

Hong Kong FinTech Week 2020

4 November 2020

Keynote Speech by Mr Clement Cheung
Chief Executive Officer of the Insurance Authority

Ladies and gentlemen, good morning.

Hong Kong FinTech Week is a most anticipated event, and it takes on a special meaning this year as we are not just talking about the power or prospects of technology, but relying on it to make things happen. Although people stay physically apart, technology dismantles the barrier while tightening the bondage among Fintech communities both locally and abroad.

COVID-19 has wreaked havoc around the globe, and showed no sign of abatement. The resulting impact is enormous and debilitating. Insurance cannot escape from the shockwave since restricted cross-boundary travel and social distancing measures have a cataclysmic effect on the traditional mode of delivering customer services through face-to-face encounters. It is no understatement to say that the pandemic is an ultimate stress test on our collective resolve and resilience.

Despite the widespread disruptions, however, we are witnessing some positive responses with insurers revamping their product mix to ride on the rising awareness of personal exposure risks, redirecting attention to address

societal needs on retirement and healthcare, as well as adopting technologies to enable virtual on-boarding.

These timely moves coincide with our conviction that Insurtech is a major driver of efforts to enhance financial inclusiveness and narrow the protection gap. From a regulatory perspective, enriched product diversity anchored on indigenous demands is also conducive to stability and sustainability. COVID-19 could therefore be seen as a unique opportunity for structural improvements.

One common impediment to digital transformation is inertia. The new normal has fundamentally altered the mindset of customers and turned them into a source of impetus for change. What remains to be done is empowerment of frontline practitioners and provision of infrastructures to speed things up.

With this in mind, we launched the Temporary Facilitative Measures (TFMs) in two phases from February for the general public to acquire a selected range of protective products through remote interactions. Up to end of September, 19,000 policies have been issued through TFMs, bringing \$300 million of new premiums. Preliminary evidence suggests that this group of policy holders is of a lower age bracket, vindicating our belief that alternative distribution by Insurtech is capable of penetrating underserved segments and meeting hidden demands.

Insurers are eager to extend the winning streak with a larger universe of products, and we catered for their aspirations by deploying the Insurtech Sandbox. A total of eight trial projects of this nature have been approved so far, and seven are in the pipeline. Realizing the constraints faced by small players, the Hong Kong Federation of Insurers took one further step by providing a pre-approved technical platform for them to bypass tedious application procedures.

Finally, the four virtual insurers have seen their business surging by leaps and bounds over the past six months. Some of them are leveraging on the dual role as service provider to forge collaboration with other insurers, turning competition into partnership. Looking ahead, we will continue to explore with the industry other infrastructures or applications that could confer benefit to all parties on the value chain.

I do hope that you will share my optimism of a marketplace which is more inclusive, equitable and efficient when we emerge from the dark clouds of COVID-19.

Have a great time at the Hong Kong FinTech Week.