

Opening Address by Mr Stephen Yiu, JP
Chairman of the Hong Kong Insurance Authority
at the CIB Annual Conference on 22 September 2025

“Confronting the Protection Gap - Addressing the Future Crisis”

Alex¹, Qianli², Adrian³, members of the Hong Kong Confederation of Insurance Brokers (“CIB”), friends and colleagues,

Good afternoon. It is my great pleasure to join you again at the annual conference of CIB. The fact that “protection gap” remains the central theme of this year’s conference and the addition of the words “future crisis” highlights the imminent threats posed by climate change, risks associated with misuse of emerging technology and a rapidly ageing population, all against the backdrop of insufficient insurance protection.

Insurance plays a pivotal role in addressing these challenges. The Insurance Authority (“IA”) has been advancing initiatives across multiple fronts to unleash the social value of insurance, aiming to narrow the protection gaps and deepen financial inclusion which are essential for sustainable market growth. Over the next few minutes, I would like to give a brief overview of our efforts and put things in perspectives.

¹ Mr Alex Yip, Chairman of CIB

² Mr Qianli Shi, Deputy Chairman of CIB

³ Mr Adrian King, Honorary Secretary of CIB

First and foremost, the increasingly frequent yet severe natural catastrophic events have led to substantial economic losses globally, with Asia suffering the highest protection gap. According to reports published by different reinsurers, about 40% of the global estimated economic losses from natural catastrophes were insured. The figure did not look too worrying on the surface. However, when we look at Asia alone, the coverage ratio dropped drastically to 15%, i.e. the protection gap amounts to 85%. More importantly, the natural catastrophe protection gap in our home country exceeded 90%⁴ in the past decade. Natural catastrophes may sound too distant from Hong Kong, but I am sure all of you would still vividly remember the four black rainstorm signals last month. The cumulative rainfall reached 940 millimeters, which could fill up to 25 600 Olympic swimming pools! While the claims data are yet to be available, I believe the amount would be substantial.

Is there a way to reduce our climate-related exposures? Insurance-linked Securities (“ILS”) have emerged as a promising alternative risk transfer tool. Leveraging our status as an international financial centre and our cultural and geographical proximity to Mainland China, Hong Kong has made significant strides in developing the ILS market. Since the introduction of a bespoke regulatory framework in 2021, Hong Kong has seen issuances of ILS amounting to US\$800 million. The increasing number of catastrophe bond issuances, underpinned by a broader spectrum of natural perils, underscores the vast potential of ILS market.

Looking ahead, the IA will continue to forge a holistic ILS ecosystem that embraces data harvesting, catastrophe modelling, product design, investor education and talent development. By tapping into the largely underserved natural catastrophe

⁴ Source: [Swiss Re](#)

risk pool in Asia-Pacific in general and the Mainland China in particular, Hong Kong, boasting both a sophisticated insurance sector and one of the strongest capital markets in Asia, is uniquely positioned to evolve into a prominent ILS domicile in the region. It is a blue ocean that our insurance brokers could not afford to miss. On top of our continuous efforts to engage prospective sponsors for new issuances, we also endeavour to explore facilitative policies on the demand side, with a view to building a more robust ILS investment and trading market.

Secondly, cyber threats have become an escalating peril in today's digital landscape, posing significant risks including financial losses, business disruption, reputational damage and sensitive data breaches. Indeed recent statistics show that cyber incident frequency in the Asia Pacific region was up 29% year-over-year and 134% over the last four years⁵. Emergence of technology like deepfake has amplified the threat. Last year, a UK engineering firm in Hong Kong fell victim to a deepfake scam and transferred USD \$25 million to fraudulent bank accounts. Strengthening cyber resilience has become more imperative than ever. Against this background, the IA has formulated the Cyber Resilience Assessment Framework which has come into effect since early 2025 to assist insurers in identifying and addressing vulnerabilities. We will also promulgate guidelines next year to provide regulatory guidance on the use of AI. While insurance brokers are not in scope for AI-specific requirements, they are encouraged to reference these guidelines for responsible AI adoption. I am sure all of you would be aware of the recent launch of the AI Cohort Programme. Insurance brokers can explore opportunities and gain practical insights on AI implementation by participating in solution-matching workshops and seminars. Meanwhile, my colleagues are working to enrich its

⁵ Source: [Aon's 2025 Cyber Risk Report](#)

coverage so that we can gather more industry leaders and active technology service providers to drive meaningful innovation.

The advent of the era of AI, combined with internet of things and new generation of communication technologies, cyber insurance has become a necessity in this post-modern world. Though not mandatory (yet), it is increasingly adopted as part of holistic risk management strategies to mitigate financial losses from cyber incidents. As cyber insurance is highly technical, there are plenty of rooms for insurance brokers to provide tailored advice and source bespoke insurance solutions for clients.

Finally, advance in medical technology and demographic shifts are intensifying longevity risks, widening the protection gaps. Globally the average percentage of people over 65 will double from 2015 to 2050⁶. While we take pride in hitting the world record with the longest life expectancy, Hong Kong situation is even more critical: Hong Kong citizens aged 65 and above are projected to account for 36% of the local population by 2046⁷.

Ageing population is an irreversible global change but the IA is determined to contribute to Hong Kong society's efforts in lessening the impact of this demographic shift. We have worked with the insurance industry to launch the Qualifying Deferred Annuity Policies ("QDAP") with tax-saving feature in 2019 to induce early retirement planning. So far, about 380 000 QDAP policies have been sold, generating total annualized premiums of about \$26 billion.

⁶ Source: [WHO](#)

⁷ Source: Census and statistics department

Retirement is not just about money but a healthy body and mind. We have thus encouraged insurers to introduce innovative products that dovetail annuity plans with elderly care facilities across the Greater Bay Area such that Hong Kong policyholders could gain access to quality elderly care services in Mainland cities after retirement without over worrying about the cost involved. But of course, this does not mean that we could lose sight of the medical inflation in Hong Kong. Hence, we have also kick-started a holistic review on medical insurance to ensure inclusive and equitable medical insurance coverage, hoping to bring about evolution of medical insurance products with boarder coverage, better affordability and wider accessibility. I believe our professional brokers have important roles to secure the most suitable medical insurance coverage for clients, especially high net worth individuals who would not compromise medical care quality with price.

Friends and colleagues, addressing protection gaps requires collaborative efforts. The IA will continue to leverage your expertise and steadfast support in navigating the challenges and pursuing opportunities for brokers across various fronts. My colleague, Clement Lau will delve deeper into these discussions in the closing panel discussion.

I wish you all a fruitful conference. Thank you.