

June 24, 2005

LegCo Panel on Financial Affairs

By Fax: 2869 6794

Dear Sirs,

RE: Proposed Introduction of a New Category of “Travel Insurance Agents”

This is a joint submission by the following organizations:

The Life Underwriters Association of Hong Kong

Established in 1973. Represents 8,300 professional life insurance agents and brokers.

The General Agents and Managers Association of Hong Kong

Established in 1994. Represents 1,150 professional life insurance managers.

In response to the proposal of the captioned matter, we have consulted our members in several occasions and arranged meetings with other insurance related associations. Here are the summaries for your consideration:

1. Consumer right protection has always been the prioritized concern of our members. Travel insurance is a comprehensive package which consists of medical, personal accident, money, property and liability insurance. Policy coverage of each section is complicated and incorporated professional knowledge in various aspects. Only the regular Insurance Intermediaries Quality Assurance Scheme (IIQAS) examination has a full coverage of all the above-stated criteria. Therefore in order to protect Hong Kong consumers, passing the regular IIQAS exam is a must. Travel agents who want to sell travel insurance should take the regular IIQAS examination so as to meet the standard of professional knowledge and compliance.
2. Since 2000, all insurance practitioners are required to pass the IIQAS examination to be eligible to sell insurance to the public. It has successfully upheld the standard of insurance practitioners in handling claims as well as explaining policy details professionally. The professional image of insurance practitioners is then built up these few years. A separate paper for travel agent might confuse the public, leading them to believe that the HKSAR government is trying to impose different standards for licensing insurance practitioners and travel agents. Naturally, the public will tend to believe that one group is not so professional as the other. That would create unfair competition and threaten the harmony of the whole community.
3. The statistics of April 2005 showed that there are 16,994 insurance practitioners who have got the license to sell general insurance including travel insurance in Hong Kong. Obviously, it is quite convenient for the public to go to a practitioner for professional advice on travel insurance. People

plan to travel not only need to know the deviation in premiums in accordance with different sum insured/value of indemnity of different insurers, but also need thorough explanation on exclusions, warranties, claim procedures etc. before making their buying decision. Travel agents who want to be eligible for selling travel insurance must be able to undertake these issues while handling their regular duties at the same time. Otherwise, the interest of the insured would be jeopardized.

4. The proposal was driven from the tsunami disaster in South Asia which aroused public awareness of the importance of travel insurance. It will act as a precedent for other industries if similar occasions occur. Although the proposal stresses that 'travel insurance is different from others', there is no guarantee that other industries will not use the same reason for special treatment as every industry shall have their uniqueness in nature.

The interest of the general public should always be our first priority. We fully understand and appreciate the intention of the government to arouse public awareness on travel insurance and provide convenience to insured. However, viewing the above points, we come to the following recommendations for your consideration:

1. All travel agents who would like to sell travel insurance should pass the regular IIQAS examinations so as to guarantee the quality of services and protect the consumers' best interest and incidental to our present insurance practitioners' registration requirement. Or, travel company should employ at least one qualified insurance practitioner to station at in the shop to advise on and sell travel insurance to customers.
2. The government should continue to educate the public about the importance of travel insurance and advise travelers to seek professional advice from qualified insurance practitioners on insurance matters.

We thank you for your attention and hope you could take them into consideration.

Yours sincerely,



Sidney Wong
President
The Life Underwriters Association of HK



Maggie Lee
President
The General Agents and Managers Association of HK