

# Impact of Evolving Regulatory Developments and Market Landscape on Traditional Distribution Models

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Chief Executive Officer

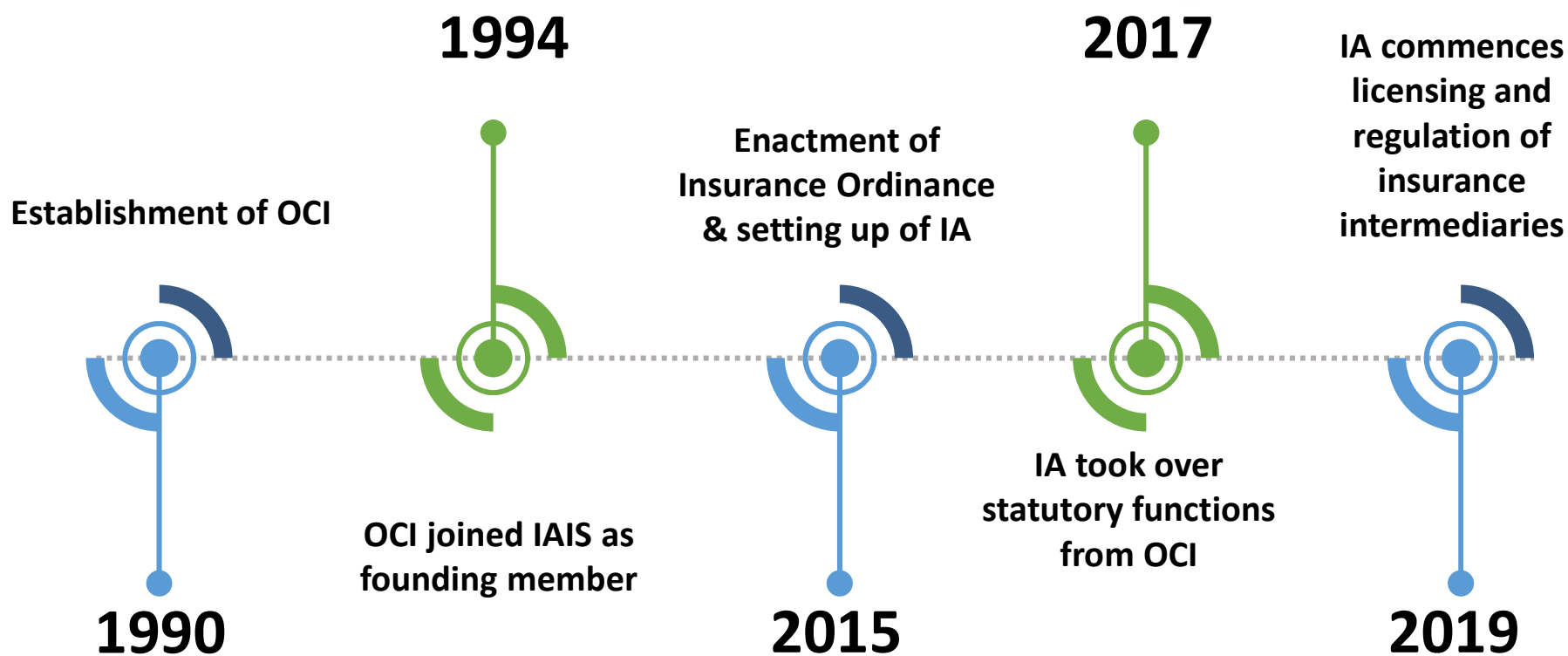
Insurance Authority of Hong Kong (IA)

30<sup>th</sup> May 2019

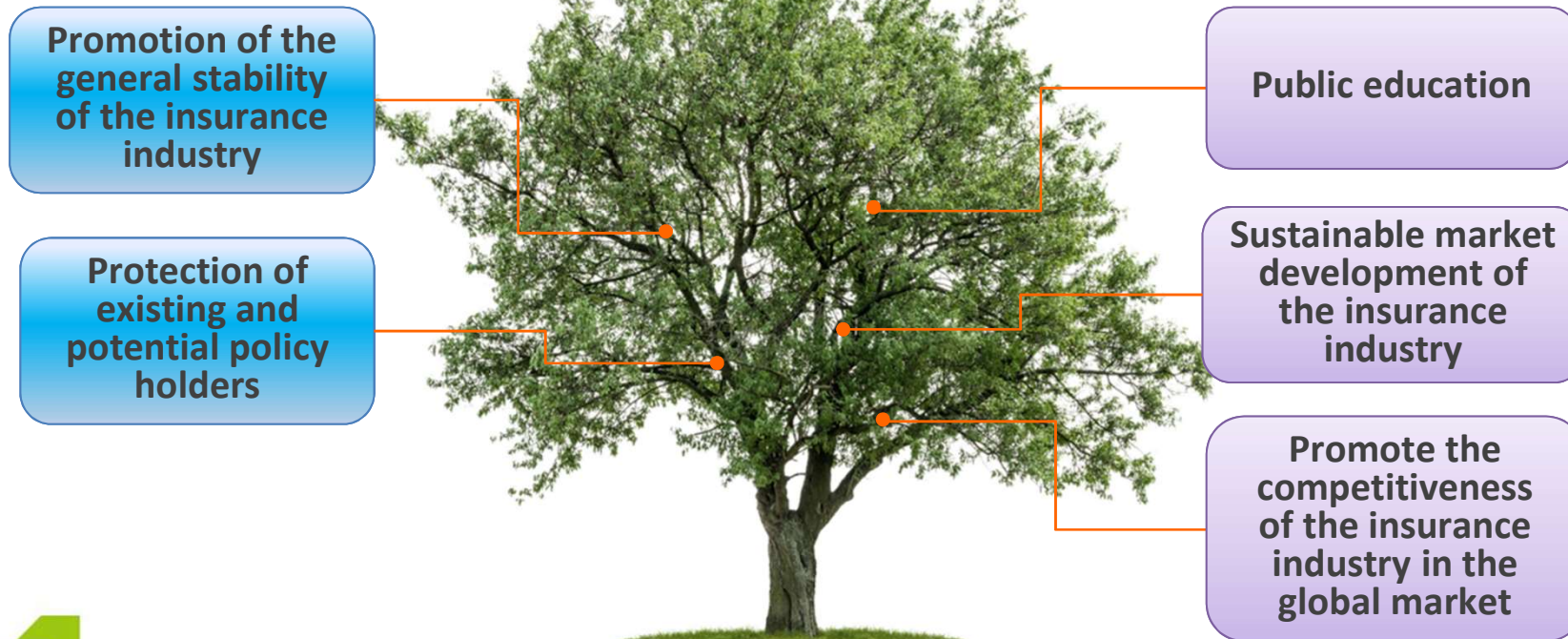
# Agenda

- 1 History and Statutory functions**
- 2 Regulation of Intermediaries**
- 3 Insurtech Development**
- 4 External Engagement**
- 5 Greater Bay Area**

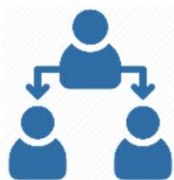
## History and Statutory functions



# History and Statutory functions



# Main Topics



- Licensing and inspection
- Conduct and discipline
- Evolving role of self-regulatory bodies

## Regulation of Intermediaries



- Positive disruption
- FinTech eco-system
- Compliance and supervision

## InsurTech Development



- Industry collaboration
- Thematic research
- Social media

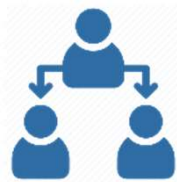
## External Engagement



- Financial connectivity
- After-sales service
- Innovative products

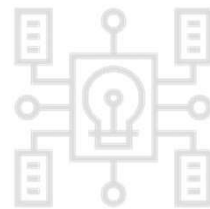
## Greater Bay Area

# Regulation of Intermediaries



- Licensing and inspection
- Conduct and discipline
- Evolving role of self-regulatory bodies

## Regulation of Intermediaries



- Positive disruption
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## InsurTech Development



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## External Engagement



粵港澳大灣區  
Greater Bay Area

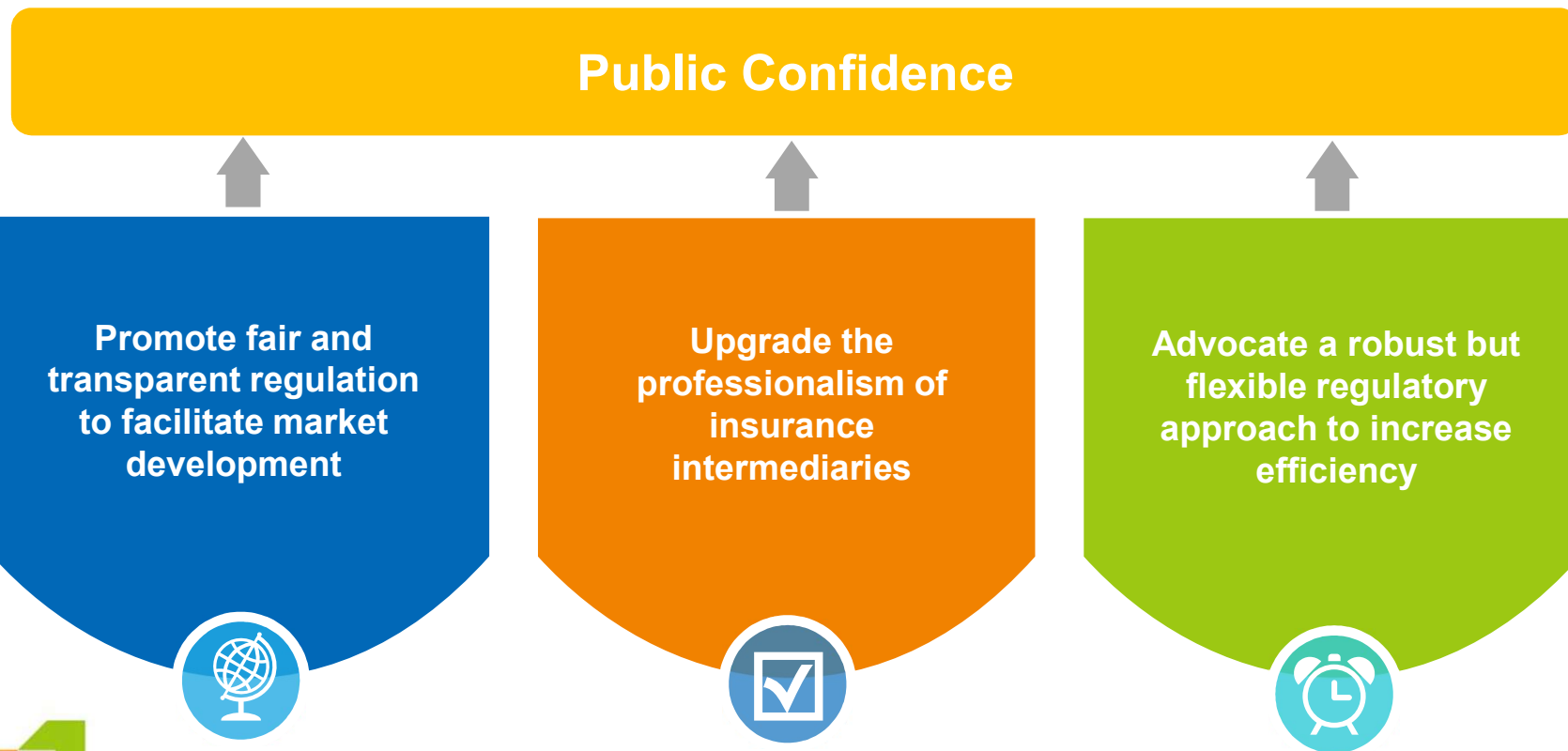
- Financial connectivity
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## Greater Bay Area

## Regulation of Intermediaries – Key Elements



# Regulation of Intermediaries – Policy Objectives





## Regulation of Intermediaries – Main Criteria

### Nature of Activity

A person must not carry on or hold out to carry on a regulated activity in the course of business or employment, or for reward unless the person is a licensed insurance intermediary or otherwise exempted

### Fitness and Properness

Licensed insurance intermediaries are required to be Fit and Proper persons assessed based on -

- Education qualifications
- CPD requirements
- Eight general principles enshrined in the code of conduct for insurance intermediaries

# Regulation of Intermediaries

	Existing framework	Proposed regulatory regime
Minimum Education Requirement	Form 5 or equivalent	Individual Licensee - <b>Level 2 in 5 Subjects in HKDSE</b> Responsible Officer - <b>Bachelor degree</b> or other acceptable qualifications
CPD Requirement	10 hours	<b>15 hours</b> At least <b>3</b> hours on Ethics or Regulations Online training courses max <b>5</b> hours annually
Minimum Requirements for Insurance Broker Companies	≥HK\$100,000 capital and net assets value HK\$3 million limit of indemnity for Professional Indemnity Insurance keep client monies in a <b>designated separate client account</b> . keep proper books and accounts and enable a proper audit to be conducted.	≥HK\$500,000 capital and net assets value HK\$3 million limit of indemnity for Professional Indemnity Insurance and impose <b>cap on the deductible</b> To refine client account requirements and introduce <b>reconciliation requirements</b> To enhance <b>accounting disclosure</b>

# Regulation of Intermediaries - Consultation

Rules on  
Maximum  
Number of  
Authorized  
Insurers

Rules on  
Minimum  
Requirements  
for Licensed  
Insurance  
Broker  
Companies

Guideline on  
Continuing  
Professional  
Development

Guideline  
on Fit and  
Proper  
Criteria

Guideline on  
Exercising  
Power to  
Impose  
Pecuniary  
Penalty

Code of  
Conduct for  
Licensed  
Insurance  
Agents

Guidelines  
relating to Selling  
of Life Insurance  
(Cooling-off  
Period / FNA /  
Policy  
Replacement /  
Gifts / Benefit  
Illustrations / ILAS)

Code of  
Conduct for  
Licensed  
Insurance  
Brokers



Public Consultation  
Completed



Consultation conclusion  
published



Public Consultation  
Completed



Consultation conclusion  
will be published

Public/Industry  
Consultation Underway

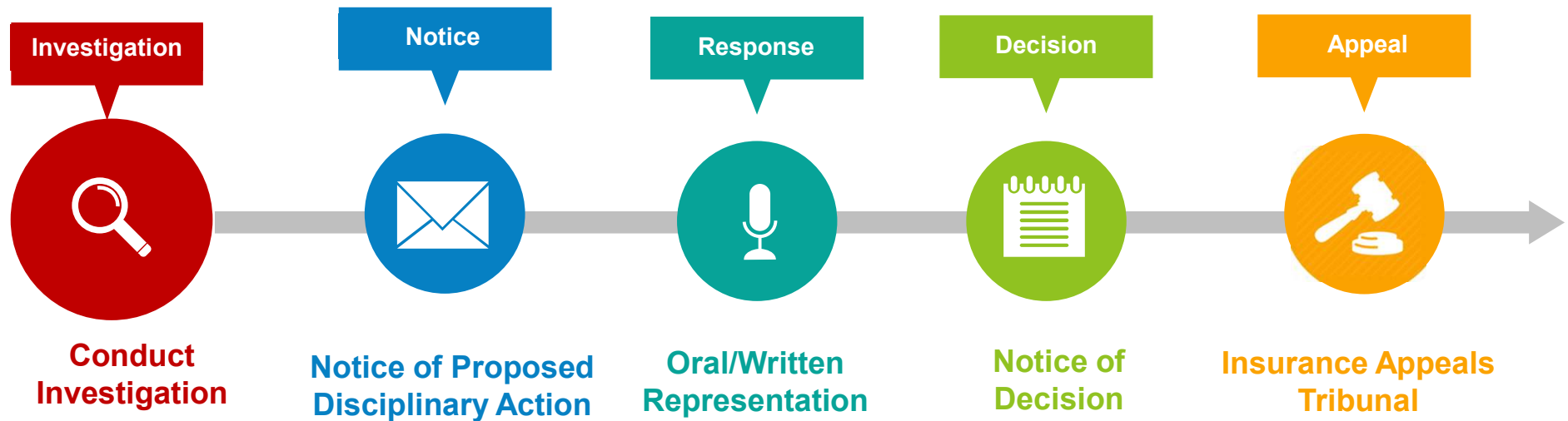
## Regulation of Intermediaries - Transition



### Transitional Period

- Existing intermediaries will be deemed as licensees for three years.
- Existing responsible officers of insurance agencies and chief executives of insurance brokers will be deemed as responsible officers for the same period.

# Regulation of Intermediaries – Conduct and Discipline



# Regulation of Intermediaries - Evolving role of three self-regulatory bodies



Maintain communication  
and cohesion

Advocacy



Image



Enhance public  
Image of the industry

Organize CPD activities

Development



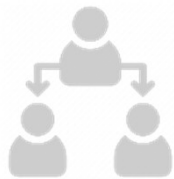
Guidance



Promote market resilience  
and development



# InsurTech Developments



- Licensing and inspection
- Conduct and discipline
- Evolving role of self-regulatory bodies

Regulation of Intermediaries



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- FinTech eco-system
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InsurTech Development



- Industry collaboration
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- Social media

External Engagement



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# InsurTech Development - Strategy

- Broader inclusiveness
- Consumer empowerment
- Operational efficiency
- Customer experience

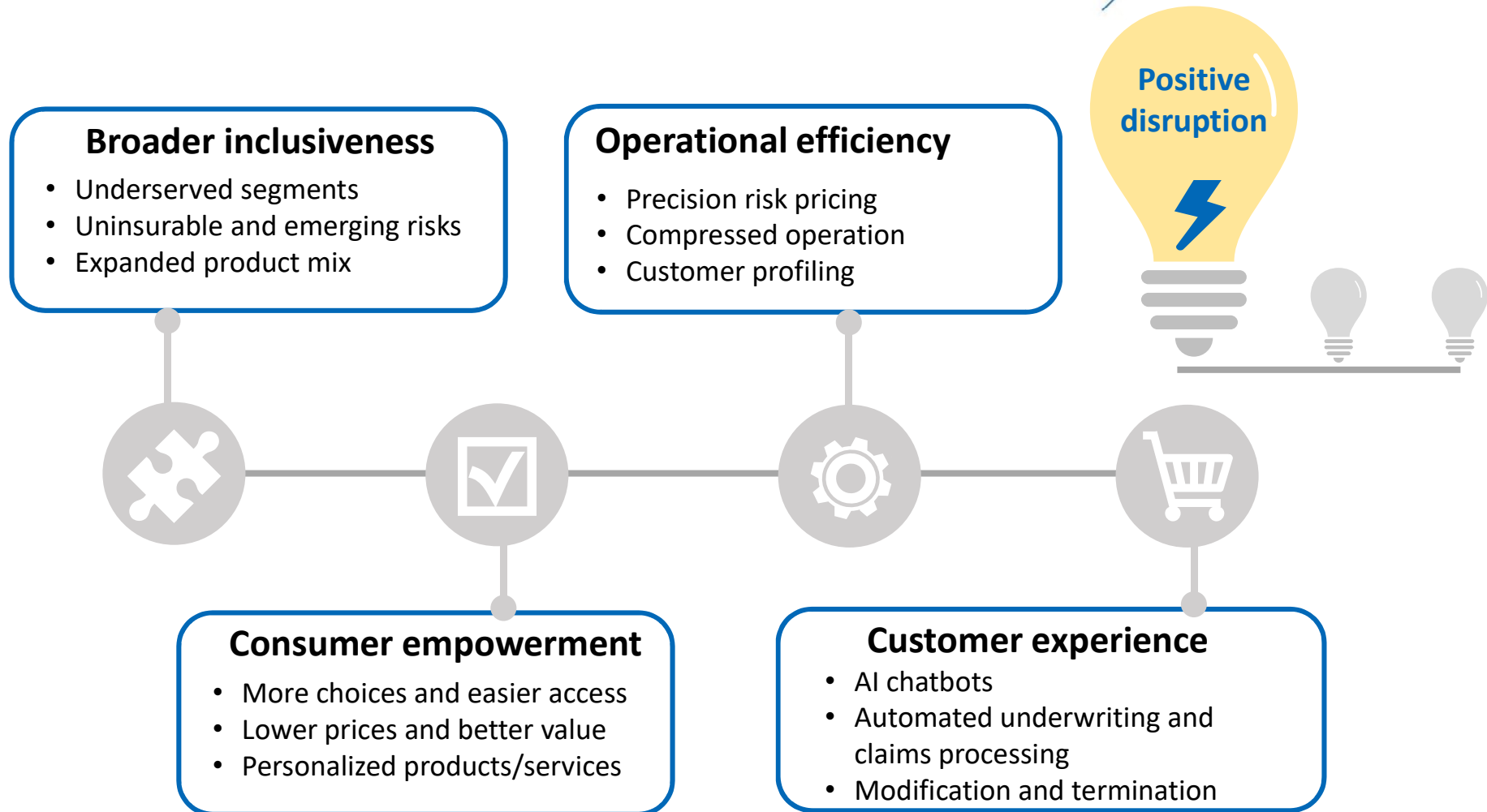
- Infrastructure to sustain growth
- Fraud prevention
- Support for insurers and intermediaries
- GBA development

- Reduced compliance burden
- Intermediaries regulation
- Marco surveillance
- Regulatory collaboration





# InsurTech Development – Positive Disruption



# InsurTech Development – FinTech Ecosystem

**Infrastructure to sustain growth**

- Open-API
- E-KYC
- Cross-sector propositions

**Fraud prevention**

- Insurance Fraud Prevention Claims Database
- Motor Insurance DLT-based Authentication System



**Support for insurers and intermediaries**

- Digital transformation
- Product Development
- Platform for intermediaries

**GBA development**

- Remote on-boarding
- Corridor for flow of funds
- After-sales service

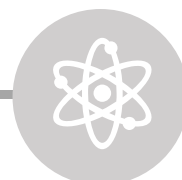
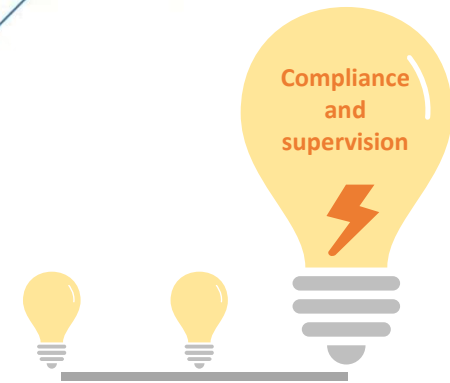
# InsurTech Development – Compliance and Supervision

**Reduce compliance burden**

- RBC Regime
- IFRS 17
- AML/CFT

**Intermediaries regulation**

- License application
- Change of particulars
- CPD records



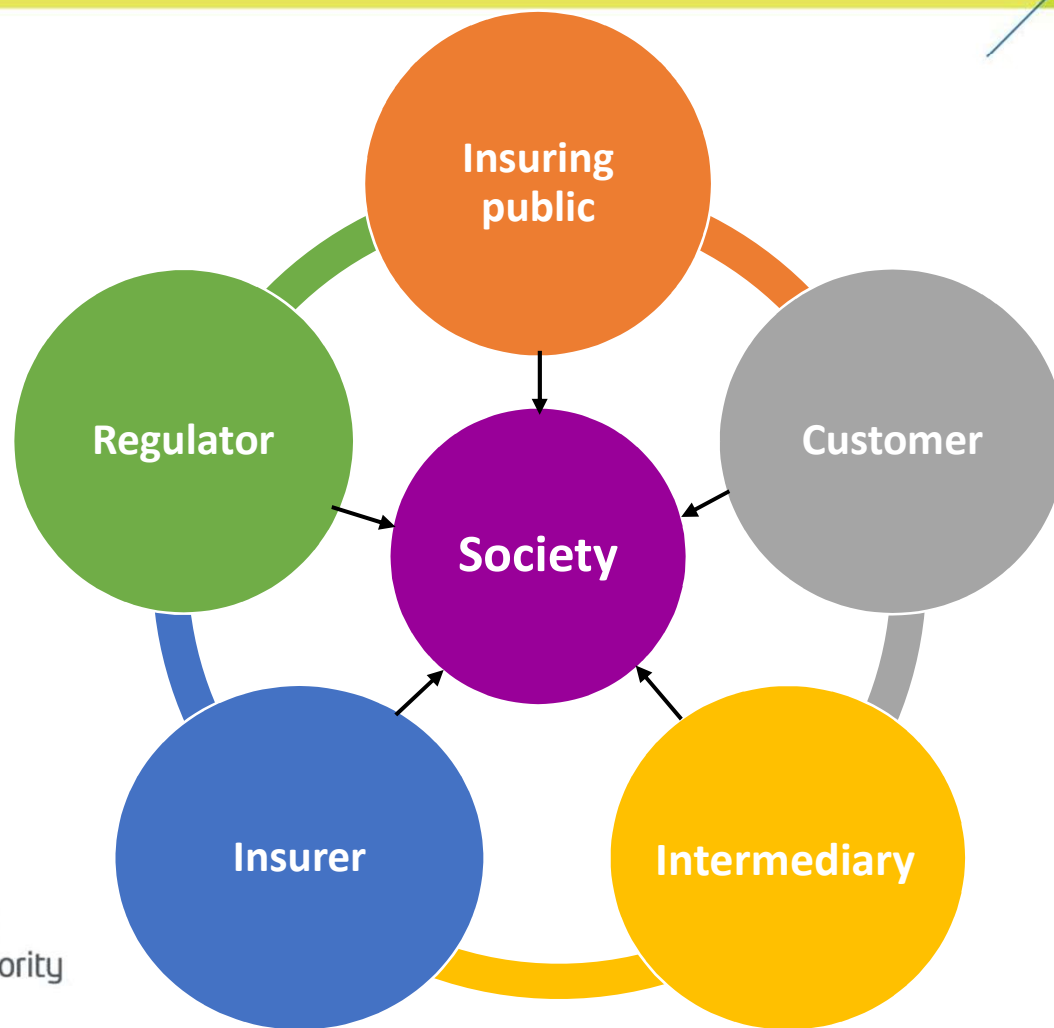
**Macro surveillance**

- Systematic and sectorial risks
- Overall market stability
- Timely intervention

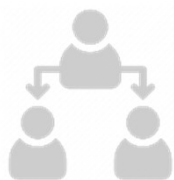
**Regulatory collaboration**

- Smoother communication
- Coordinated supervision
- Regular intelligence exchange

# InsurTech Development – Conclusion



# External Engagement



- Licensing and inspection
- Conduct and discipline
- Evolving role of self-regulatory bodies

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InsurTech Development



- **Industry collaboration**
- **Thematic research**
- **Social media**

**External Engagement**



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## External Engagement – Industry Collaboration

### Collaboration with Investor and Financial Education Council and Food and Health Bureau

- “Tips on Buying Insurance” leaflet
- Insurance Education Seminar
- Qualifying Deferred Annuity Policy
- Voluntary Health Insurance Scheme



合資格延期年金保單  
Qualifying Deferred  
Annuity Policy



## External Engagement – Thematic Research

- Statutory responsibility to promote the understanding by policy holders and potential policy holders of insurance products and the insurance industry
- The Mortality Protection Gap Study is aimed at raising public awareness on the need to identify and address personal risks through insurance coverage
- Preliminary results reveal a significant protection gap against rising insurance depth and penetration
- Follow-up action on public education, inclusiveness of underserved segments, balanced product mix and new distribution channels

# External Engagement – Social Media

- “Koi Sai Po Kam” (“蓋世保鑑” or “Bible of Insurance”) at Facebook
- Provide credible, impartial information and knowledge about insurance to the public through social media.



【蓋世普查：你幾時買旅遊保？】

好多人都識得旅行要預早計劃，成年前就搶訂機票同酒店，之但係幾時先會動手買旅遊保呢？你係屬於邊種人？  
其實買旅遊保都有黃金時間，正所謂早買早享受，多數旅遊保都唔淨只係你嘅旅遊嘅幾日發生嘅事故，而係由你成功投保嘅一刻起就已經有保障，如果出發前遇到外遊警示、航班延誤，甚至自己或親人有病而要取消行程，都可以claim番損失。  
相反，如果你係習慣上機前先臨急臨忙買旅遊保嘅人，一旦嘅出發前發生事故影響行程，就無左個保障喇！... See more



【高齡司機請注意 投保未必話咁易】

年齡從來都只係一個數字，好多人都唔會因為年紀大而放棄想做嘅事，就好似Philip咁。  
英國嘅Philip 97歲仲撞緊車，聽聞香港都有個102歲嘅駕駛執照持有人。雖然香港法例對司機年齡冇任何限制，但係佢哋要買車保就無後生仔咁簡單喇。  
好多保險公司都會將受保人嘅年齡上限定嚟70歲，換言之，70歲以上嘅車主就未必可以成功投保。有保險公司或者會要求長者提供健康證明，又或者提高保費同墊底費先受保，視乎個別保險公司嘅核保決定。... See more

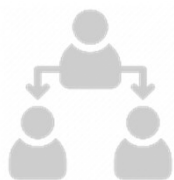


309

24 comments 20 shares



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- **Innovative products**

Greater Bay Area

## Greater Bay Area – Outline Development Plan

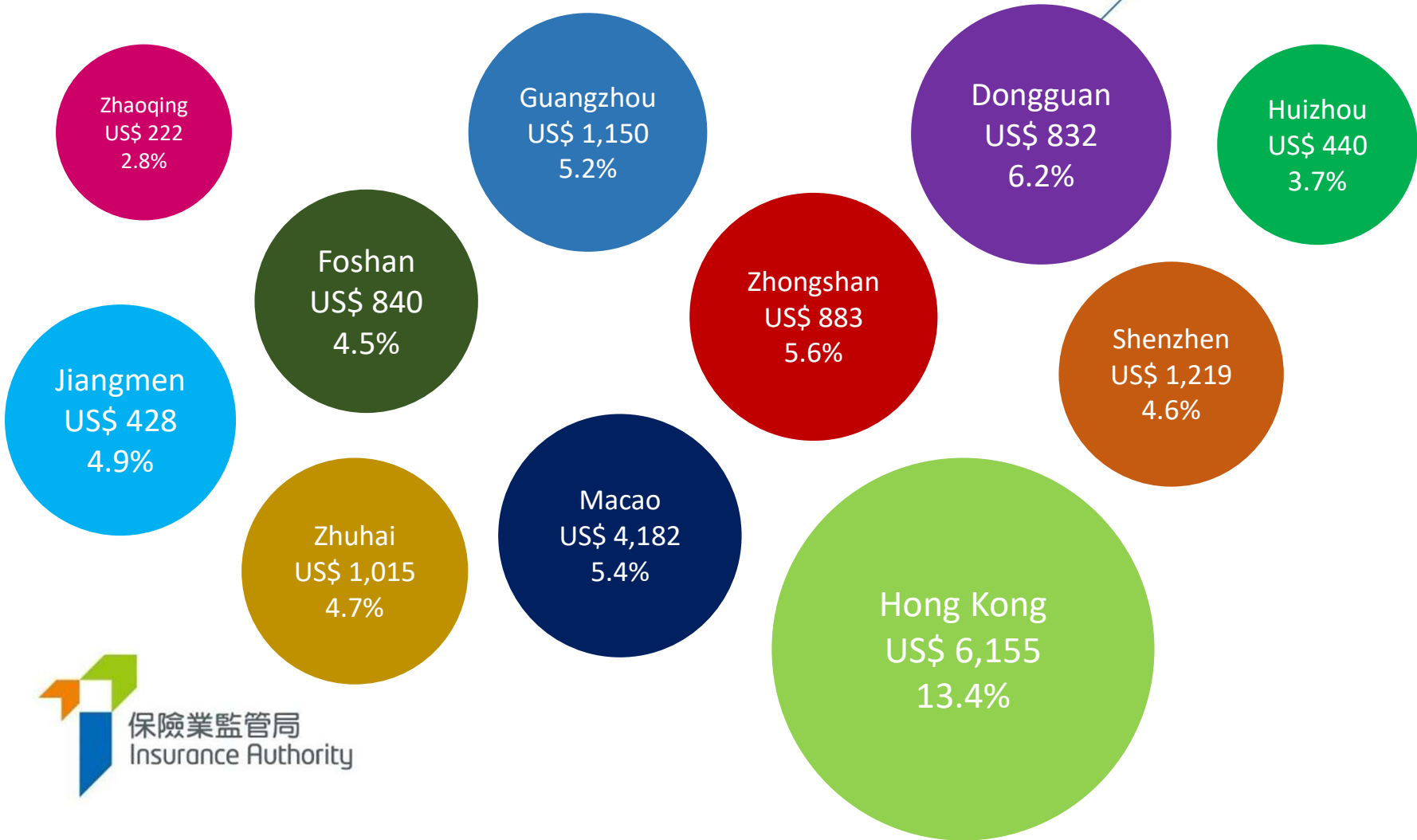
### Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area

**Financial  
connectivity**

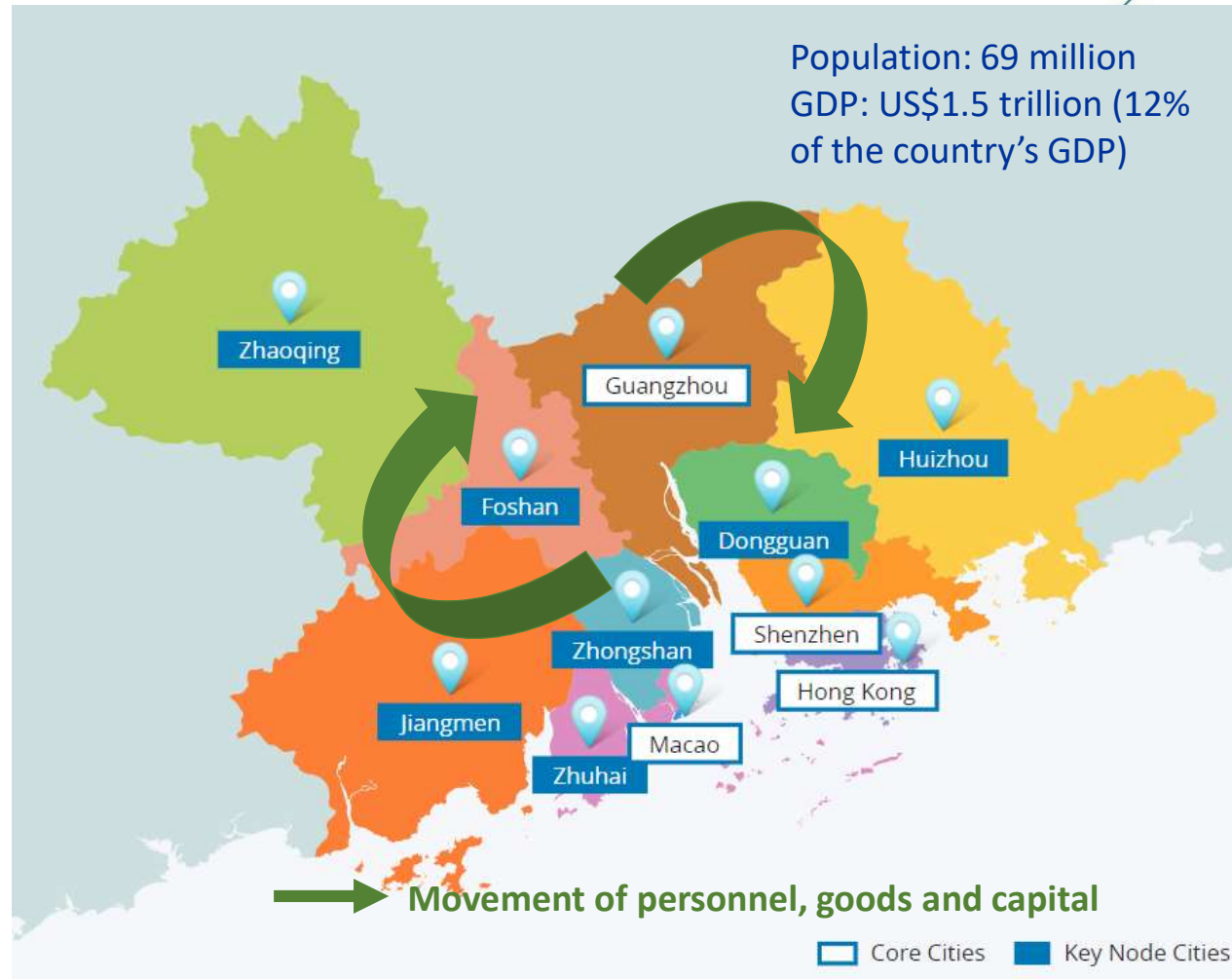
**After-sales  
service**

**Innovative  
products**

# Greater Bay Area – Quick facts about insurance



## Greater Bay Area – Financial Connectivity



Source of photo: <https://www.bayarea.gov.hk/>

## Greater Bay Area – After-sales Service

### After-sales service



- Catering for policyholders in GBA
- Targeting both Hong Kong citizens and mainland residents
- Initial scope limited to claims processing and complaints handling

## Greater Bay Area – Innovative Products

**Innovative  
products**



**Cross-border motor  
insurance policy**



**Cross-border medical  
insurance plan**

# Corporate Vision





Insurance Authority

Tel: (852) 3899 9983

Fax: (852) 3899 9993

Email: [enquiry@ia.org.hk](mailto:enquiry@ia.org.hk)

Website: <https://www.ia.org.hk/en/index.html>

Facebook: <https://www.facebook.com/KoiSaiPoKam/>

