

**CIB Annual Conference 2022**  
**“A Time for Reflection – Maintaining the Professional Obligation”**  
**24 October 2022**

**Opening Address by Mr Stephen Yiu, JP**  
**Chairman of the Hong Kong Insurance Authority**

Alex<sup>1</sup>, Mark<sup>2</sup>, Patrick<sup>3</sup>, Adrian<sup>4</sup>, members of the Hong Kong Confederation of Insurance Brokers (“CIB”), friends and colleagues,

I am glad to be invited to the CIB Annual Conference 2022 and connect face-to-face with such an eminent group of seasoned risk management experts. In fact, today is the first time for me to speak in front of a live audience after becoming the Chairman of the Insurance Authority (“IA”) some 10 months ago.

Over the past three years, seldom could we be spared from encountering clichés like “COVID-19”, “pandemic”, “resilience” or “new normal” when engaging in social discourse, so the theme of “A Time for Reflection – Maintaining the Professional Obligation” chosen by CIB is welcomingly refreshing. A momentous and traumatic episode is worthy of attention and reflection, not least for the insurance industry whose commitment to maintaining professional obligations holds the key to securing its claim of public trust.

Taking the risk of repeating what my colleagues have said before, let me start by recognising the contribution rendered by CIB in shaping the statutory framework for

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<sup>2</sup> Mr Mark Johnson, Deputy Chairman of CIB

<sup>3</sup> Mr Patrick Chan, Immediate Past Chairman of CIB

<sup>4</sup> Mr Adrian King, Honorary Secretary of CIB

the establishment of the IA and in developing a suite of regulatory instruments setting out the baseline for integrity, probity and professionalism of insurance broker companies. Safely anchored on this solid groundwork, we went ahead to tackle several priority tasks that I shall go over in a minute.

Firstly, I am happy to report that the renewal of some 106,000 deemed licencees has completed smoothly and uneventfully ahead of the deadline on 22 September 2022. It is nothing short of a monumental achievement due to the sheer number of cases involved, and marks the concluding chapter of our mission to take over as the sole regulator of all insurance intermediaries in Hong Kong. But perhaps not many of you would know that CIB has been our faithful partner behind the scenes, hosting six briefing sessions since the project started in January 2021. The resulting impact cannot be overstated as broker companies chalked up an enviable renewal rate of 46% within the first six months, exerting peer pressure on their counterparts which were struggling with 10% to 25%, generating momentum that brought the exercise to eventual fruition. It is a fine example of how synergies could be derived from positive interactions between the regulator and regulated entities. An unexpected spinoff is popularisation of the e-portal, which is the preferred channel for over 60% of new licence applicants and is being expanded to provide more functionalities. Furthermore, please note that the scope of the Insurtech Sandbox has recently been extended to cover broker companies partnering with technology firms and make the best use of this infrastructure.

Secondly, the disciplinary mechanism concocted by the IA is in play after undergoing a pragmatic reformation. The Disciplinary Panel Pool and the Expert Advisor Panel retain essential knowledge accumulated by the three former self-regulatory bodies over decades, while playing complementary roles in ensuring that

the deliberative process is impartial, effective and fair. I would like to thank CIB for nominating four candidates to serve on the Disciplinary Panel Pool and five candidates to sit on the Expert Advisor Panel. Looking ahead, we shall call for your insights and advice on enforcement strategies and tactics from the perspective of frontline practitioners to send across the right messages and induce the desired behaviour.

Thirdly, the experience that we gained thus far suggests that the culture and conduct of insurers as well as key persons in charge of compliance or agency management are equally important in delivering the right outcome. Taking full advantage of the capacity released upon completion of the deemed licensee renewal exercise, we will pivot towards conduct supervision of insurers in the coming year. The intention is to eradicate misconducts not only by curbing breaches at the operational level, but also by addressing management culture to set a right tone from the top.

Fourthly, the members of CIB have set a good example in fulfilling the enhanced Continuing Professional Development requirement of 15 hours despite disruptions caused by social distancing. We realise that there is a pressing need to enrich the diversity of training available in accordance with prevailing market circumstances and the IA has done its part by rolling out two courses on business ethics conducted via electronic means. Given that insurance intermediaries must keep in close touch with the evolving economic trends and regulatory landscape, I am looking to you for ideas on where additional attention and resources should be directed.

Finally, it would be remiss of me not to follow up on the question posed by Clement last year on how mutual benefits for Hong Kong and the Mainland could be accrued from the dual circulation economic strategy by our immersion into development of

the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”) and participation in plans to liberalise selected business sectors. In this context, you may wish to know that preliminary discussions are being made between CIB and the IA on a proposal to allow limited access by small and medium broker companies from Hong Kong into GBA with commensurate relaxation of entry qualifications so that they could design one-stop insurance solutions for local entrepreneurs pursuing new ventures in the nine Mainland cities. We will update you when meaningful progress is made.

Let me conclude with a quote from Richard Carlson, “reflection is one of the most underused yet powerful tools for success”. I would supplement that reflection is the source of moderation and inspiration but must be backed by resolution and dedication. Let us join hands to unleash the full potential of Hong Kong as a global risk management centre.

I wish you all an enjoyable and fruitful conference. Thank you.