

CIB Annual Conference 2020
“Our New Opportunity – The Greater Bay Area”
18 December 2020

Opening Address by Mr Clement Cheung
Chief Executive Officer of the Insurance Authority

It is my pleasure and privilege to deliver the opening address for the Annual Conference 2020 organized by the Hong Kong Confederation of Insurance Brokers (“CIB”).

Rath¹, Adrian², Patrick³, Alex⁴, Tommy⁵ and the management team at CIB deserve to be commended for their wisdom, agility and perseverance in keeping up a long tradition amidst severe operational constraints posed by COVID-19. The thoughtful choice of conference theme, meticulous planning, complex logistical arrangements and sourcing of technical support are just some of the painstaking work that has gone into the preparations for this event.

Nobody will dare challenge the statement that we are facing an unprecedented period of uncertainties and disruptions. This evasive and capricious pandemic is posing an arduous test on our resolve and resilience. Although the insurance industry could not be spared from the negative impact of restricted passenger movements and social distancing, we have witnessed some positive responses. Many insurers are revamping their product mix to capture the rising demand for personal protection against exposure risks, redirecting attention to address the long-term societal needs and investing into technological applications to avoid face-to-face encounter with customers. More importantly, expectations are ramping up on emerging opportunities presented by robust growth of our hinterland. This brings me nicely onto the theme of “Our New Opportunity – The Greater Bay Area (“GBA”)”.

¹ Mr. Rath, Bhabani Sankar (BS), Immediate Past Chairman of CIB

² Mr. Adrian King, Honorary Secretary of CIB

³ Mr. Patrick Chan, Chairman of CIB

⁴ Mr Alex Yip, Deputy Chairman of CIB

⁵ Mr Tommy Yuen, Director of Constitutional and Mainland Affairs (Special Duties)

Much has been said about the enormous potential of GBA. Some basic facts worth reiterating are – 11 cities in different stages of market liberalization, population of over 70 million with a budding middle class, and total GDP of US\$1.7 trillion close to South Korea and Spain. The vision is set for a vibrant economic stronghold that provides anchorage for the other national strategy of the Belt and Road Initiative. Despite lingering doubts on the viability of these mammoth undertakings, the recent release of “Circular 95” by four regulatory bodies in the Mainland containing a list of 30 articles bears testimony to the determination with which central authorities are pursuing GBA development. This is good news, but how could we take advantage of it? Mr Tommy Yuen, Director for Constitutional and Mainland Affairs (Special Duties), will share insights on the long-term vision of decision makers in Beijing and Hong Kong, and how it is shaping the business landscape in GBA.

A key factor for the success of GBA development is connectivity – of talent development, trade facilitation, capital mobility and standard harmonization. Commissioning of major infrastructure projects such as the Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge and the Liantang/Heung Yuen Wai Boundary Control Point have eliminated the geographical separation hitherto impeding flow of people and cargo. As this barrier is lifted, insurance could provide essential support in spurring economic and investment activities. While the market is eagerly waiting for an announcement on the setting up of after-sale service centres and progress of innovative cross-border medical and motor coverages, brokers with experience of serving young entrepreneurs in Hong Kong are uniquely placed to spearhead the foray. Mr Mark Johnson, Chief Executive Officer, Howden Insurance Brokers (Hong Kong) Limited, will explore this notion from the practical viewpoint of a mid-sized specialist firm.

With the statutory regulatory regime of insurance intermediaries in operation for over one year, I can testify that the leaders in CIB have lost no steam in looking for ways to create value for the wider membership. Its status as a reliable sounding board of regulatory policies will intensify as we strive for the insurance industry to take part in making GBA development a beneficial

endeavour for all. Mr Alex Yip, Deputy Chairman of CIB, will elaborate on the merits of a limited license with calibrated capital requirement that enables general insurance brokers to operate in GBA.

While everyone is pinning hopes on a vaccine as the panacea for COVID-19, let us not forget that many Black Swan events are lurking around the corner. If you are still cynical about the hype on paradigm change, simply try to recall how commercial interactions continued to take place in the virtual space and universities chose to deliver online lectures while we were stranded at home because of typhoon Nangka. The new normal is here to stay. Nothing short of seamless communication and close collaboration between the Government, regulatory bodies and industry stakeholders will be able to navigate us through the stormy waters.

I wish you a stimulating and rewarding conference.