

Opening Remarks by Mr Stephen Yiu
Chairman, Insurance Authority
at the ILS Conference 2026 on 22 April 2026

Dear friends, colleagues, ladies and gentlemen,

A warm welcome to you at the third edition of the Insurance-linked Securities (“ILS”) Conference where we have today over 100 institutional investors and professional service providers gathered to share insights and build partnerships. I hope you enjoy this.

After witnessing what happened around us in the past few months, you will all agree that the world is not in good shape. Rising intensity of military conflicts in the Middle East has created chokepoints in energy supply and international trading that carry serious repercussions on economic activities. Particularly for those who travelled to Hong Kong for this conference, I am sure it costs you a lot more than it did. In anticipation of secondary impacts, many central banks are carefully assessing the inflationary pressure and a consequential need to tighten monetary policies. Meanwhile, the equity markets are facing an oddity of jittery sentiments mixed with undue exuberance.

Against this backdrop, alternative investments are gaining more attention than ever from institutional investors looking for balanced risk-adjusted return amidst rising uncertainties, as borne out by the massive flow of capital into ILS products that propelled the outstanding amount to a historical level in the first quarter of 2026¹, with total assets under management surpassing US\$129 billion. Hong Kong can and should play a role in nurturing and managing these fund movements.

¹ <https://www.artemis.bm/ils-fund-managers/>

On the other hand, ordinary folks in Hong Kong have lived through a period of “normalised abnormalities” in 2025 as we have 14 typhoons entered our vicinity against a long-term average of six and there were five black rainstorms which is unheard of since the warning system came into effect in 1992. Other parts of Asia are not faring any better. In particular, the interplay between monsoons and tropical cyclones has given rise to devastating floods and landslides, aggravated by rapid urbanisation and fragile infrastructure.

You must be familiar with the sobering statistics on NatCat protection gap that stand at 52% globally and 88% for the Asia Pacific region. Gifted with an open and sophisticated financial market, unique connectivity with the Chinese Mainland and the patronage of some 3,380 family offices, Hong Kong is ideally placed to promote the usage of alternative risk transfer tools.

Our journey of becoming an ILS hub began in 2021 with the setting up of a bespoke regulatory regime and launching of the pilot grant scheme. We realise from the outset that rather than being an initiative geared for business development, this is a worthy course of leveraging our core strengths to support emerging markets and developing economies which are highly vulnerable to the wrath of Mother Nature. Progress achieved towards such a goal should not be gauged by the number or size of ILS issuances, but whether a stable strategic role can be put into shape.

Close to US\$800 million has already been raised here since 2021 via issuance of seven catastrophe bonds, one of which was triggered by Hurricane Melissa to provide timely relief for the people of Jamaica. In order to reinforce our status as a risk management centre, the Government has extended the pilot grant scheme for three years until 2028 and will accord preferential tax treatment on ILS investments held by private funds and single family offices. The IA is also doubling down on efforts to enhance knowledge and awareness, stimulate buy-side interests, identify

prospective sponsors, enrich the underlying risk types and introduce innovative product structures like protected cell company. I am keen to have your advice and support on these endeavours.

Looking back over the past few years, we have made great strides in seeking to forge an ILS ecosystem, doing so in a methodical and assiduous manner while always bearing in mind the desirable outcome. Instead of presenting a threat to any established hubs, the decision by Hong Kong to join the foray can inject new energy that will sustain overall growth of the entire market.

I wish everyone of you could enjoy a productive and inspiring session here today.