

VTC Insurance Summit 2018
Opening Address by Dr Moses Cheng
8 October 2018

Roy¹, Joseph², Agnes³, Distinguished Guests, Friends, Colleagues, Ladies & Gentlemen,

1. Most grateful to the Vocational Training Council (VTC)'s Insurance Training Board for their support to the Insurance Authority (IA) and in particular for hosting this annual Insurance Summit.
2. As our new CEO Mr Clement Cheung and our Associate Director of Market Conduct Ms Peggy Fu would be addressing on the evolving landscape of the industry and the new regulatory framework for insurance intermediaries, I was wondering what I should be covering in my opening remarks.
3. After a bit of soul-searching, I decided it would be appropriate for me to update you on the challenges faced by the IA since taking over the prudential regulation work from the Office of Commissioner of Insurance on 26th June, 2017.
4. First and foremost is the unique “dual responsibilities” imposed by the Insurance Ordinance i.e. to facilitate sustainable growth and enhance the competitiveness of the insurance industry whilst discharging our responsibilities of protecting the policy holders.
5. In promoting the sustainable growth of the industry, we need to look beyond Hong Kong and capitalise on the mega trends as well as developing new regional and international markets together with the industry.
6. We also have to understand the roles given to Hong Kong under the Belt and Road Initiative by the Central Government.

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² Mr Joseph Chan Ho-lim, Under Secretary for Financial Services and the Treasury

³ Mrs Agnes Koon Woo Kam-oi, Chairman, VTC Insurance Training Board

7. Hong Kong was specifically given the role of being the “Centre for Risk Management” as Zhang Dejiang, the Chairman of the Standing Committee of the 12th National People’s Congress pointed out during his address at the First Belt and Road Summit in Hong Kong in 2016.
8. The IA is obliged to ensure that this policy is fully understood by the industry and by colleagues of the IA so that we can work together to undertake and play such role diligently.
9. Another challenge faced by the IA: gaining the trust and confidence of its various stakeholders, thus winning their support.
 - a) By middle of next year, the IA would be introducing the licensing regime for intermediaries – brokers as well as agents.
 - b) We are in the course of drafting and introducing sets of regulations and guidelines, which would be regulating market conduct.
 - c) In so doing, the IA and the industry have to be facing some changes. No one likes changes.
 - d) The challenge is how to collaborate well with all stakeholders so that we can together embrace well all such changes.
10. The third challenge faced by the IA is how we can better engage with the community and how we can work with the industry to project its proper image and understanding by the general public.
 - a) To better protect the consuming public, we need to make them more knowledgeable about insurance so that they can make educated and informed judgement in managing their risks and how they can effectively reap their protection and benefits under the policies taken out.
 - b) Equally important, we need to make the public more knowledgeable about the industry, about career opportunities available so that we can get more people to join the industry.
 - c) In the fast changing world, we need to ensure the people working in the industry would be better equipped through continual professional development and further education.
11. Ladies & Gentlemen, we are all living in this challenging time. In this “Cyber Age”, we are facing fast changes brought about by disruptive technologies, as well as immense competition brought about by

globalisation and preferential policies and treatments offered by other governments in the region to the insurance industry.

12. As we all know challenges bring opportunities. As a mature insurance market, insurance companies and intermediaries have been experiencing healthy growth in recent years. Looking to the future, we need to stay away from being complacent and more out of our comfort zone. “On the road of advancement, complacency breeds inertia that is always there to slow you down.”
13. The IA is committed to working in close collaboration with all our stakeholders in the industry to enhance Hong Kong’s position as the risk management centre as well as the regional insurance hub.
14. Besides thanking all of you, our stakeholders for your support and guidance in the past, we look forward to receiving your views and feedback as well as working more closely with you in discharging our dual responsibilities.
15. In closing, may I wish you all a very fruitful morning and successful deliberation.