



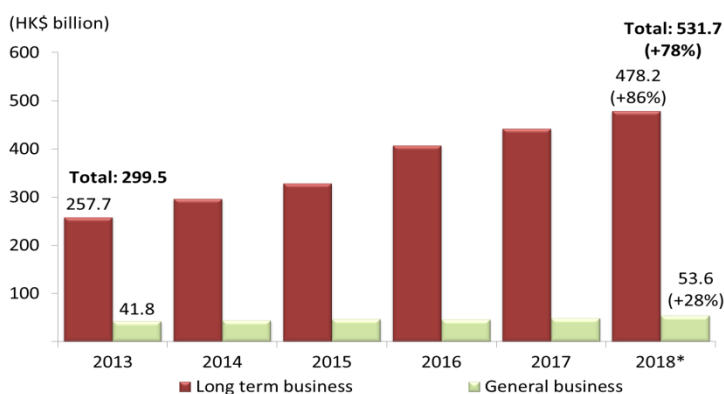
Insurance industry in Hong Kong

Figure 1 – Market structure, 2013 and 2018

Year	2013	2018
Number of authorized insurers		
Long term	44	49
General	92	93
Composite (both long term and general business)	19	19
Total	155	161
Number of individual insurance intermediaries		
Insurance agents [#]		
Individual agents	41 296	69 285 (+68%)
Technical representatives ⁺	24 988	22 934 (-8%)
Responsible officers of insurance agency firms	2 464	2 422 (-2%)
Insurance brokers [^]		
Chief executives and technical representatives of broker firms	9 198	9 560 (+4%)
Total	77 946	104 201 (+34%)

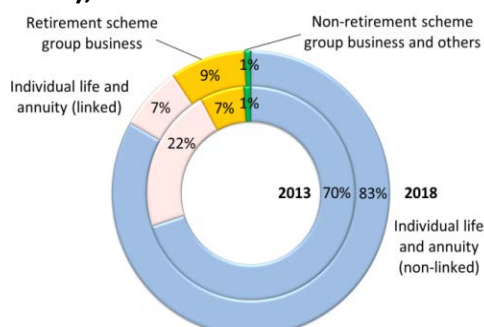
Notes: (#) Insurance agent means a person who holds himself out to advise on or arrange contracts of insurance in or from Hong Kong as an agent or subagent of one or more insurers.
 (+) Technical representative means a person, not being an insurance subagent, who provides advice to a (potential) policy holder on insurance matters for such insurance agent, or arranges contracts of insurance in or from Hong Kong on behalf of that agent.
 (^) Insurance broker means a person who negotiates or arranges contracts of insurance in or from Hong Kong as the agent of the (potential) policy holder or advises on matters related to insurance.

Figure 2 – Premium income, 2013-2018



Note: (*) Figures for 2018 are provisional.

Figure 3 – In-force long term business (in terms of premium income), 2013 and 2018



Highlights

- Insurance industry is an important element of the diversified financial businesses in Hong Kong. The industry is regulated by the Insurance Authority and can be classified into long term business (e.g. life and annuity) and general business (e.g. accident and sickness).
- While the number of authorized insurers just increased mildly during 2013-2018, the total number of individual insurance intermediaries passed 100 000 in 2018, a 34% increase compared with 2013 (Figure 1). Among them, the number of individual agents showed the largest growth (68%).
- Underpinned by the rising demand for insurance services, the industry has shown a considerable growth in recent years. In 2018, the total gross premiums of the industry were about HK\$531.7 billion, representing an increase of 78% over 2013 (Figure 2). This was mainly contributed by the increase of 86% in long term business, which might be indicative of the increasing demand for long term insurance products due to ageing population.
- Looking into the types of in-force long term business over the five-year period, although the individual life and annuity category remained the dominant line of business, premium income deriving from non-investment-linked business had grown from 70% in 2013 to 83% in 2018 while premium income deriving from investment-linked business had decreased from 22% to 7% (Figure 3). The shrinkage in the linked business might be partly explained by the increasing public cautiousness about the investment risks and the tighter regulatory measures (e.g. enhanced disclosure requirements for investment-linked assurance scheme) imposed by the financial regulators after the financial tsunami.

Insurance industry in Hong Kong (cont'd)

Figure 4 – Distribution channels of long term individual new business (in terms of office premiums)

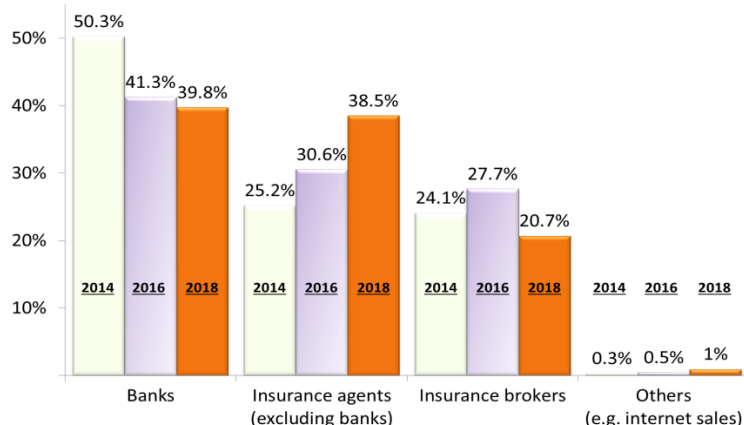
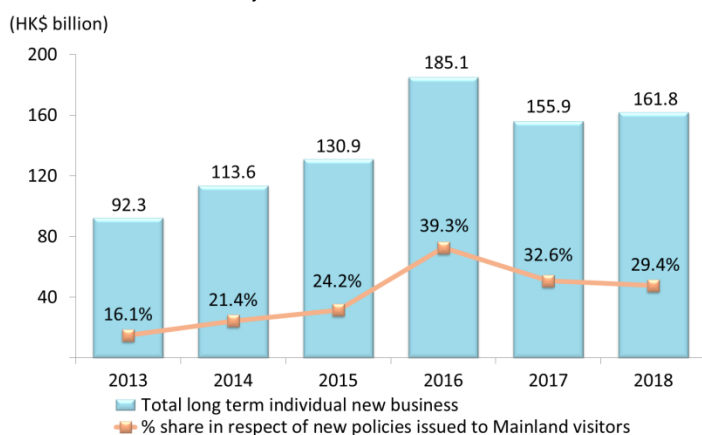
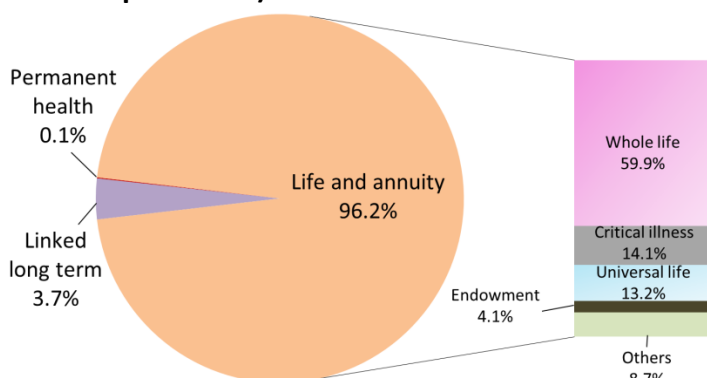


Figure 5 – Office premiums of long term individual new business*, 2013-2018



Note: (*) Figures exclude retirement scheme business.

Figure 6 – Long term individual new business for Mainland visitors (in terms of office premiums) in 2018



Highlights

- Although banks remain the major distribution channel of long term individual new business, its share (in terms of office premiums) exhibited a decreasing trend from 2014 to 2018 (**Figure 4**). Conversely, probably due to increased deployment by insurers, insurance agents have grown in contribution to new business from 25.2% of office premiums in 2014 to 38.5% in 2018.
- With the increasing integration of the Hong Kong and Mainland economies, the industry has been attracting more Mainland visitors to purchase the insurance products in Hong Kong. From 2013 to 2016, the office premium share in respect of new long term policies issued to Mainland visitors had grown markedly from 16.1% to 39.3% (**Figure 5**). There has been a visible decline since then, which is reportedly attributable to the restrictive measures implemented in 2016 by the Mainland's major card payment company, UnionPay (e.g. banning its customers from buying any insurance product with investment-related contents) to control capital outflows.
- Among the new policies issued to Mainland visitors in 2018, almost all of them (96.2%) were related to life and annuity business (**Figure 6**). These included whole life plans (59.9% of office premiums), followed by critical illness plans (14.1%) and universal life plans (13.2%). To assist the industry in capitalizing on the business opportunities arising from the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") development, the Government is proposing with the Mainland authorities to enable the local companies setting up their service centres in the GBA and to facilitate the cross-boundary sale of their insurance products through "Insurance Connect".

Data sources: Latest figures from Insurance Authority, the Hong Kong Confederation of Insurance Brokers, the Hong Kong Federation of Insurers and the Professional Insurance Brokers Association.

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