



Establishing Hong Kong as China's Strategic Risk Shield and Specialty Insurance Hub

Purpose

To outline why Hong Kong must assume a new national role as China's sovereign centre for specialty insurance, risk intelligence, and space-finance infrastructure, ensuring the nation's global commerce, emerging industries, and strategic assets remain protected from foreign-controlled insurance systems.

I. The Five Systemic Vulnerabilities China Must Address

1. Weaponization of Reinsurance & Sanction Risk

China's fleets, SOEs, Belt & Road assets, and overseas industrial facilities maintain significant exposure to Western reinsurers. Foreign governments may exert pressure on insurers to withdraw coverage, which could create severe liquidity and performance pressures for major state-owned and strategic projects, forcing abrupt contract renegotiations.

2. Supply Chain Data Leakage & Financial Espionage

Offshore underwriting often necessitates sharing detailed operational and supply chain data. This creates a commercial intelligence asymmetry, where sensitive information could be accessed by foreign competitors or used in global tenders, potentially placing Chinese firms at a disadvantage in strategic industries. This creates a national security gap.

3. Financial Sovereignty & Capital Flight

A substantial portion of premiums currently flows to international reinsurers, representing a missed opportunity to deepen domestic capital markets. Retaining a larger share of this risk within Hong Kong and mainland China would strengthen domestic financial reserves and enhance the region's role as a self-sustaining risk hub.



4. Coverage Denial for Strategic Projects

Western ESG criteria increasingly influence underwriting decisions for Chinese energy, port, and technology projects. Without sufficient domestic or regional capacity, this could create bottlenecks for strategic overseas investments, limiting their scope and timeline.

5. Insurance Innovation Gap: Drones, Air Taxis, Robotics, AI, Space

While Hong Kong excels in technology and innovation, its insurance product development for autonomous systems, eVTOL, and AI liability has not kept pace with the Greater Bay Area's rapid deployment. Closing this gap is a strategic priority to ensure Hong Kong captures the full value of its own innovation ecosystem.

II. Strategic Recommendations

Recommendation 1: Establish Hong Kong as China's National Specialty Insurance Zone

Enable sovereign-aligned specialty insurers, Mainland-Hong Kong underwriting syndicates, modular risk-pooling structures (including PCCs where appropriate), and parametric products for drones, eVTOLs, cyber, and space.

Recommendation 2: Build the China-Hong Kong Risk Intelligence Network

Integrate satellite SSA/STM data, maritime AIS, industrial supply-chain analytics, cyber-threat intelligence, and GBA drone/air-taxi corridor data.

Recommendation 3: Create China's Space & Aerospace Insurance Centre in Hong Kong

Underwrite launch, constellation, debris, lunar, and STM-compliant operations; support Mainland commercial space expansion under the 15th Five-Year Plan.

Recommendation 4: Build National Risk Capital Markets in Hong Kong

Foster issuance of space-linked securities, drone-economy cat bonds, maritime war-risk bonds, and cyber resilience bonds; mobilize family offices to form risk pools.