

# Evolving landscape of the Insurance Industry in Hong Kong

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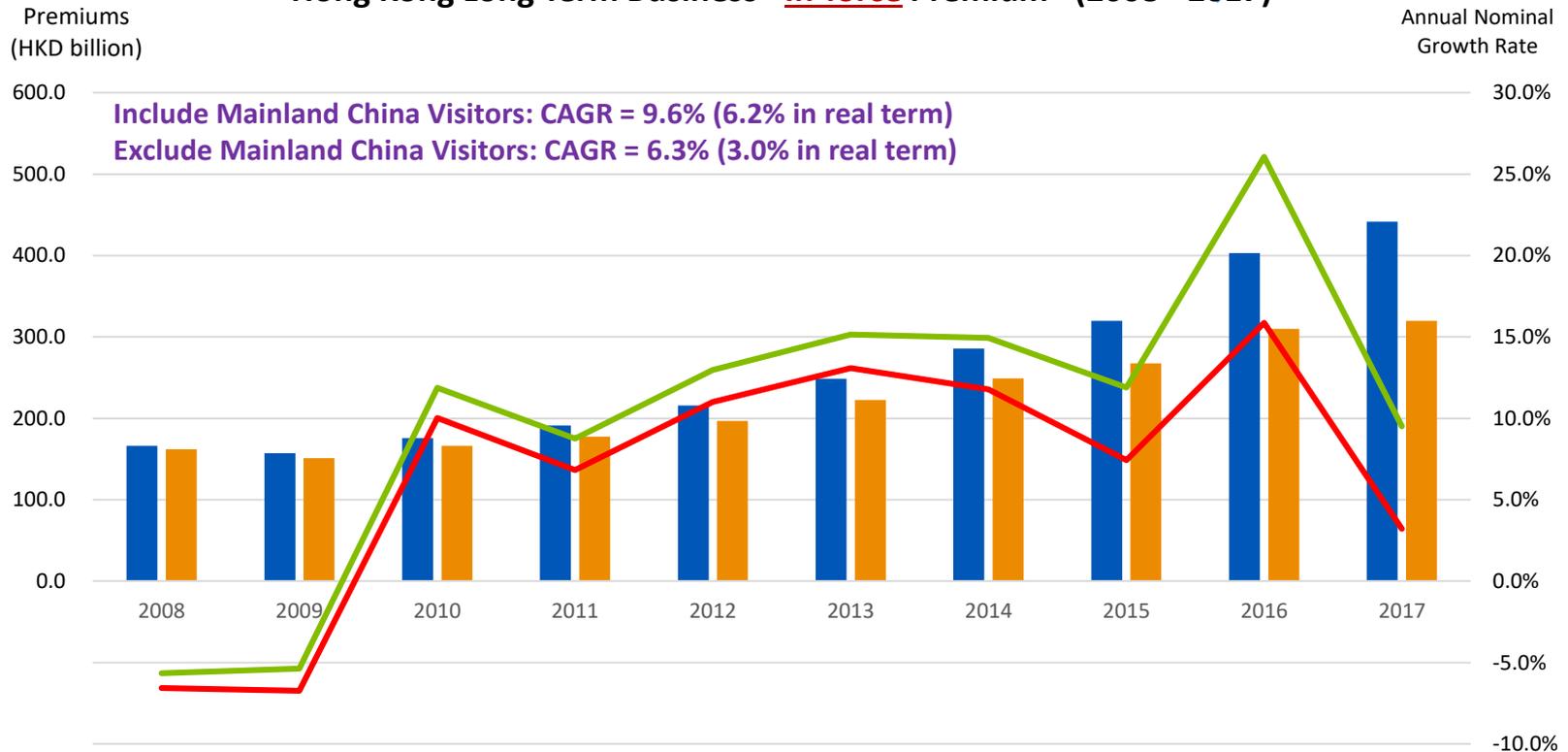
**8 October 2018**

# 1) Market Overview

# Market Overview

## Long Term Business – In-force Premium

Hong Kong Long Term Business - In-force Premium\* (2008 - 2017)



■ Include Mainland China Visitors  
— Annual nominal growth rate (RHS)  
 (Include Mainland China Visitors)

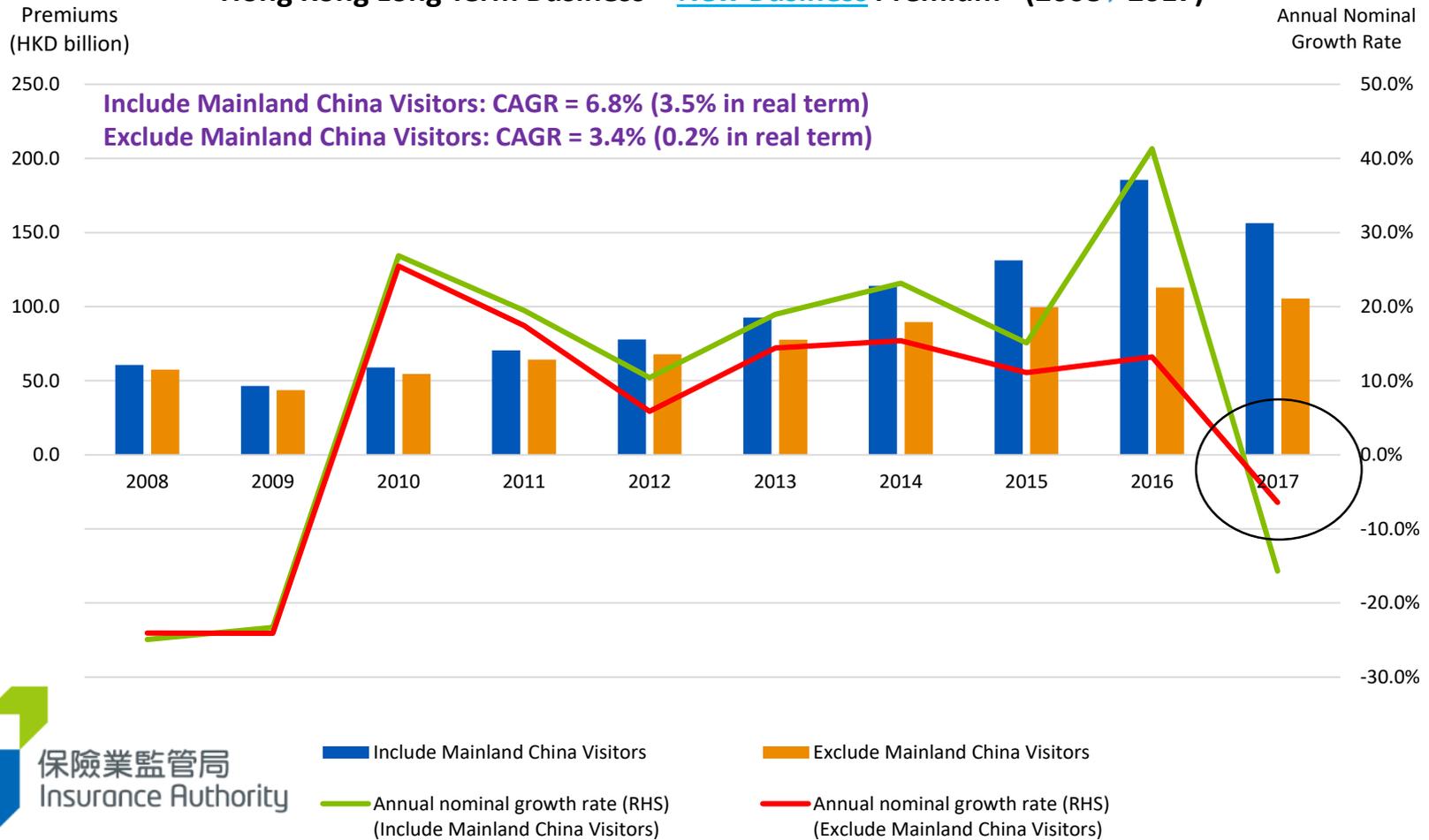
■ Exclude Mainland China Visitors  
— Annual nominal growth rate (RHS)  
 (Exclude Mainland China Visitors)

\* Based on provisional figures

# Market Overview

## Long Term Business – New Business

Hong Kong Long Term Business - New Business Premium\* (2008 - 2017)



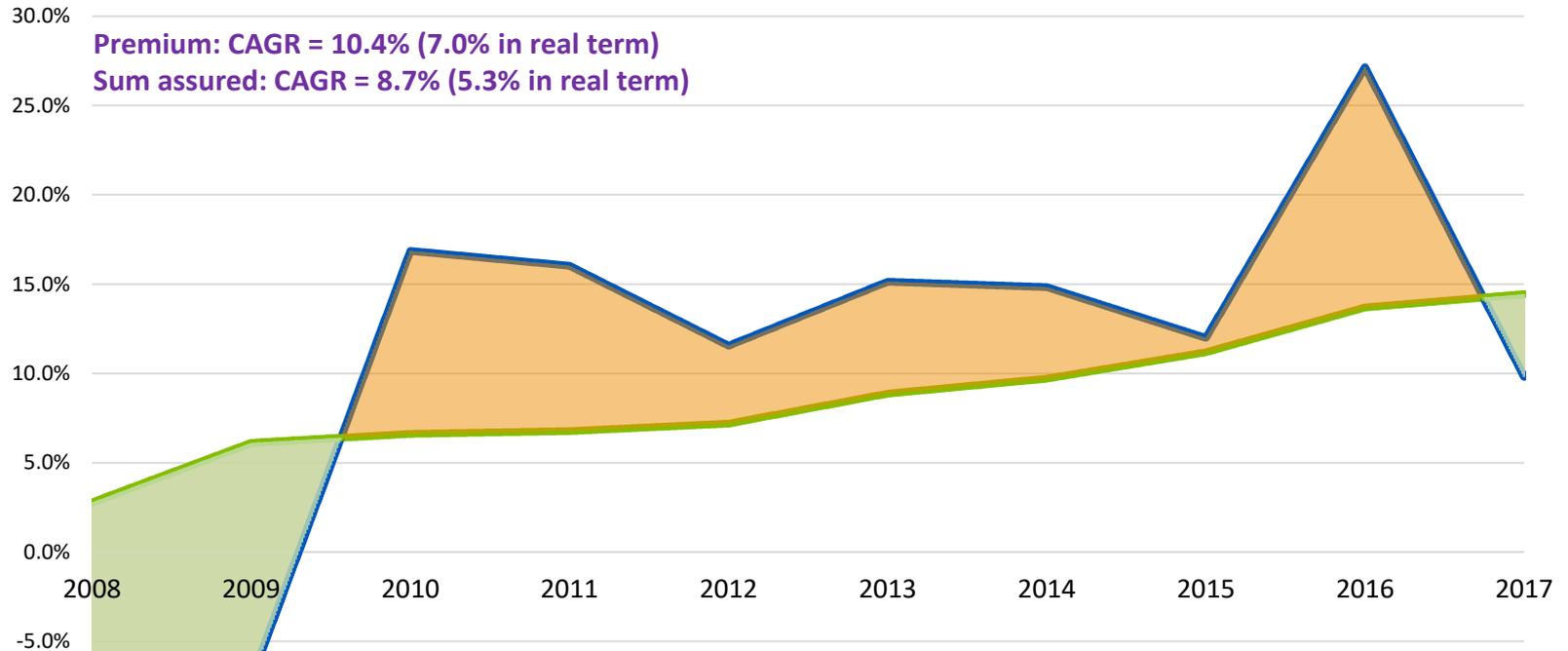
\* Based on provisional figures

# Market Overview

## Long Term Business – Level of Protection

**Hong Kong Long Term Business - Individual In-force Business\* (2008 - 2017)**  
**Premium and sum assured: Class A (excl. annuity) and Class C**

Annual Growth Rate (Nominal)



— Annual nominal premium growth rate  
(Include Mainland China Visitors)

— Annual nominal sum assured growth rate  
(Include Mainland China Visitors)

\* Based on provisional figures

# Market Overview

## General Business – Trend of Growth

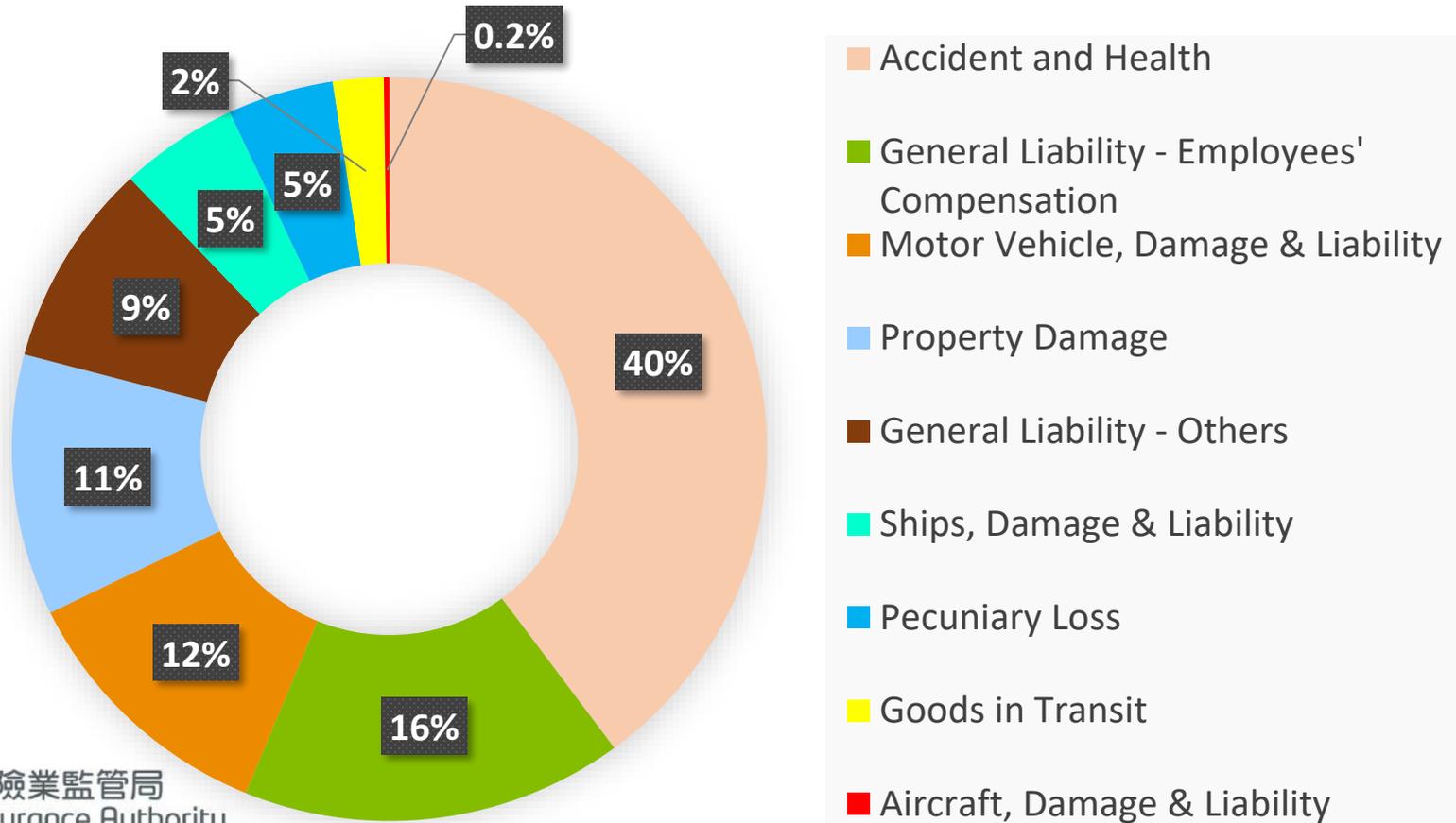
Hong Kong General Business - Gross Premium (2008 - 2017)



# Market Overview

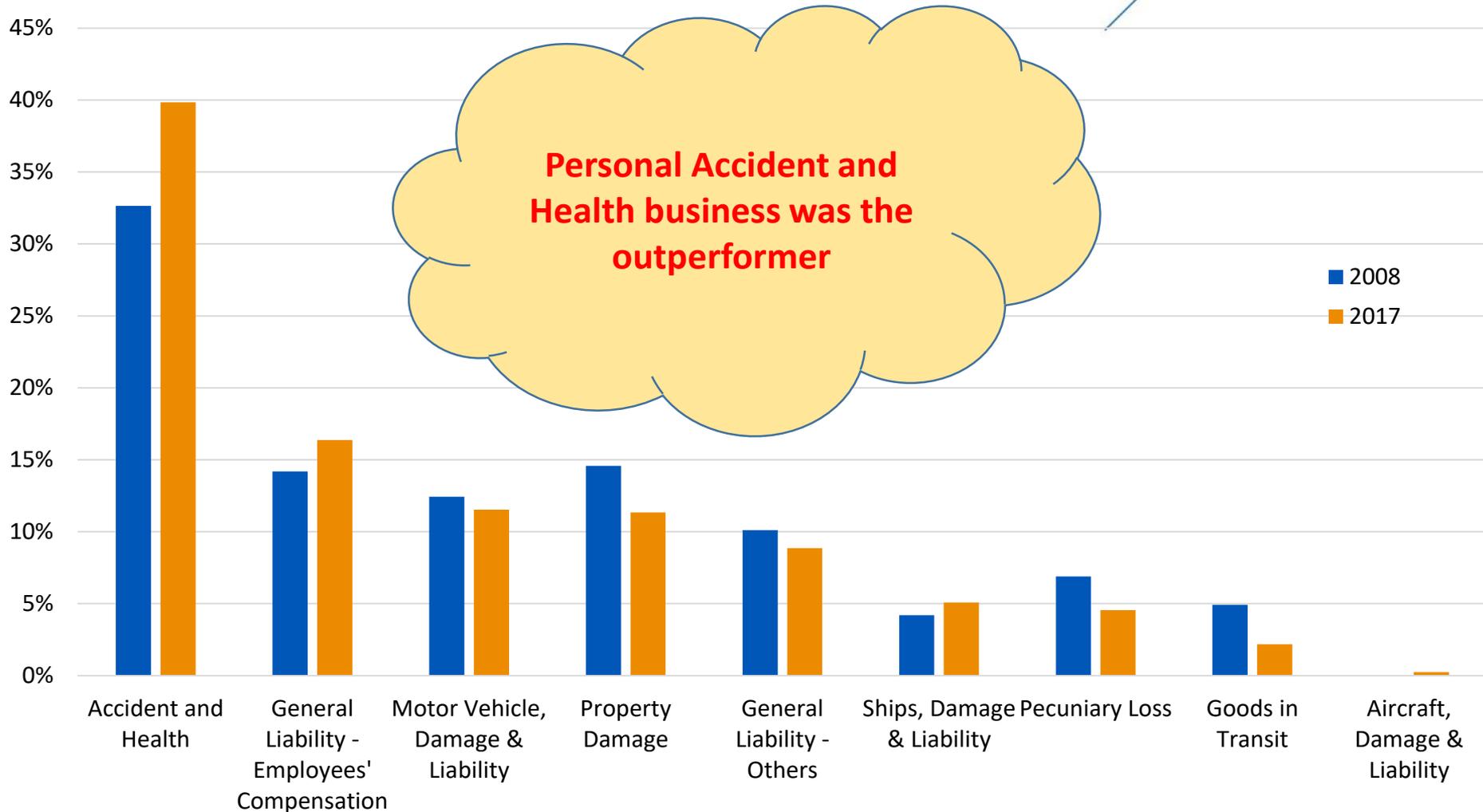
## General Business – Detailed Breakdown

Breakdown by Class of Business in 2017



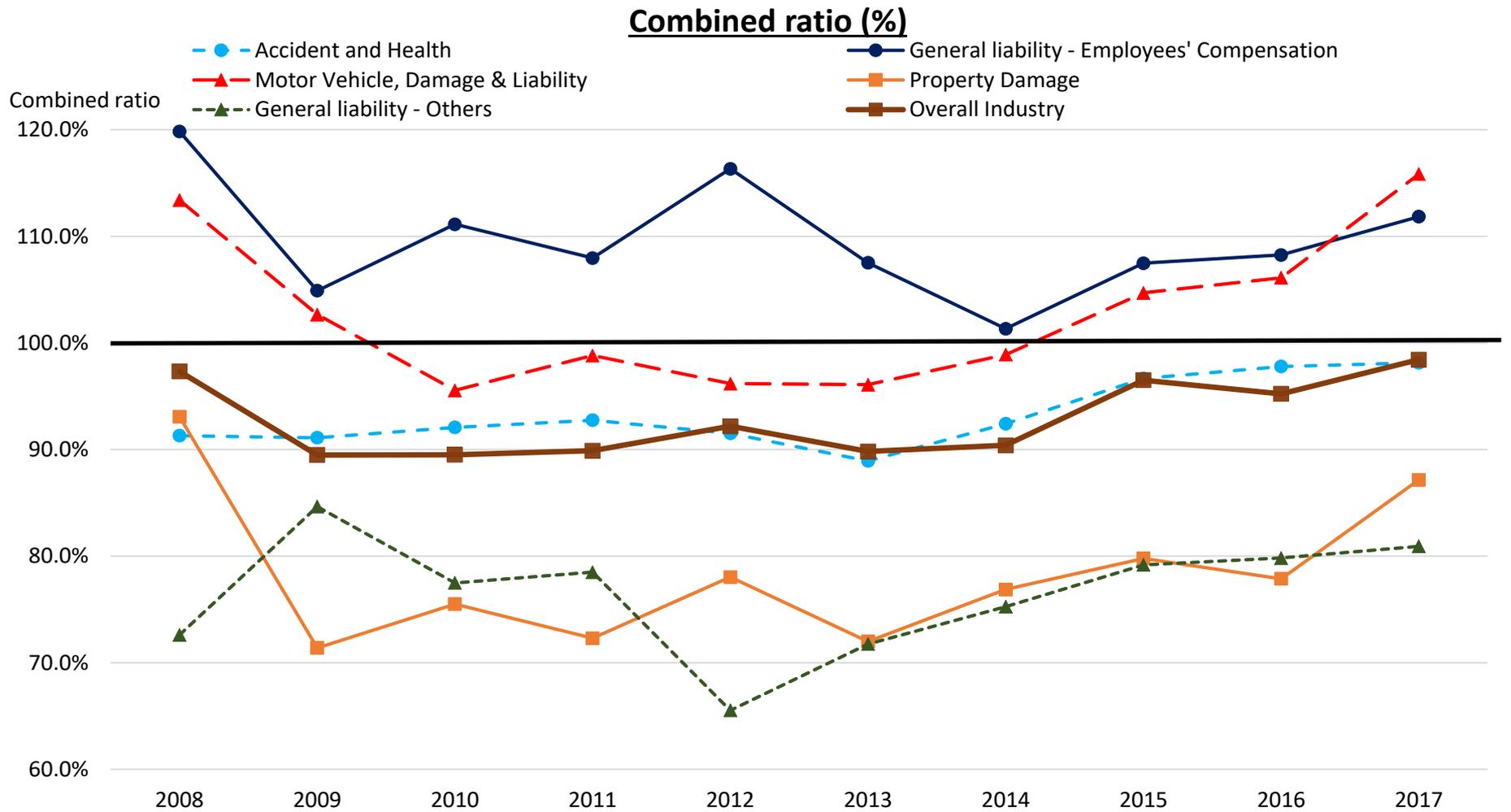
# Market Overview

## General Business – Detailed Breakdown



# Market Overview

## General Business – Underwriting Performance



# Market Overview

## Conclusion

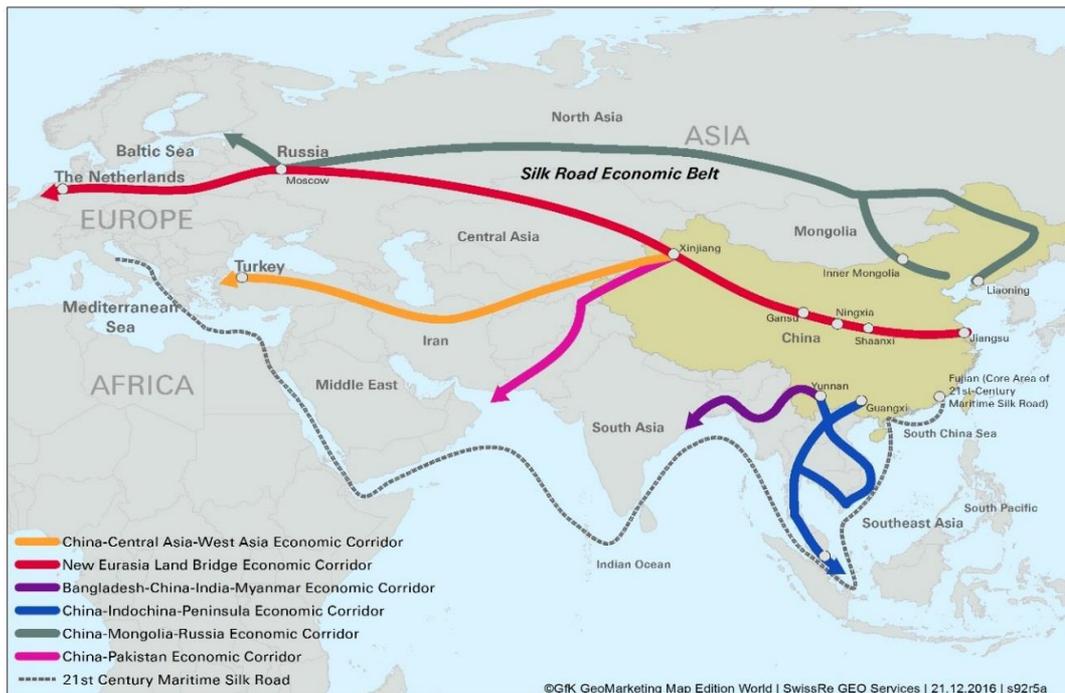
### The charts and numbers tell.....

- 1) Long-term business experienced favorable growth but highly sensitive to Mainland visitors and showing structural imbalance;
- 2) Emerging risks posed by demographic changes and longevity not well addressed;
- 3) General business remains stagnant and increasingly domestically-focused.

## 2) Any new areas of growth?

# Growth Area – Belt and Road

## Impact of Belt and Road Initiative

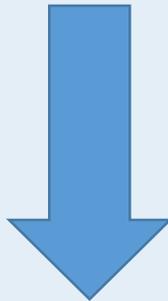


First Wave: Infrastructure Development

Second Wave: New markets

# Growth Area – Belt and Road

Infrastructure investment worth more than US\$ 1.5 trillion per year up to 2030



First Wave

Belt and Road Initiative covers 65 countries with 60% of world population, but only 30% of global GDP



Emergence of new markets

Second Wave

# Opportunities for Hong Kong

# New Drivers of Growth – Belt and Road

## Phase 2

Rising Affluence and sophistication

1  
Traditional  
society

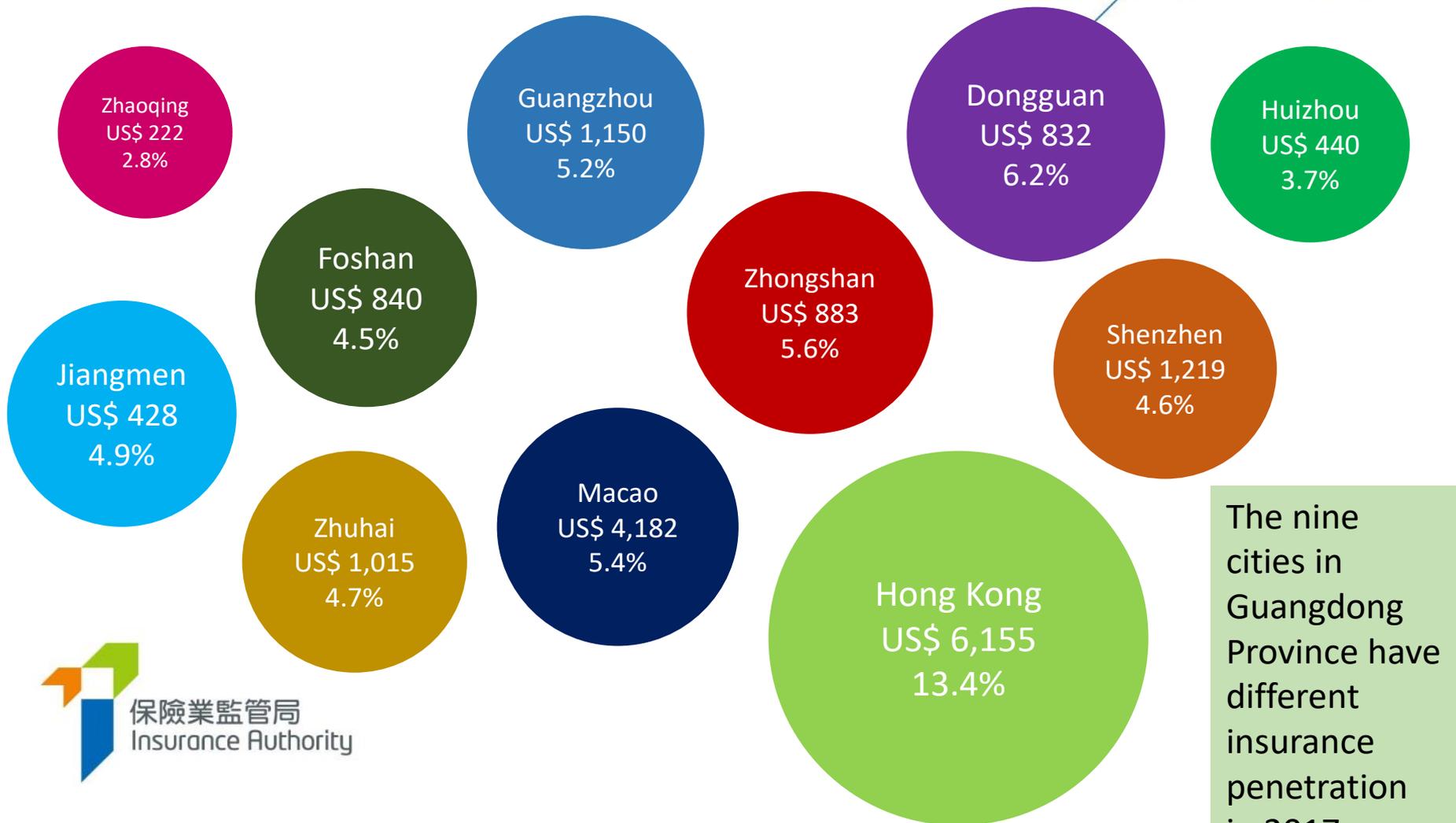
2  
Transitional  
stage

3  
Gaining  
maturity

4  
Mass  
consumption

Increasing complexity of the economy

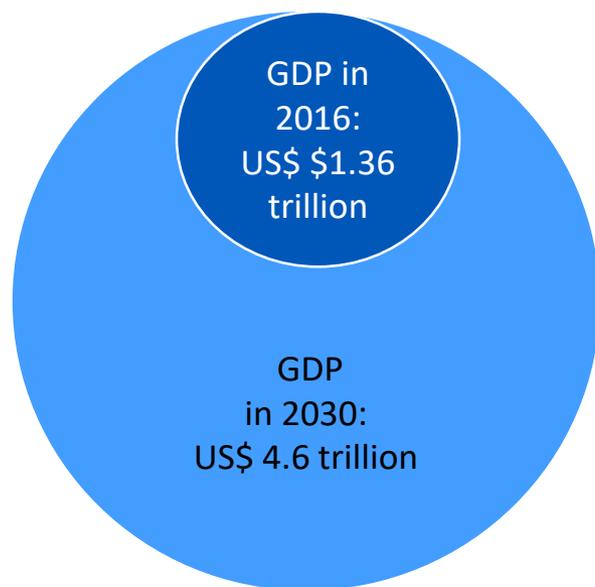
# New Drivers of Growth – Greater Bay Area



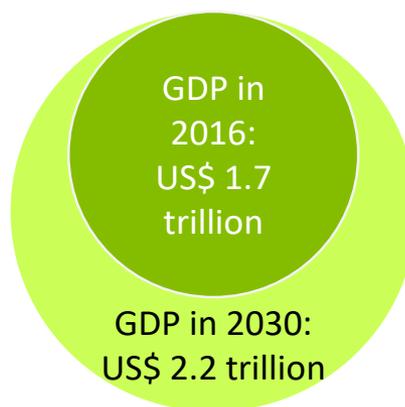
The nine cities in Guangdong Province have different insurance penetration in 2017.

# New Drivers of Growth – Greater Bay Area

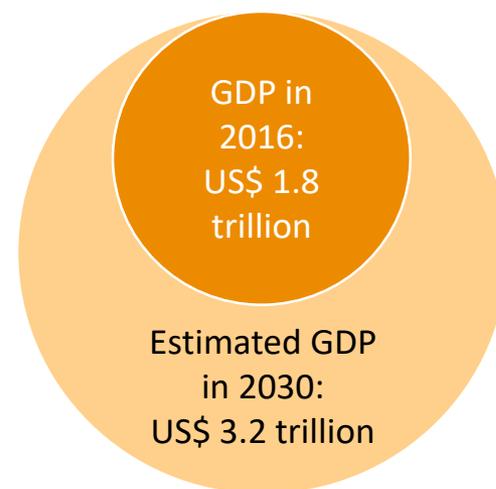
Greater Bay Area



New York  
Metropolitan Area



Greater Tokyo Bay

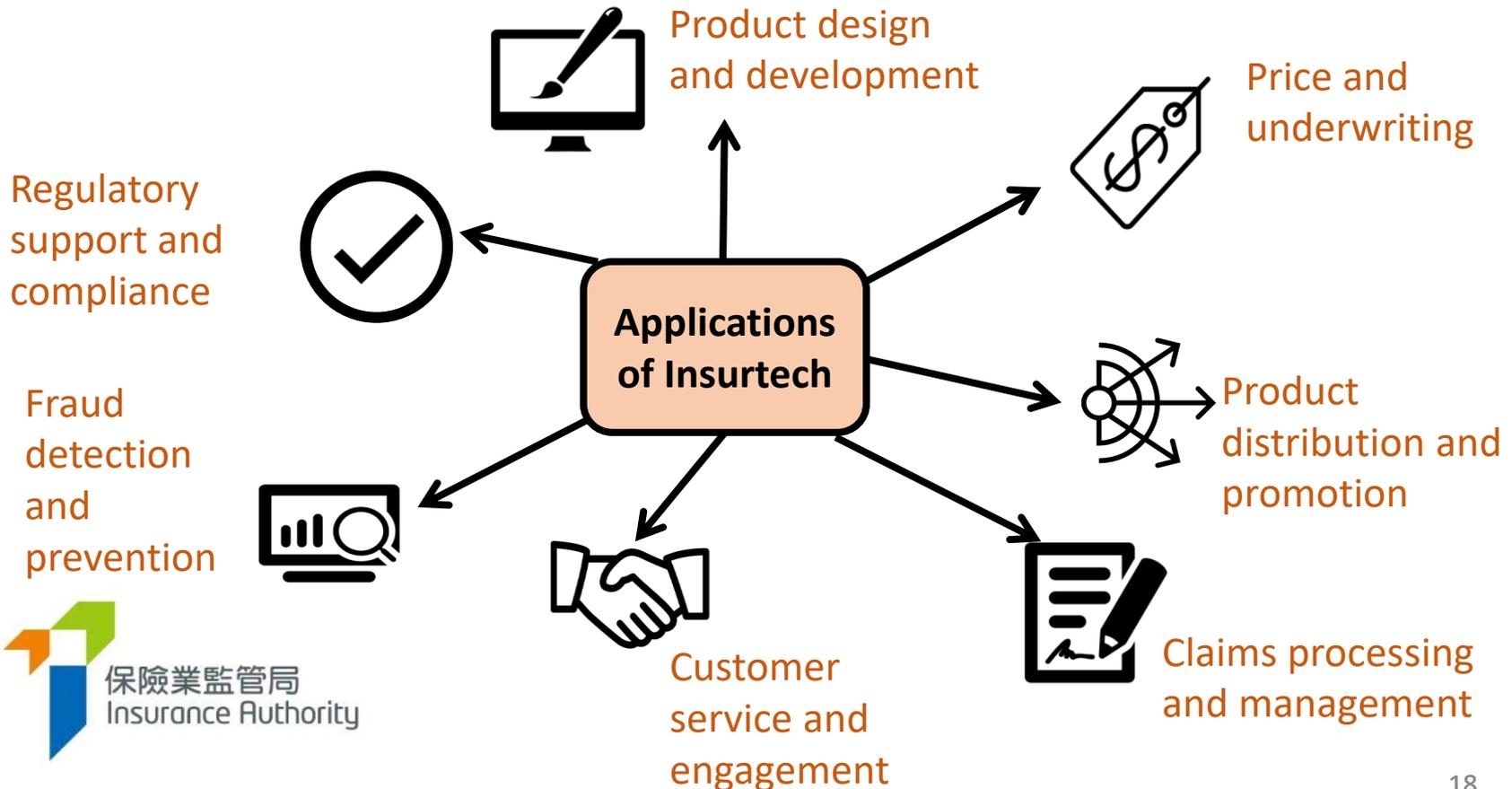


Significant economic growth  
expected in the Greater Bay Area

# New Drivers of Growth - InsurTech

## What is Insurtech?

A combination of “insurance” and “technology” that was inspired by the term “fintech” (finance and technology)



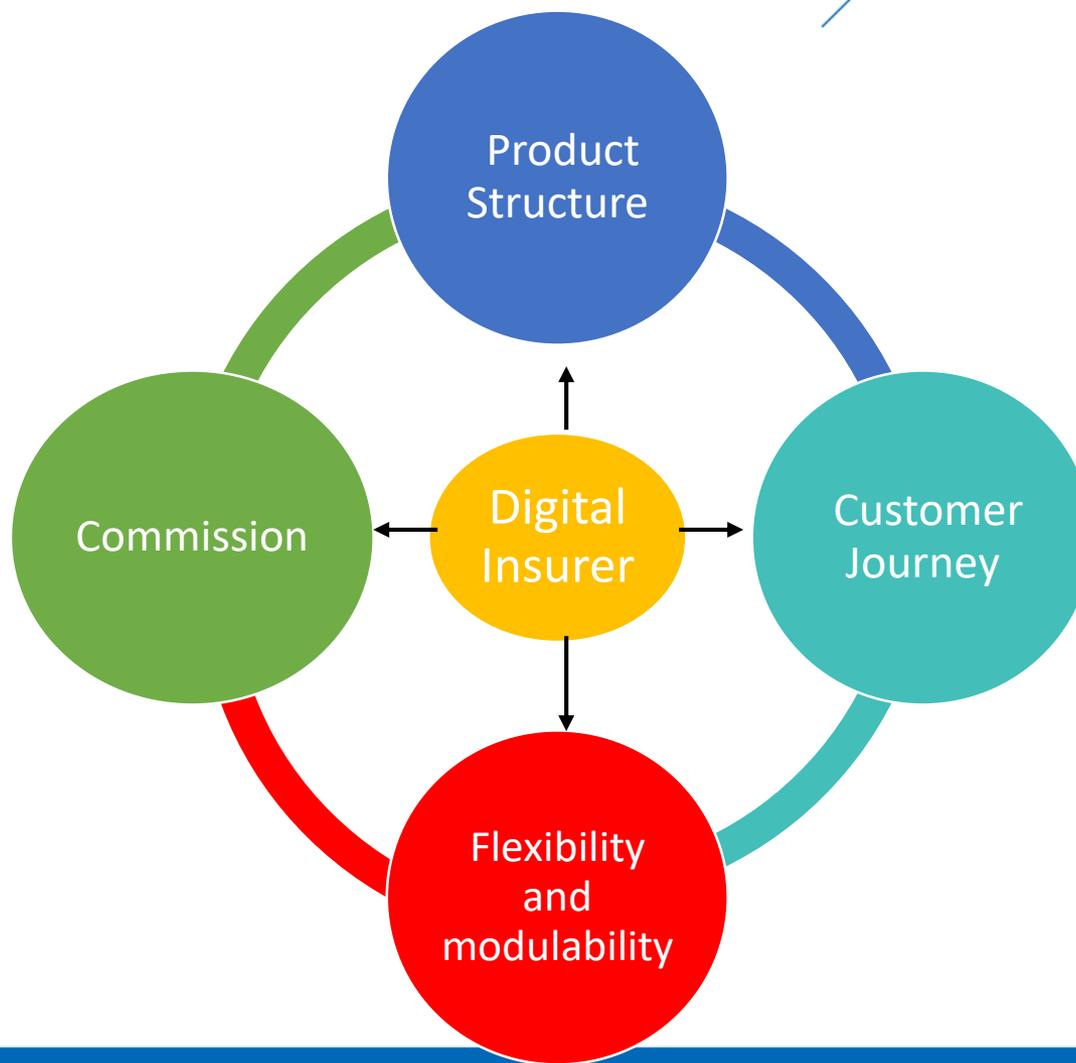
# New Drivers of Growth - InsurTech

- Technology-neutral Principle
- Insurtech Sandbox and Fast Track
- Common Applications
- Cybersecurity

# Positive or Negative Disruption?

# New Drivers of Growth - InsurTech

**Opportunities exist : Less than 1% of new business is sold through digital channel in 2017**



# New Drivers of Growth - InsurTech

## Impact of technology along the insurance value chain

### Product Design

- Reaching the uninsured risk, personalized insurance products

### Pricing/Underwriting

- Reinvent big data analytics, moving from traditional actuarial techniques

### Marketing

- Redesign customer experience, client centric; new models of holistic advice (e.g. robotic/artificial intelligence)

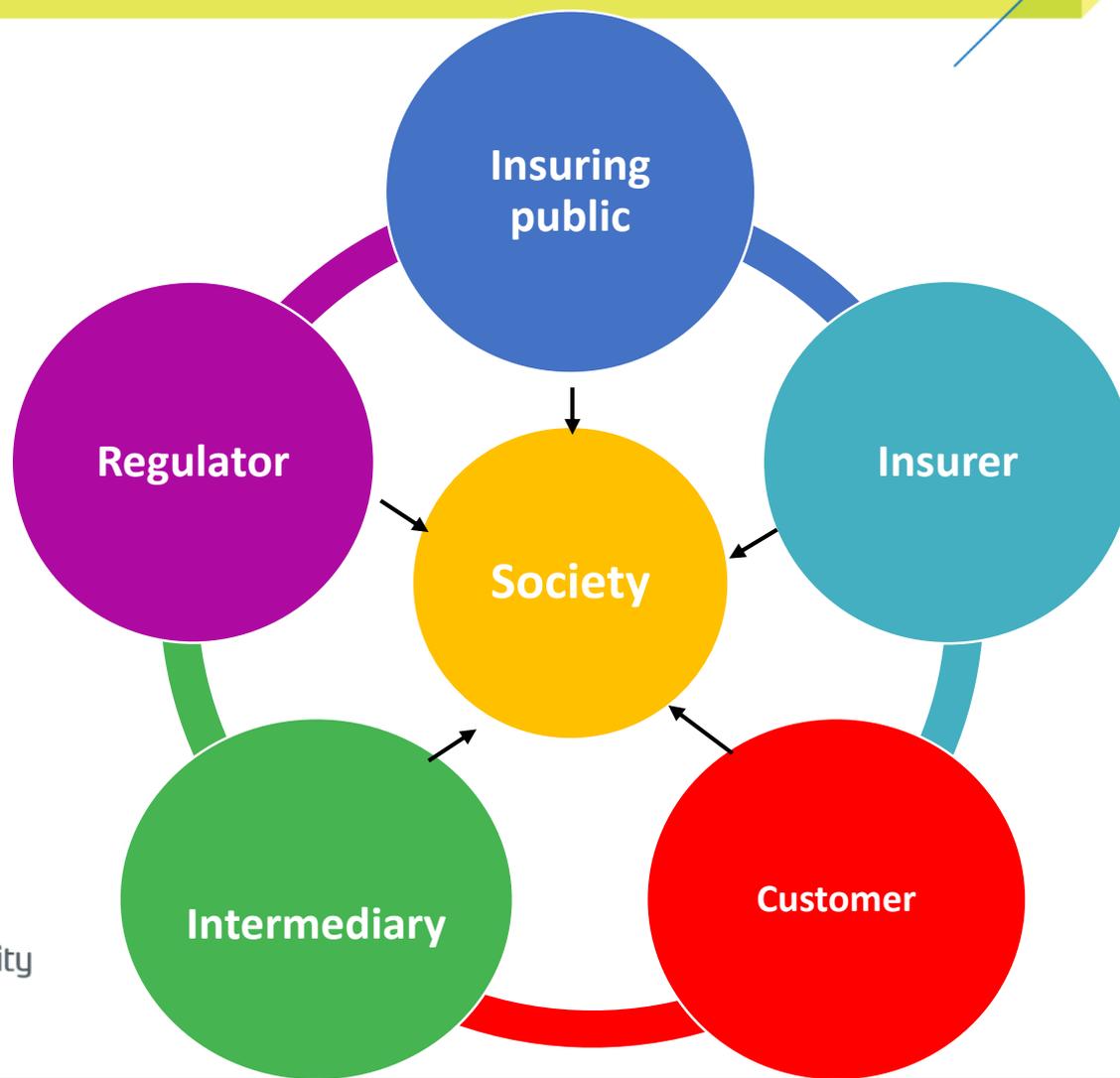
### Distribution

- Less face-to-face contact, more device driven

### Claims management

- Telematics for fraud detection and improved claims processing

# New Drivers of Growth - InsurTech



# Strategic Initiatives

## Annuity Products

- Widening of retirement saving gap
- Public annuity, catering for local residents aged 65 or above
- A supplementary stream of income against longevity risk

# Strategic Initiatives

## Annuity Products



- Deferred annuities
- Encouraging the working population to save early
- Enriching retirement planning tools
- Tax incentives by Government

# Strategic Initiatives

## Voluntary Healthcare Insurance Scheme

- Unique features
  - Guaranteed renewal up to the age of 100
  - No “lifetime benefit limit”
  - Standardised terms and conditions
  - Premium transparency
  - Minimum benefit limits
  - Cost-sharing restrictions
  - Coverage of pre-existing conditions
- Relieve strains on public healthcare system
- Tax incentives by Government

**Thank you !**