

Insurance Agency Survey

As part of its preparation for the direct regulation ^(Note 1) of insurance agencies ^(Note 2), the Insurance Authority (“IA”) conducted a survey of their basic business and 2018 financial information. The IA received 1,354 replies ^(Note 3) from insurance agencies, representing 96% of the selected market. Below we summarise some of our key observations following the successful completion of the survey.

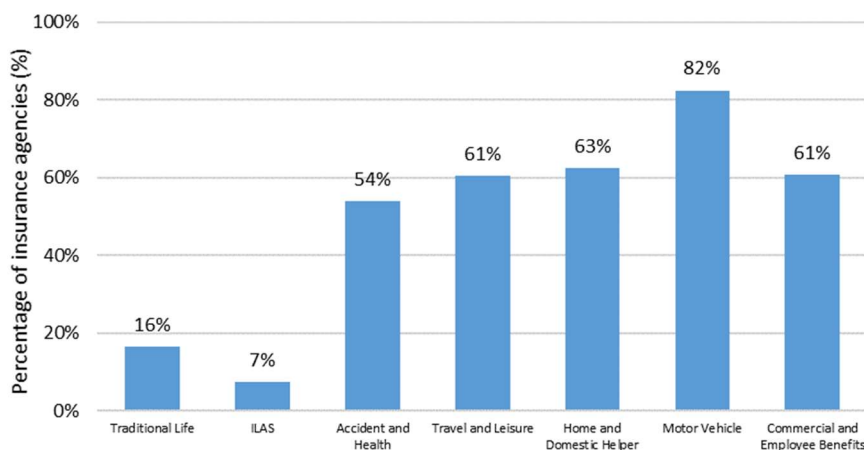
Key Observations

- As shown in the table below, 93% of respondent insurance agencies had 5 or fewer appointed technical representatives (“TRs”). It is also noteworthy that over 80% of insurance agencies surveyed engage solely in general business.

As at 31 December 2018			
Number of TRs	Number of insurance agencies	Line(s) of business	Number of insurance agencies
50+	25 (2%)	Long term business	70 (5%)
11 – 50	24 (2%)	General business	1,070 (81%)
6 – 10	38 (3%)	Long term & General business	189 (14%)
1 – 5	1,242 (93%)		
Overall	1,329 ^(Note 3)	Overall	1,329

- In terms of the type of products being offered by the insurance agencies, motor vehicle insurance was the most popular product, which was offered by 82% of respondent insurance agencies.

Chart 1: Percentage of insurance agencies in terms of product offering



Note 1: On 23 September 2019, the IA took over the responsibility for the direct regulation of some 110,000 insurance intermediaries in Hong Kong from the three Self-Regulatory Organizations.

Note 2: The term “insurance agency” means an insurance agent operating as an insurance agency business in the form of a sole proprietor, a partnership or a corporation. At the time of the survey (which was conducted before 23 September 2019), the surveyed insurance agencies held active registrations with the Insurance Agents Registration Board (“IARB”) of the Hong Kong Federation of Insurers.

Note 3: As at March 2019, there were 2,391 insurance agencies registered with the IARB. Between May to July 2019, the survey questionnaire was sent to 1,852 insurance agencies (which excluded insurance agencies engaged only in Restricted Scope Travel Business). In total, 1,354 insurance agencies responded to the survey, representing 96% of the selected market in terms of numbers of TRs appointed. Twenty-five survey responses could not be verified, and thus were excluded from this survey result to avoid distortion of the overall analysis. As a result, the statistics and observations noted in this survey result are based on 1,329 responses.

- The picture changes when one looks at premiums. In 2018, the total new business premiums handled by respondent insurance agencies amounted to HK\$ 77 billion. Approximately 89% of these new business premiums was attributable to long term business, with the remaining 11% attributable to general business.

On the other hand, in terms of the total number of new business policies, it was reported that roughly 3.3 million new business policies were arranged in 2018. Of these new business policies, 92% were general business and the remaining 8% were long term business.

Chart 2: Market share in terms of total new business premiums

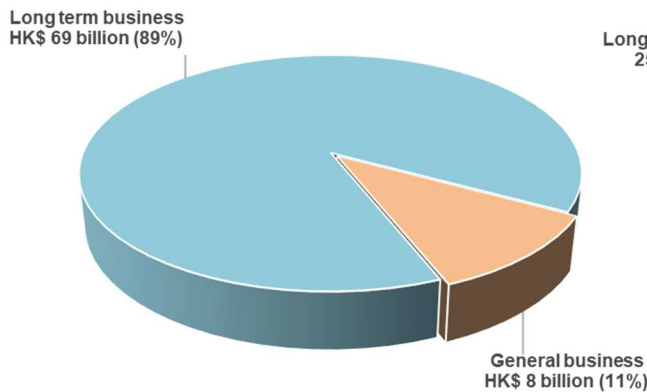
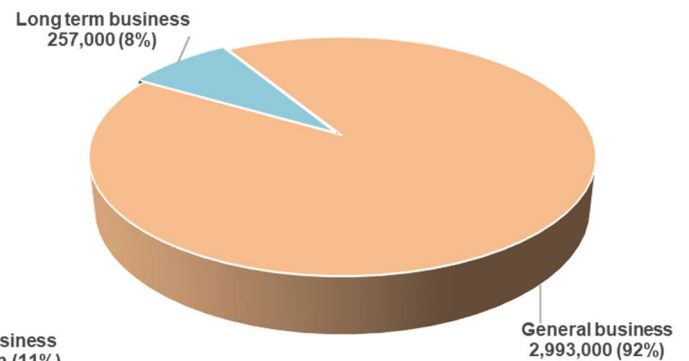
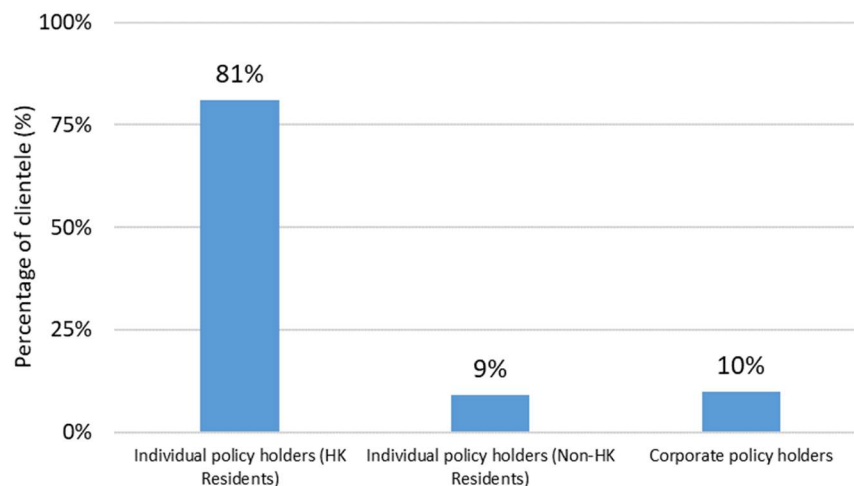


Chart 3: Market share in terms of total number of new business policies



- Regarding client distribution, insurance agencies mostly (81%) served local (i.e. Hong Kong resident) individual policy holders. The remaining 19% of clients were split almost equally between non-local (i.e. Mainland and overseas residents) individual policy holders (9%) and corporate policy holders (10%).

Chart 4: Clientele distribution



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