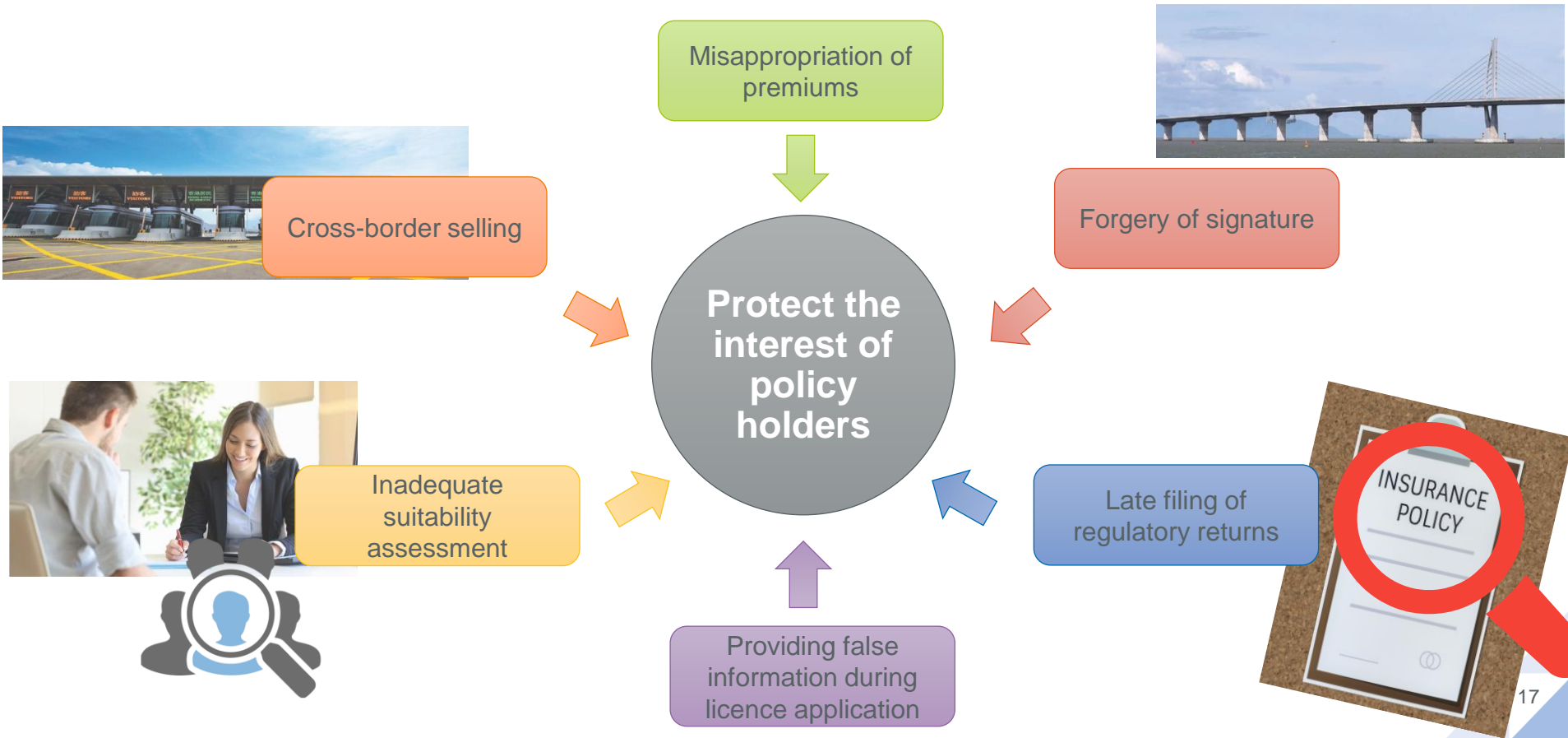


## Common Goals:

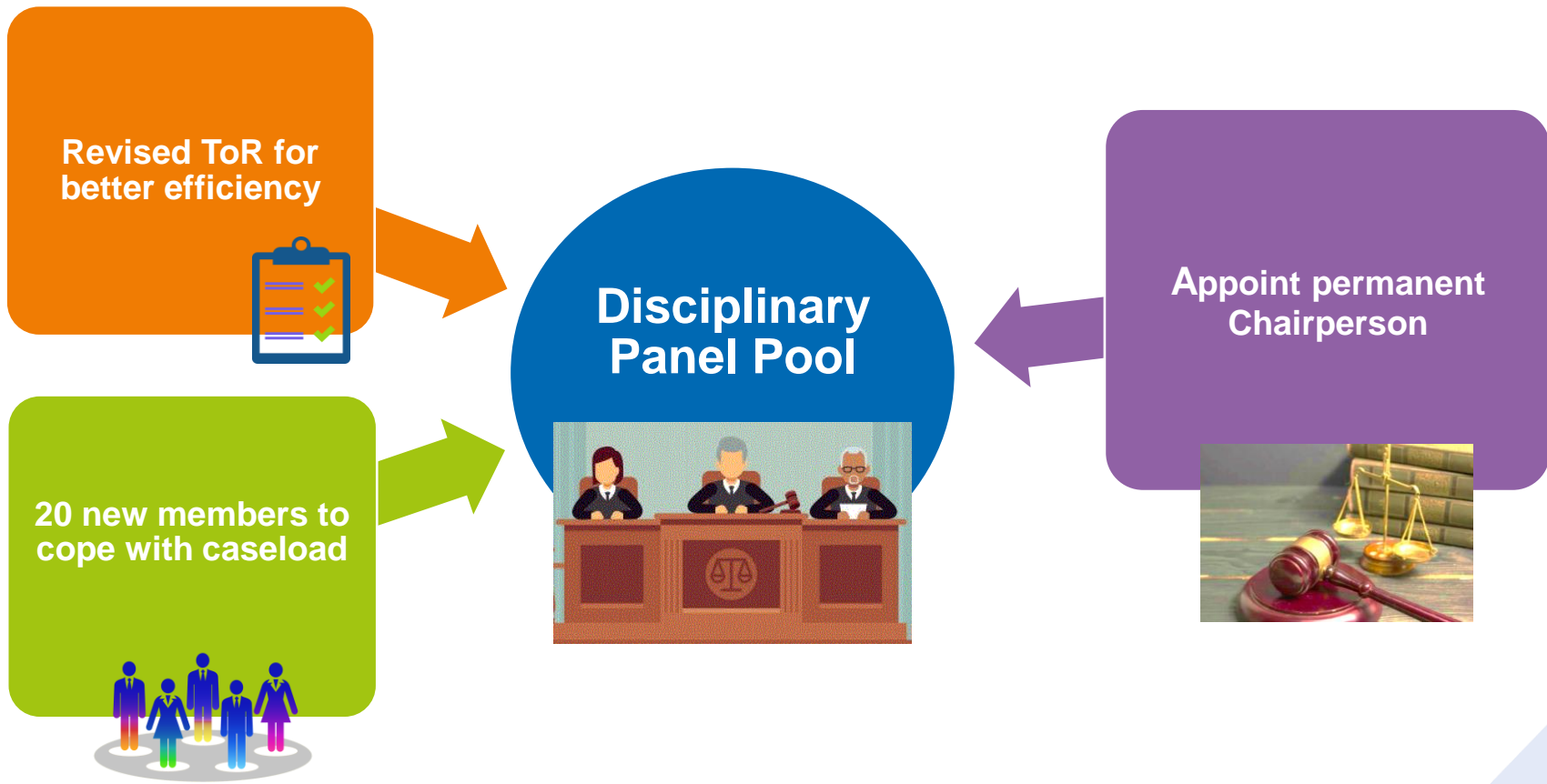
- ✓ **Probity**
- ✓ **Professionalism**
- ✓ **Public trust**



# Enforcement Priorities



# Disciplinary Mechanism



# Networking and Collaboration




MoU signed with ICAC on 26 October 2023




Experience sharing with Customs & Excise Department



# Thank You

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