Appointed Actuaries Symposium 2018

Challenge and Opportunity

Ms. Carol Hui

Executive Director, Long Term Supervision

Insurance Authority of Hong Kong

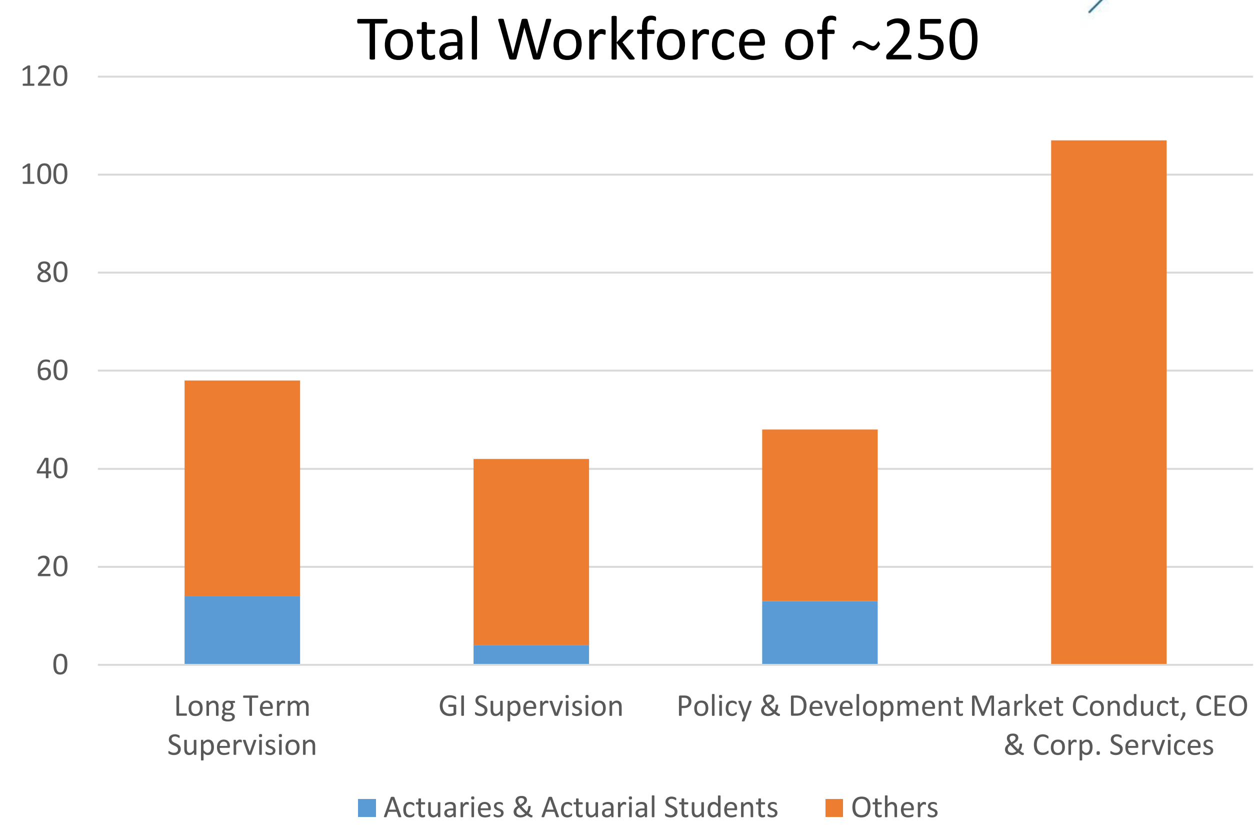
5 November 2018

Challenge and Opportunity

1. Building Capability
2. Raising Standards
3. Strategic Initiatives

保險業監管局
Insurance Authority

Building IA Capability
Actuarial



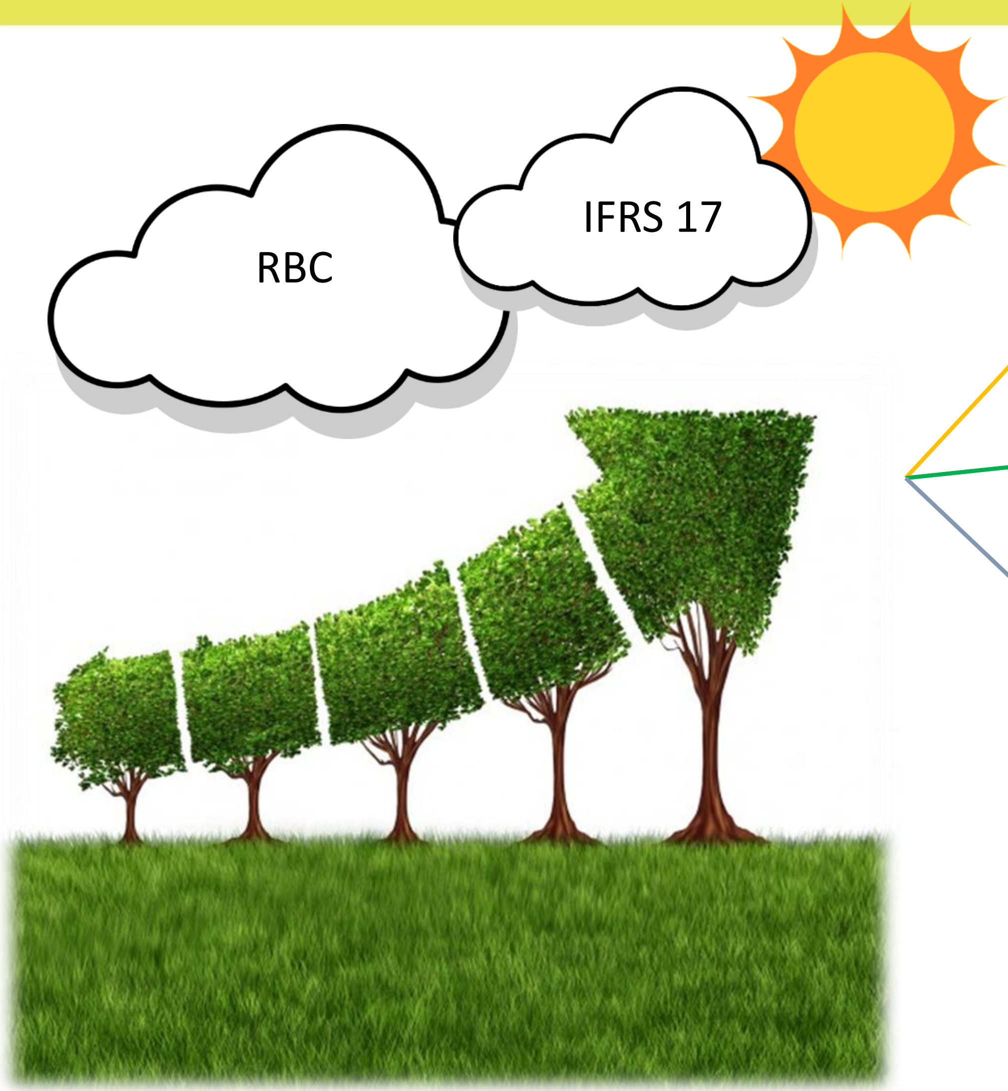
保險業監管局
Insurance Authority

Building IA Capability
Licensing of Insurance Intermediaries

- Take over from three industry self-regulatory bodies in mid-2019
- Consultation on rules, codes of practices and guidelines on track
- Avoid conflict of interest
- Legal backing to disciplinary procedures
- Upgrade professional standards

保險業監管局
Insurance Authority

Meeting International Standards



Globally consistent supervisory and reporting frameworks

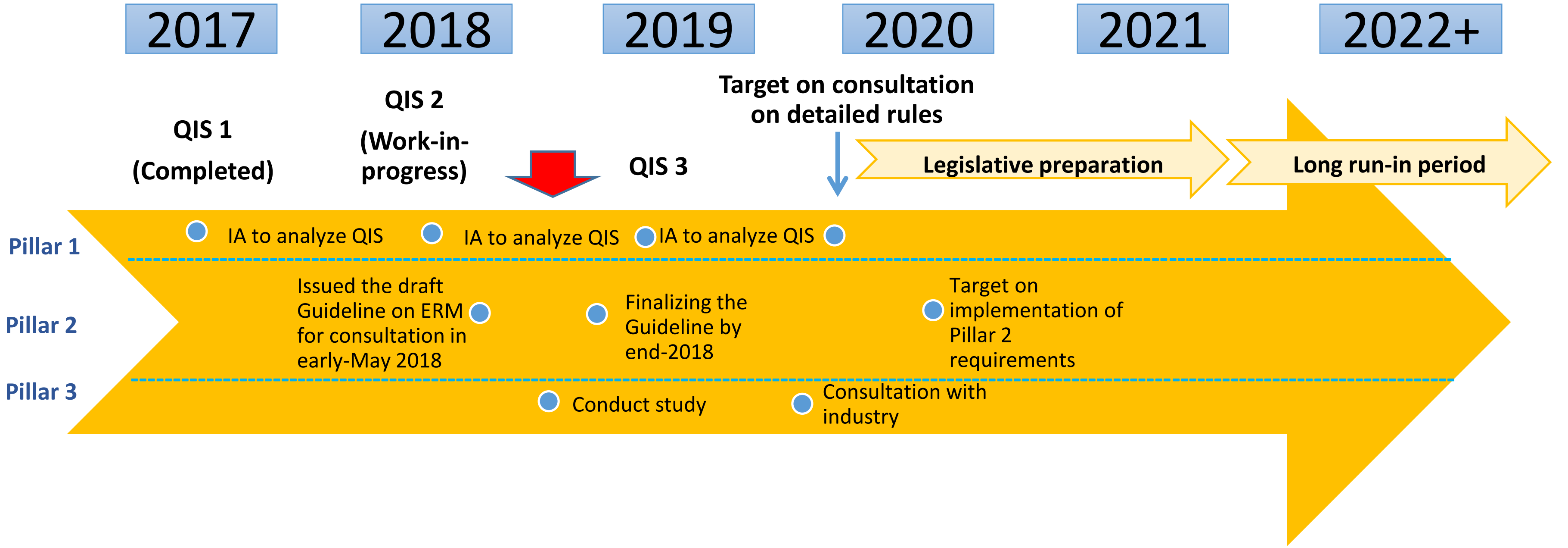
Enhance comparability with other jurisdictions

Facilitate sustainable development of the insurance industry

Meeting International Standards

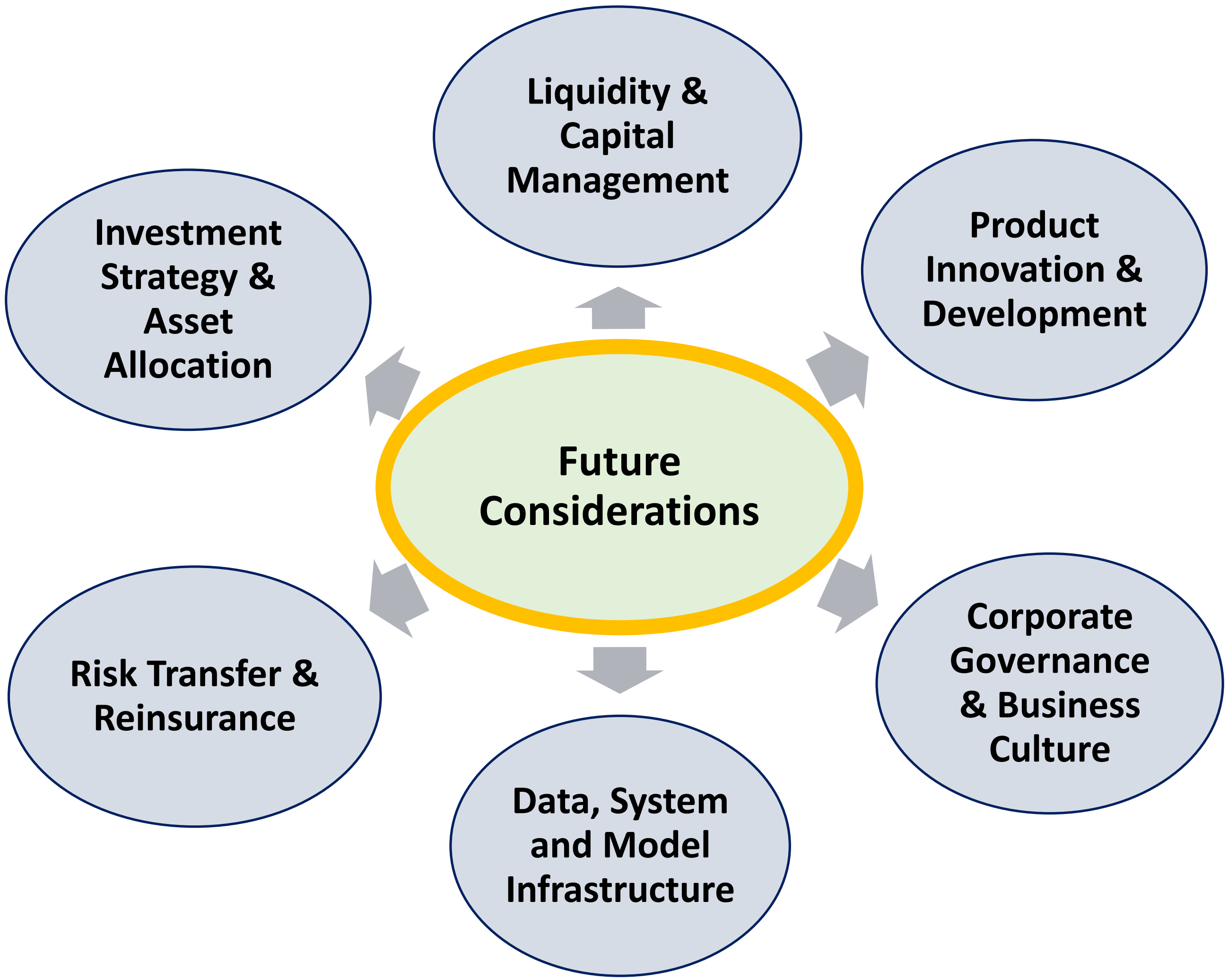
RBC Regime – Timeline

RBC



保險業監管局
Insurance Authority

Meeting International Standards
RBC Regime – Future Considerations



Meeting International Standards
HKFRS 17 *Insurance Contracts*

- IFRS 17 adopted by eight jurisdictions in Asia Pacific: Australia, Cambodia, Hong Kong, India, Malaysia, Singapore, Sri Lanka, New Zealand
- Effective date set for 2021, first submission 2022
- Various groups lobbying for extension of effective date by up to two years
- Not applicable to United States
- Level-playing field for multi-national insurance groups seriously distorted

保險業監管局
Insurance Authority

Meeting International Standards

HKFRS 17 *Insurance Contracts*

IA initiatives

- Conduct industry-wide survey on general readiness and major challenges
- Establish common stand among regional counterparts through the Asian Forum of Insurance Regulators (AFIR)
- AFIR workshop to be held on 12 Dec 2018
  - Consider postponement of the effective date by up to two years
  - Identify success factors of implementation
  - Share different support schemes and contingency plans
- Work with HKICPA in monitoring global developments and supporting interpretation of HKFRS 17

Meeting International Standards
Policy Holders' Protection Scheme

- Introduction of a bill to the Legislative Council in the 2019-2020 legislative year
- Provide a reliable tool to safeguard the interest of policy holders
- Benchmarking with other financial centres
- Reinforced market resilience

保險業監管局
Insurance Authority

Strategic Initiatives

Promoting sustainable market development

- Annuity Products
- Voluntary Healthcare Insurance Scheme
- Belt and Road Initiative
- Greater Bay Area Development

Strategic Initiatives
Annuity Products

- Widening of retirement saving gap
- Public annuity, catering for local residents aged 65 or above
- A supplementary stream of income against longevity risk

保險業監管局
Insurance Authority

Strategic Initiatives
Annuity Products

- Deferred annuities
- Encouraging the working population to save early
- Enriching retirement planning tools
- Tax incentives by Government

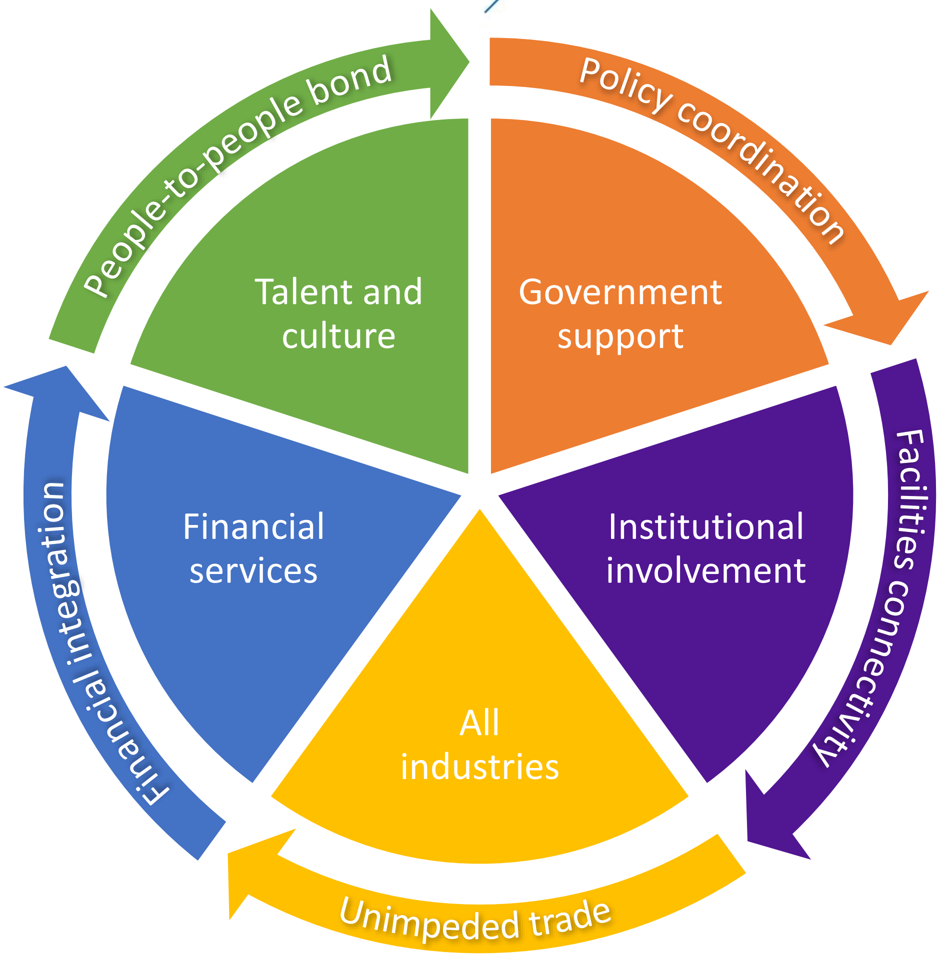
保險業監管局
Insurance Authority

Strategic Initiatives
Voluntary Healthcare Insurance Scheme

- Unique features
  - Guaranteed renewal up to the age of 100
  - No “lifetime benefit limit”
  - Standardised terms and conditions
  - Premium transparency
  - Minimum benefit limits
  - Cost-sharing restrictions
  - Coverage of pre-existing conditions
- Relieve strains on public healthcare system
- Tax incentives by Government

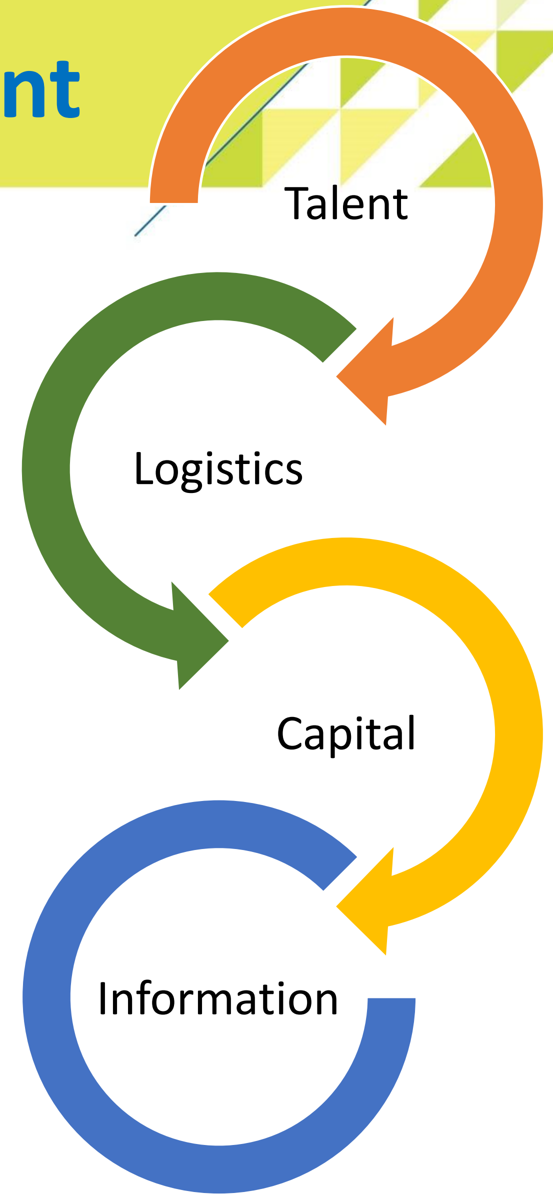
Strategic Initiatives
Belt and Road Initiative

- Five Areas of Connectivity
  (Policy coordination,
  Facilities connectivity,
  Unimpeded trade,
  Financial integration,
  People-to-people bond)
- Opportunities
  (Reinsurance, Specialty risks,
  Captives, Maritime services,
  Risk management)

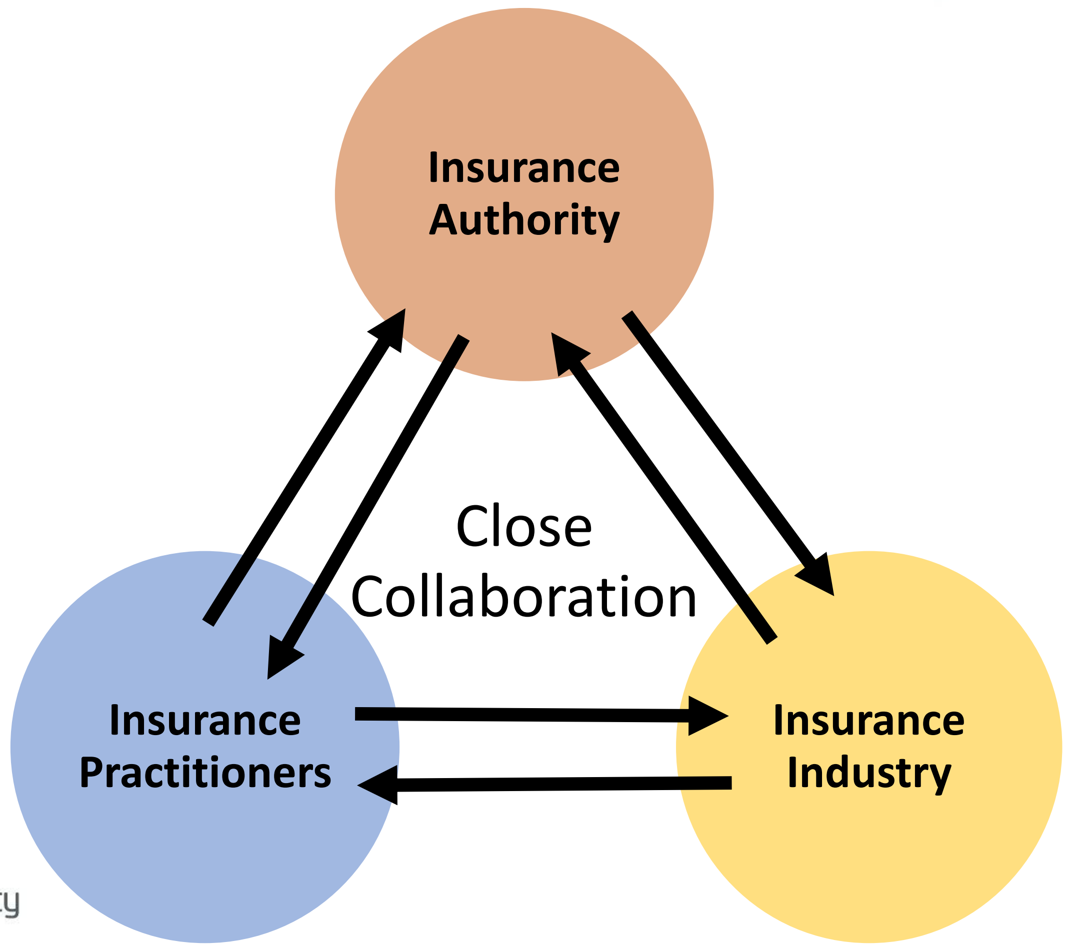


Strategic Initiatives
Greater Bay Area Development

- Facilitate the flow of talent, logistics, capital and information
- Service centres for Hong Kong residents and Mainland policy holders
- Insurance Connect covering basic products necessary to facilitate flow of people and goods
- Joint Surveillance mechanism / Sharing of information



Future of insurance industry depends on…



保險業監管局
Insurance Authority

Thank you !

保險業監管局
Insurance Authority