

## **CIB Annual Conference 2018**

### **FACING THE FUTURE - the new environment for insurance brokers**

1 November 2018

Rath<sup>1</sup>, Adrian<sup>2</sup>, members of CIB, friends and colleagues, ladies and gentlemen,

It is a great pleasure for me to be invited to speak at the annual conference today.

Some of you will know that I worked in this job 12 years ago from 2006 to 2009 and spoke previously at this very same occasion. It is thus good to renew acquaintances with many old friends and to see some young new faces.

But now I am present in the capacity as CEO of the Insurance Authority (IA) which started independent operation only about 14 months ago - a major milestone and a monumental change that took plenty of sweat and tears to accomplish. Why?

Firstly, the IA enjoys the flexibility of absorbing experienced personnel from the former Office of the Commissioner of Insurance (OCI) while competing with the private sector for talents, paving way for a smooth transition and injecting the right level of professional support. The fact that quite a number of our new recruits came from the insurance industry should assure you that there is indeed a positive disruption.

Secondly, the mandate of the IA has been widened from being a prudential watchdog to a market enabler and facilitator. This unique role is unfound elsewhere in the local regulatory landscape and such a “split personality” bodes well for The Hong Kong Confederation of Insurance Brokers (CIB), as I will elaborate later on.

Thirdly, with funding drawn from a premium levy, authorization charges and intermediary licensing fees, the IA is compelled to be customer-oriented and

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sensitive about the expectation of stakeholders on its performance.

It will be remiss of me if I forget to pay tribute to the office-bearers of CIB for their active involvement in shaping the future regulatory regime for insurance intermediaries, an issue which is no doubt dear to your heart.

Rath and Adrian are sitting on one of our working groups and they deserve credit for the satisfactory progress made on a suite of rules and guidelines concerning “fit and proper” criteria, continuing professional development, minimum licensing requirements and power to impose pecuniary penalty. The two gentlemen conveyed their views forcefully yet diplomatically, helping to improve and refine the final products.

As the IA is scheduled to take over the licensing and disciplinary mechanism from the three Self-Regulatory Organisations, what does the future hold for CIB? To answer this question, allow me to borrow a famous quote from one of my idols, Winston Churchill, “Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning”.

In my view, there is a substantial and sustainable role for you to play in our common mission of promoting Hong Kong to be a global risk management centre and a regional insurance hub. Without usurping your prerogatives, let us share a few thoughts.

Firstly, CIB should continue to discharge the duty of gathering and reflecting industry feedback on regulatory policies and practices. This is of utmost importance since the IA will need time to build up a set of corporate culture and enforcement protocols.

Secondly, CIB should learn to exploit the “split personality” that I referred to earlier. A case in point is the Belt & Road Initiative that calls for risk managers whose core competence goes beyond transactional placement to captive advisory, multilateral intermediation and structural solution design. I expect you to rally behind the IA as and when we make a bid for facilitative measures from authorities in Hong Kong or

the Mainland.

Thirdly, the IA will require support when seeking to improve its public image and attract young talents. Adrian gave a spirited talk on this subject at the annual conference last year so there is no need to elaborate further. Although we have yet to lay out a detailed plan, I shall count on CIB to assist in doing justice to those intelligent and diligent individuals in the insurance brokerage profession who literally keep Hong Kong ticking every single day.

Finally, faced with a rapidly evolving environment and an increasingly exotic portfolio of risks, CIB could serve as a helpful guide for the industry on how to overcome challenges and adapt to change. Since one of the presentations today is focusing on Insurtech, I think you are already converted.

So the list goes on, and perhaps you will start to believe that this might actually be “the beginning of a new beginning” for CIB.

Thank you very much.