

**Welcome Remarks by Mr Stephen Yiu, JP
Chairman of the Hong Kong Insurance Authority
at the Asian Insurance Forum on 8 December 2023**

“Striving for Enhanced Global Financial Stability and Resilience”

裴光局長¹, Mr Dixon², Dr Cheng³, friends and colleagues, ladies and gentlemen,

On behalf of the Insurance Authority (“IA”), I extend a warm welcome to you all to the sixth edition of the Asian Insurance Forum (“AIF”), our annual flagship event that began in 2018. My team told me that over 400 participants are here in person at the Hong Kong Convention and Exhibition Centre, while around 1,000 will watch the proceedings on-line. I understand that getting a ticket to be here today is very difficult, so I think we should be celebrating a record attendance and start searching for a bigger venue for next year. For those who came from overseas, I hope you have obtained a clear impression that Hong Kong is back in business.

For many people like myself born or raised in Hong Kong, 2023 is a year packed with bittersweet memories. We feel jubilant as our city is reopened and reconnected, and we rejoice for being able to engage in physical contact with friends and family. However, we must humbly learn from the pandemic how fragile and vulnerable even the most powerful nations are against Mother Nature, and we must carefully reflect on how priorities should be allocated in life. When the world is getting increasingly divergent and fragmented, we must also realise that problems and challenges faced by mankind cannot be successfully tackled without mutual trust and cooperation. We might live in different communities far apart, yet our future and even our very existence are inexorably intertwined.

¹ Mr Pei Guang (裴光), Director-General of the National Financial Regulatory Administration Guangdong Office (国家金融监督管理总局广东监管局局长)

² Mr Jonathan Dixon, Secretary General of International Association of Insurance Supervisors

³ Dr Moses Cheng, Founding Chairman of the IA

That said, things did turn brighter for the insurance sector. Benefiting from visitors from the Mainland, new office premiums of long term business surged by 31% to US\$18.8 billion in the first three quarters of this year compared with the same period in 2022. This trend is largely driven by demands accumulated over the past three years when passenger movement was effectively curtailed, further amplified by a sharp reversal of exchange rate movements and interest rate gyrations. Meanwhile, the Unilateral Recognition Policy for Cross-boundary Motor Insurance rolled out in July this year to complement the Northbound Travel for Hong Kong Vehicles has opened up room for innovative product design and distribution to meet prospective customer requirements. Response to the travel scheme is encouraging, and there are already calls for extra quotas and simplified application procedures.

The two observations that I made clearly showed that connectivity among the 11 cities located within the Guangdong-Hong Kong-Macau Greater Bay Area (“GBA”) should be stepped up at a much faster pace. Logistical preparations for the establishment of after-sale service centres are at a very advanced stage, and the IA is doing its utmost to facilitate progress. Initial thoughts are also being given to feasible options for cross-boundary selling of suitable insurance products, portability of medical records, dovetailing of social security systems and pooling of data for analytics. I am confident that breakthroughs will soon be made for residents to live, travel and work seamlessly within the GBA.

The theme chosen for AIF 2023 is “Striving for Enhanced Global Financial Stability and Resilience”, and we have incorporated into the visual design a taste of the Orient – bamboo (and finding a tie in green is quite difficult). The characteristics of bamboo are personified in the Chinese culture to be the symbols of purity, modesty, restraint and integrity. In case you are not aware, bamboo can also be used for medicinal purposes, as part of a healthy diet (not just for pandas) and as low-cost building material. It releases 35% more oxygen than tree and one hectare of bamboo forest can sequester 12 metric tons of carbon annually to slow

down global warming. The insurance industry shares many attributes of the bamboo like flexibility, resilience, strength, versatility and vitality, rendering it a reliable modulator that smooths out the undulations of an economic cycle and a powerful buffer that shields societies off the harm of natural or man-made perils.

Now, let me turn to our programme rundown today. This year we have replaced policy dialogues and fireside chats with keynote speeches and meticulously curated discussion panels. You will soon hear from a group of experts versed in capital markets, insurance, risk advisory and control, credit rating, asset management, standard-setting, academic research, banking and finance, corporate governance, sustainable investment, demographical dynamics and Web3 development.

Since Hong Kong should catch every opportunity to give full play to its role as a “super-connector” and “super value-adder”, the first panel discussion moderated by the Honourable Bernard Chan will study our advantages as a risk management centre. He will be flanked by speakers from the World Bank which recently issued the largest ever sovereign-sponsored catastrophe bond in Hong Kong, the regional chief of a broker company and two senior insurance executives. The Chief Executive will arrive at 11 a.m. and deliver the first keynote speech, then Dr King Au will lead the second discussion panel featuring Deputy Secretary General of the International Association of Insurance Supervisors (“IAIS”), an experienced asset manager, a credit rating specialist and the Chief Risk Officer of a major insurance group to probe into the heatmap of global financial markets.

During lunchtime, the Financial Secretary will deliver a second keynote speech on Hong Kong financial stability and resilience as a crucial aspect of Hong Kong and some observations on Hong Kong insurance industry development. Mr Jonathan Dixon, Secretary General of the IAIS, will then kick off the afternoon session with an update on major initiatives pursued by his team in Basel. I believe he would touch on some issues covered by us today such as climate change, digital transformation, operational resilience, financial inclusion, culture and

conduct, diversity, equity and inclusion (“DE&I”). The IA has been actively engaged in the relevant deliberations, and we have finished hosting a meeting of the Macroprudential Monitoring Working Group whose members are present among the audience today. Our relationship with the IAIS is meaningful and valuable, predicated on a common mission of developing fair, safe and stable insurance markets for the benefit and protection of policy holders.

After Jonathan has spoken, Professor Christine Loh will convene the third panel discussion that we co-organise with the Academy of Finance and take a deep dive into an area of growing public attention but which may not be well understood or appreciated – Environmental, Social and Governance and DE&I. Instead of embarking on a theoretical approach, Christine prefers to examine how these faddish concepts could generate value for business enterprises, be they large conglomerates or small corner shops. The final panel discussion moderated by Dr Norman Chan will guide our thoughts into a bright and exciting future where asset tokenisation, decentralised finance and smart contracting bring positive disruption to the traditional way of intermediation, settlement and supervision.

Ladies and gentlemen, the Development Roadmap for the Insurance Sector in Hong Kong published by the Government in December last year envisages richer synergies between different financial sectors, broadened market access, balanced growth of the long term and general sectors, stronger leverage on the “One Country, Two Systems” principle and unleashed social value of insurance in providing comprehensive risk management and mitigation solutions to the general public. Seen in this context, the black rainstorm and super typhoons that struck Hong Kong over the last few months will be repeated more frequently and intensively, inflicting damage to the economy. Insurance is a valuable piece of financial infrastructure that spurs preventive and relief efforts. The programme for AIF 2023 was drawn up with this in mind.

I look forward to a fruitful day of intellectual exchange. Thank you very much.