



## Macau: Impact of insurance regulation on GBA collaboration



Mr Carlos Coelho

Mr António Tam

Implementation of policies such as the unilateral recognition insurance policy in the Guangdong-Hong Kong-Macau Greater Bay Area means that insurance purchased for cars in Hong Kong and Macau is recognised in mainland China, according to **MdME's Messrs Carlos Coelho and António Tam**. *Asia Insurance Review* spoke with them to find out more.

By Sarah Si

**R**ecent regulatory developments in the Macau Special Administrative Region include the passing of Law 15/2024, also known as the new Insurance Intermediary Activities Ordinance.

Macau is also expected to adopt a risk-based capital (RBC) regime in the future.

### InsurTech

Hong Kong's Insurance Authority (IA) and the Monetary Authority of Macau (AMCM) signed an MoU that aimed at fostering innovation and enhancing regulatory practices within the fintech sector, particularly in insurance, across the Greater Bay Area (GBA). In 2023, the new Financial System Act (FSA) was enacted in Macau, with the aim of fostering innovation.

Under FSA, AMCM implemented Circular No 008/B/2023-DSB/AMCM, which facilitates the issuance of temporary licenses for fintech and InsurTech projects.

"These licenses enable qualified entities, including academic institutions, technology-focused businesses and financial organisations, to conduct experimental projects within a controlled regulatory environment," MdME partner and private notary Carlos Coelho and MdME senior associate António Tam said, speaking with *Asia Insurance Review*.

### Law 15/2024

According to Messrs Coelho and Tam, it is set to replace the existing Macau Agents and Brokers Ordinance from 1989. Law 15/2024 will come into effect on 1 August 2025.

"This significant regulatory update aims to enhance the regulatory framework for insurance intermediaries, ensuring better consumer protection and aligning Macau's insurance sector with international standards," they said.

### Risk-based capital

Macau has begun analysing the

implementation of an RBC regime, which "is expected to come into force in 2027", they said.

They believe that the RBC regime will introduce a structured approach to capital requirements based on the risk levels of different insurance operations, thereby improving governance, risk management practices and the overall stability of the financial system.

"The RBC regime is expected to strengthen the industry's resilience by linking capital adequacy to the risk an insurer bears, enhancing protection for policyholders," they said.

### Regulator independence

AMCM operates under the 'one country, two systems' framework, which is designed to ensure its administrative and regulatory independence from mainland Chinese authorities, according to Messrs Coelho and Tam.

"This includes independence from the National Financial Regulatory

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Administration,” they said.

Messrs Coelho and Tam also emphasised that under the framework, AMCM is committed to supporting the implementation of national policies.

“This commitment seeks to balance local autonomy with broader national interests, ensuring that Macau contributes to and aligns with overarching financial and economic strategies set by the central government,” they said.

However, they also said that AMCM has been facing challenges regarding its operational independence.

### Collaboration in GBA

Macau “is actively engaging with other regions in the Guangdong-Hong Kong-Macau GBA to enhance insurance regulation, especially concerning the sale of life insurance products to mainland China visitors (MCV)”, according to Messrs Coelho and Tam.

Since 2024, IA and AMCM have been focusing on enforcement strategies to prevent unlicensed cross-border selling, they said.

“Such discussions aim to uphold a high standard of market conduct and ensure that the insurance products sold are compliant with both local and international regulations,” they said.

The development and implementation of the Mandatory Provident Fund (MPF) system in Macau is also supported by the Mandatory Provident Fund Schemes Authority (MPFA) of Hong Kong, they said.

“This collaboration is crucial as Macau seeks to bolster its social security and retirement systems to ensure long-term financial stability for its residents. MPFA has been instrumental in providing valuable insights based on Hong Kong’s decades of experience managing its own MPF system.

“These insights include best practices in fund management, regulatory compliance and system administration, which are essential for the effective operation of a robust provident fund system. This transfer of knowledge helps Macau in tailoring its MPF system to meet local needs while adhering to proven standards,” they said.

They also noted that the collaboration extended to high-level visits and support from Chinese national authorities.

“These visits are pivotal in fortifying Macau’s financial infrastructure and integrating it more deeply with mainland China’s financial markets under the Closer Economic Partnership Arrangement (CEPA) framework,” they said. The mainland and Macau signed the Agreement on Trade in Services under CEPA in 2015.

### Areas of collaboration

According to Messrs Coelho and Tam, in the GBA, collaboration between insurance regulators adheres to the one country, two systems principle. This will ensure that “national policies are implemented consistently across the different systems while recognising their unique regulatory frameworks”, they said.

#### **Unilateral recognition insurance policy**

The implementation of this policy facilitates cross-border vehicle insurance coverage, they said.

“This policy allows for car insurance purchased in Hong Kong and Macau to be recognised in mainland China, specifically in Guangdong province,” they said.

They also said that the initiative was designed to simplify the process for Hong Kong and Macau vehicles travelling to the mainland via the Hong Kong-Zhuhai-Macau Bridge, as it would eliminate the “need for separate mainland insurance coverage”.

#### **Supervision of MCV referral business**

IA and AMCM “are committed to closely collaborating on cross-border referral business, addressing issues such as the sale of life insurance policies to mainland visitors and combating unlicensed cross-border sales” according to Messrs Coelho and Tam.

“Following Hong Kong’s lead, AMCM has also issued a circular that mirrors IA’s guidelines, ensuring regulatory alignment and strengthened cooperation to maintain the integrity and sustainable development of the insurance markets in both regions,” they said.

#### **GBA Insurance Service Centre**

AMCM is working with mainland China and Hong Kong to enhance the Greater Bay Area Insurance Service Centre, and awaiting approval for the project’s rules, they said.

“Efforts are also in place to set

up the Hengqin Insurance Service Centre. Once approved, these rules will allow Macau’s insurance industry to better serve policyholders in the Guangdong-Macau Cooperation Zone by prioritising their inclusion in the Hengqin Centre,” they said.

### Opportunities

Collaboration may lead to “enhanced insurance products tailored to meet the specific needs of Macau’s residents and the broader GBA population”, according to Mr Coelho and Mr Tam.

“By adopting best practices and innovative product designs from leading financial hubs, AMCM can improve service delivery and client satisfaction, ensuring that insurance policies are both comprehensive and competitive,” they said.

They also believe that incorporating advanced features such as cross-border medical coverage and specialised insurance plans for complex treatments may greatly benefit residents.

### Challenges

According to Mr Coelho and Mr Tam, differences in repair costs and the cost of living between regions like Macau and mainland China complicate insurance claims following cross-border vehicle accidents.

They said, “if repair costs are higher in Macau than in China, this could lead to inflated insurance payouts if the vehicle is repaired in Macau, despite the accident occurring in China. While certain legal precedents in places like Zhuhai allow for consideration of these factors, there is no standardised approach across GBA, leading to potential discrepancies in insurance claims and financial burdens on providers.”

### AI

In regulating AI within the GBA’s insurance sector, “it is important to maintain balance by providing clear ethical guidelines, opportunities for controlled experimentation, robust mechanisms for data protection and privacy, and a focus on cross-border regulatory harmonisation,” Messrs Coelho and Tam said.

“This comprehensive approach ensures that technological advancements benefit consumers and enhance the stability and integrity of the financial market”, they said. ■