

Twenty-Eighth Graduation Ceremony of Lingnan College
Address by Dr Kwok Man-cho

Mr Visitor, Deputy Chairman of the Council, President Edward Chen, Ladies & Gentlemen,

It gives me great honour and pleasure to be up here to address such a distinguished audience. I wish to express my heart-felt gratitude to Lingnan College for bestowing such an honour on me.

I am a graduate of Lingnan University. I continued my studies in the United States at Columbia University. After deciding on insurance as my career, I further studied some courses provided by the School of Insurance in New York.

Being in the insurance business for over 40 years, I would like very much to say a few words about my profession - the business of insurance and the evolution or development of this industry in Hong Kong. Upon my return to Hong Kong in 1951, I joined The Wing On Life Assurance Co Ltd and The Wing On Fire and Marine Insurance Co Ltd. At that time, you may be surprised to know that one could register and operate an insurance company during that period with a comparatively small sum of HK\$50,000 in capital. As a result, many fly by night operators with no sense of responsibility to either the industry or to the public could easily start their business as insurers. For example, in the early 1960's the number of registered insurance companies was as high as 331, with 85% in General Insurance and 10% insurers issuing life insurance policies and 5% issuing both. There was no specific insurance legislation or control over insurance companies. With this background, there were much abuses and unprofessional conduct by some unscrupulous insurance operators and intermediaries. From time to time, complaints by the public through the media had attracted the attention of the Consumer Council to protect the rights and interests of the insured.

In those days, the business of General Insurance was dominated by a few international insurers whereas the number of companies in Life Insurance, with local background and interest, was very small. In fact, the great majority of people in Hong Kong were very ignorant of or indifferent to insurance, especially life insurance.

The Government, finally tried to introduce some legal framework to govern this unregulated market, realizing that there was no formal or statutory body to supervise the industry, except perhaps in a minimal way by the Insurance Registrar in the Registrar General's Office.

In 1975, the leaders of the industry were invited by the Government to propose a framework for proper regulation either by self-regulation, by legislation or by both. The Government made it clear that they were willing to go along with our self-regulatory approach as long as reliable information and statistics on insurance performance were made available to the Government and to the public.

While regulation on insurance companies and the code of conduct were taking shape, the insurance brokers or agents continued to fight for business in their own selfish way. The Law Reform Commissioner set up a sub-committee to look into the provisions contained in the insurance contracts in general and to consider how to supervise the intermediaries in particular.

Our industry was constantly on the defensive in the face of growing consumer discontent. We lacked the spirit of unity and were not pulling our weight together in the rapid economic and social development of Hong Kong. When I served as the Chairman of the Life Insurance Association of Hong Kong, my Council members and I advocated industrial self-regulation which I believed was also the Government's intention on regulation.

In order to promote industry self-regulation, the Insurance Council of Hong Kong was formed. However, life insurance industry which was enjoying rapid growth felt that the Council was weighed too heavily in favour of general insurance. The outcome was the creation of two Councils, a separate Life Insurance Council was formed with its own secretariat. With this move, each of both sectors of the industry was able to focus on its particular needs for promotion, protection and advancement.

The Hong Kong Federation of Insurers was forced in 1988 to look after the industry of insurance as a whole, with the Insurance Associations of Fire Marine and Accident concentrating on the technical side.

As mentioned earlier, the Government supports our idea of industrial self regulation. Under the Federation, the Insurance Agents Registration Board is given statutory recognition by the Insurance Companies Ordinance. The law requires all insurance agents to register with the Board. The Code of Practice for the Administration of Insurance Agents has also been introduced. Thus, the industry began to be properly regulated.

I would also like to give you some statistical information relating to the business of insurance. Statistics of the insurance business is available only up to 1996. It shows that the total gross premiums in general insurance had dropped by 7% to HK\$18.7 billion after five years of continuous growth.

However, growth in the Life insurance industry continued up to 1996. Current premium income in force were increased from HK\$23.7 billion in 1995 to HK\$27.7 billion in 1996. At the end of 1996, the number of individual life policies in force exceeded 3 million for the first time. A total of 595,220 new Individual Life policies were sold during the year of 1996. The number of Group Life policies in force reached 100,487 by the end of 1996.

Retirement Schemes Business has continued to grow slowly in 1996, possibly due to employers' anticipation of the implementation of the Mandatory Provident Fund Scheme in Hong Kong.

Based on the latest statistics available from insurers, it is estimated that the general insurance industry would record a marginal growth of 2.2% to HK\$19.1 billion in 1997. With regard to Life business, however it is reckoned that a double digit growth could be achieved in the same year.

As at 31 March 1998, there were 213 authorized insurance companies registered in Hong Kong of which 163 were members of the Hong Kong Federation of Insurers, a Government recognized representative body of insurers in Hong Kong. Members of the Federation contributed to over 90% of the gross premium written.

It is with pride to say that through the tremendous effort of the industry, Hong Kong has developed to be one of the leading insurance centres in the Asian Pacific Region, with over 30,000 people being employed in the business. The figure is equivalent to 10% of Hong Kong's work force in the financial service sector.

The Insurance Companies Ordinance requires all person acting as insurance intermediaries to be either authorized brokers or registered agents. As at the end of March 1998, there were 321 authorized brokers and 36,175 registered agents.

The imminent implementation of the Mandatory Provident Fund Scheme (MPFS) towards the end of 1999 or early 2000 is anticipated to create HK\$12 billion worth of new capital during its first year of operation and the life insurance industry is expected to become a major service provider of the MPFS.

Finally, I cannot conclude my address without saying a few words on the importance of the insurance industry and its future in Hong Kong. The importance of the insurance industry as a sector of the Hong Kong economy is best evidenced by the establishment of an independent insurance financial constituency seat at the first Legislative Council of the Hong Kong Special Administrative Region, and the interests of the insurance industry from now on will be better represented and voiced.

As a present, we all know that the economy of Hong Kong largely depends on service industries and insurance plays an important role. The success of an insurance business relies very much on having good and skillful insurance professionals to run the business and to sell insurance. Whilst the industry works hard to have its operation properly regulated as mentioned earlier and to promote advancement and growth in the business, the support from the public in general is of utmost importance. The insuring public must be made to understand the concept and the importance of insurance coverage as insurance has every relation with all walks of life. To this end, people must be well informed and educated on insurance. Up to now, there were no schools or institutions offering insurance courses for tertiary students. Recognizing the need and importance of an educated pool of insurance professionals, the Insurance Authority of Hong Kong has enlisted the support of the Secretary for Education and Manpower and the University Grants Committee to encourage UGC-funded institutions to develop and introduce insurance-related degree programs in the 1998-2001 Academic Development Plan. As a Lingnan graduate as well as a long time industry professional, I am extremely pleased to learn that Lingnan College will launch a Bachelor of Business Administration degree program in Risk and Insurance Management in the coming year. This will surely benefit the insurance industry in the future directly and contribute to the success of Hong Kong as a service and financial centre in the Asian Pacific Region indirectly.

Thank you.

嶺南學院第二十八屆畢業典禮 榮譽法學博士郭文藻先生致詞

監督先生、署理校務會主席、陳坤耀校長、各位嘉賓：

置身這隆重的典禮，我感到十分榮幸和喜悅。承蒙嶺南學院頒贈榮銜給我，我謹致以衷心感激。

我畢業於嶺南大學，其後往美國哥倫比亞大學深造。選擇了保險行業作為事業後，我留在紐約修讀保險課程。

我從事保險業已超過四十年，想藉此與你們分享香港保險業的演變和發展情況。一九五一年我從美國回港，加入永安人壽保險有限公司和永安水火保險有限公司工作。回顧香港保險業的歷史，可能會令你十分驚訝，因為在該段時期，只需五萬元的資本就可以成立一間保險公司。

草率的經營者可以輕易地開業，對行業既無責任感，亦罔顧公眾利益。六十年代初期，註冊的保險公司曾一度多達三百三十一間，其中85%專注一般保險業務，祇有10%從事人壽保險及5%從事綜合性公司保險業務。這時期政府對保險公司的運作並沒有特定的法例和管制，因此若干經營者和中介人往往疏忽職守，違反職業道德之歪風甚盛，引起社會人士投訴和傳媒報導，終於令消費者委員會採取措施以保障受保人的權益。

當時，一般保險業主要是由數間國際保險公司控制，很少是以人壽保險為主的本地公司。事實上，絕大多數的香港人對保險服務興趣不大，認識也十分膚淺，尤其是人壽保險方面。雖然政府的註冊總署設有保險註冊主任，但整個保險業根本沒有正式立法組織負責監管工作。有鑑於此，政府早期曾嘗試立法監管。

一九七五年，政府邀請保險行業的翹楚，共同制定規管架構，提議的形式包括自律監管、立法管制或兩者兼備。政府明確表示，祇要政府及公眾人士可以隨時取得保險的可靠統計數字和所需資料，政府願意接受行業自律監管的方式。

當保險公司條例和從業員行為守則正在草擬階段時，保險代理人、經紀和中介人仍然漠視立法的重要性，而只集中如何爭取生意。法律改革專員設立了一小組委員會，負責檢視一般保險合約的條款，同時又特別關注對中介人的監管工作。

保險行業在面對消費者愈來愈多不滿時，祇是採取了抗辯的態度。行業之間缺少團結精神，而在經濟和社會急起變化的時刻，又未能一心一德亟謀發展。我出任香港人壽保險公會的主席時，與理事會成員共同倡議行業自律，使之成為政府監管的主導理念。

為倡導保險業的自律，我們成立了香港保險業委員會，但由於人壽保險業發展迅速，而該委員會又過於重視一般保險業，所以最後分別成立兩個委員會：人壽保險委員會和一般保險委員會。兩個委員會各設秘書處，負責維護和推進兩類保險業的發展。

一九八八年，香港保險業聯會成立，旨在維護保險業的整體利益，而水火險和意外保險等公會則集中處理技術方面的問題。

如前所述，政府表示支持保險行業採取自律監管措施。在聯會之下，保險代理登記委員會擁有保險公司條例賦予的法定認可能力，規定所有保險代理人必須向該委員會註冊，同時亦實施了《保險代理管理守則》。就此看來，保險業現在已有相當的監管機制。

我亦想向大家提供保險業最新的統計資料。一九九六年保險業市場統計資料，顯示了保險行業持續五年增長後，一般保險業的毛保費總額下降了7%至187億元。

但人壽保險業在一九九六年仍然持續增長，毛保費總額從一九九五年的237億元增至一九九六年的277億元。一九九六年底，個人人壽保單數目首次超逾三百萬份，而在一九九六年內承保的新造個人人壽保單達595,220份，團體人壽保單總數達100,487份。一九九六年退休計劃的業務繼續進展緩慢，原因之一可能是僱主預期強制性退休金計劃即將實施。

根據保險公司的最新資料，一九九七年一般保險業估計僅有2.2%微量增長，總額為191億元。至於人壽保險業，估計同年將會有兩位數字的增長。

一九九八年三月三十一日，註冊的保險公司共有213間，其中163間是香港保險業聯會的成員。聯會現已是本港政府認可的代表機構，囊括本地市場超過90%的保險費總額。

我們可以自豪地說，由於行內人士的厥盡職能，香港現已發展為亞太區第一流的保險中心，從業員超過三萬人，相當於本港金融服務業勞動人口的一成。

保險公司條例要求所有保險中介人必須是授權的經紀或註冊的代理。一九九八年三月底，授權的經紀有 321 人，而註冊代理則有 36,175 人。

強制性公積金計劃將於一九九九年末或二零零零年初推行，預計第一年運作時市場可有 120 億元的新資本加入，而人壽保險業預計為該計劃提供主要的服務。

最後，我要就保險業的重要性和前景略抒數言，用以結束今天的演說。有一件事可以證明保險業對香港經濟的重要，那就是香港特別行政區第一屆立法會設有一獨立的保險金融功能議席，足以反映保險業的代表性及其利益。

目前，我們都知道香港的經濟大部分倚靠服務行業，而保險業則扮演其中一重要角色。保險業的成功與否，十分倚賴優秀的從業員去管理業務和出售保險。雖然保險業人士已如前所述，努力使運作受到適當管制，同時又致力促進行業的發展，但一般市民的支持仍是絕對重要的。由於保險與各行各業均有密切的關係，我們應該使購買保險的大眾明白保險的概念和受保人的權益。為達到這目標，我們應為社會人士提供充分的資料和適當的教育。到目前為止，本港並沒有學校或機構開設保險專業課程。香港保險業有關當局與教育統籌局和大學教育資助委員會磋商，曾與校內一九九八至二零零一年學術發展計劃中發展和開辦下與保險有關的學位課程。我既是嶺南校友，又是保險專業人員，辦得悉和嶺南學院將於來年在工商管理（榮譽）學士課程中直接辦風險和保險的課程。我當然極為高興。這肯定直接的服務和保險業的發展，而間接則有助香港成為亞太區重要的服務中心。

