

New Regulatory Regime for Insurance Intermediaries

23 September 2019

Speech by Dr Moses Cheng

Praveen¹, Rath², Gary³, distinguished guests, friends and colleagues, ladies and gentlemen,

Good afternoon. Let me extend to all of you my warmest welcome. Thank you so much for the efforts of making it to our office in Wong Chuk Hang. Although it is quite a distance from the central business districts where most of your offices are situated, I believe you would all appreciate that it is after all not too bad a choice for office location; especially it is a rather peaceful neighbourhood on the Hong Kong Island despite the recent social disturbances.

Today, 23 September 2019, marks one of the most significant milestones in the history of the insurance industry of Hong Kong. It is also one of the most memorial moments for the Insurance Authority (“IA”), the three Self-Regulatory Organisations (“SROs”)⁴ and everyone who is involved or connected with the insurance industry. This is the day when the IA will take over the regulation of insurance intermediaries from the SROs, putting it on statutory footing. The IA will be the sole authority for granting licences, conducting due diligence inspections, investigations and imposing disciplinary sanctions in appropriate cases. Today also

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³ Mr Gary Soo, Chairman, The Professional Insurance Brokers Association

⁴ The SROs are The Hong Kong Confederation of Insurance Brokers, The Professional Insurance Brokers Association, and the Insurance Agents Registration Board set up by The Hong Kong Federation of Insurers.

marks the conclusion of the final phase in the establishment of an independent insurance authority in Hong Kong.

This is indeed a long journey. The Government floated the idea of setting up an independent insurance authority for public consultation in as early as July 2010, and, after going through all the necessary procedures, introduced the enabling legislation into the Legislative Council in April 2014. Deliberation in the Legislative Council took another year and the legislation was eventually passed in July 2015. Members of the Provisional Insurance Authority including myself as its chairman were appointed on 28 December 2015. We were tasked with building up the IA from scratch, including locating and establishing an office, facilitating the smooth transition from the then Office of the Commissioner of Insurance, recruiting full time staff, setting up the IT system and corporate protocol, so on and so forth. Our efforts paid off. The Provisional Insurance Authority grew quickly and strongly such that we were able to take over the regulation of insurers on 26 June 2017.

Since then, all of us have been looking forward to today, the day on which we take regulation of insurance intermediaries forward, completing the final stage of this giant project. In the interim, we have spared no efforts in designing and preparing for the launch of the new regulatory regime. We have formulated a comprehensive set of seven related codes, guidelines and rules, worked out a sensible and enforceable disciplinary mechanism, aligned regulatory practices with the Hong Kong Monetary Authority in respect of banks selling insurance products and prepared the online portal called the Insurance Intermediary Connect which allows online submission of licence applications by intermediaries.

Ladies and gentlemen, I would like to take this opportunity to express my most sincere appreciation and deep gratitude to all the stakeholders involved in this big

project; including the Hong Kong Federation of Insurers, and the three SROs who have been our trusted and valuable partners, as well as other concerned parties. I salute you for your guidance and support, collectively leading to the successful launching of the new regulatory regime.

Going forward, while the three SROs will be relinquishing their regulatory role, they will be assuming the crucial and substantial role in furthering our common mission to promote Hong Kong as a global risk management centre and a regional insurance hub. The two national strategies of Belt and Road Initiative and Greater Bay Area offer a clear and promising pathway for future development of the Hong Kong insurance industry. The former will present a wide range of opportunities for intermediaries with contemporary knowledge on specialty coverage and complex products.

Furthermore, the three SROs could propagate best industry practices and host Continuing Professional Development (“CPD”) activities to complement the enhanced minimum licensing requirements. Well-trained and high-caliber intermediaries will undoubtedly better project the professional image of the industry and attract more talents to join the industry.

The three SROs should continue to leverage on their international connections and advocate for Hong Kong, relaying our grand vision and the vast business opportunities here to the international community.

In closing, we are proud and honoured to witness the commencement of this new era for both the SROs and the IA. I am certain and would very much look forward to your continual guidance and support to our commitment to perfect the regulatory

regime for the sustainable development of the insurance industry, taking it to a new height.

Thank you very much!