



香港專業保險經紀協會

LC Paper No. CB(1)1919/04-05(09)

PROFESSIONAL INSURANCE BROKERS ASSOCIATION

Ref. No. : LT2238/2005  
Date : 24<sup>th</sup> June 2005  
To : Chairman and Members of Legco Panel on Financial Affairs  
Pages : 11 (including this page) By fax (2869-6794)

Dear Sir/Madam,

**Re: 4 July, Legco Panel on Financial Affairs**

I am writing on behalf of Professional Insurance Brokers Association (PIBA) regarding the topic "*Proposed Modification to the Insurance Intermediates Qualifying Examination (IIQE) for the Sale of Travel Insurance*".

PIBA is one of the self regulatory bodies in the insurance industry in Hong Kong and responsible to monitor the insurance brokers who registered with us. We understand that the IIQE was established by the Office of the Commissioner of Insurance (OCI) for the purpose to maintain the professional standard of practitioners in the insurance industry. As such, we concern if the IIQE being modified, the standard of insurance practitioners will be affected, which will subsequently harmful to the interests of the general public. We therefore disagree with the proposal and gave our opinions to the OCI for their consideration. Meanwhile, I would like to enclose our four letters to OCI regarding this topic for your information. We trust these correspondences will be needed for the discussion on this topic at the Legislative Council meeting on 4 July 2005.

Thank you for your kind attention in this matter.

Yours truly,

(For) Raymond Yam  
Chairman of PIBA

Encl.

Letter Reference : LT886/2005 dated 22<sup>nd</sup> March 2005  
Letter Reference : LT1806/2005 dated 17<sup>th</sup> May 2005  
Letter Reference : LT2135/2005 dated 6<sup>th</sup> June 2005  
Letter Reference : LT2255/2005 dated 16<sup>th</sup> June 2005

c.c. Mr. Bernard Chan

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香港專業保險經紀協會有限公司  
PROFESSIONAL INSURANCE BROKERS ASSOCIATION LIMITED

Ref. No. : LT886/2005  
Date : 22<sup>nd</sup> March 2005

*By Courier*

Office of the Commissioner of Insurance  
21/F., Queensway Government Offices  
66 Queensway  
Hong Kong.

Attention: Mr. Richard Yuen

Dear Mr. Yuen,

**Re: A separate Insurance Intermediaries Quality Assurance Scheme ("IIQAS")  
Exam Paper for Travel Agents**

We are writing on behalf of our members to express our concern about the captioned matter. In our recent survey with our members, great majority of respondents disagreed that travel agents are eligible to sell travel insurance by just passing a separate IIQAS exam paper.

We understand your concern on the need to encouraging Hong Kong people to insure travel insurance in protecting themselves when they are traveling abroad. However, we, being one of the professional bodies in insurance industry, are obliged to bring some industrial facts to light for your consideration.

The interest of general public is always in the first place of our consideration. We cannot deny that there are many Hong Kong people still innocent to insurance products and that's why they need professional advice from insurance brokers/agents when selecting insurance products. There is no exception to travel insurance. We are of the view that travel insurance is not a single and simple insurance product that can be treated independently. Nowadays, many travel insurances are comprehensive packages, which consist of medical, personal accident, money, property and liability. Policy coverage of each section is complicated and incorporated professional knowledge in various aspects. Beside the area of coverage, travelers also need to know the deviation in premiums in accordance with different sum insured/value of indemnity, exclusions, warranties etc. We therefore doubt whether a separate IIQAS paper that specially designed for travel agents could satisfy the professional standard in promoting travel insurance.



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Although we trust that most travel agents in Hong Kong have the integrity when promoting travel insurance to their customers, travel agents are still lacking of sense and knowledge to the insurance market. Please be reminded that we have the due care to maintain the quality of all insurance intermediaries when they are suggesting insurance products to the public. We cannot expect travel agents could fully understand the insurance needs of customers, for example, travel agents cannot even answer customer's simple enquiry on comparing their existing insurance policies to the travel insurance policy. We should not ignore the actual needs of travelers by just providing easy access for them to purchase an additional insurance. We should educate the general public more about the importance of travel insurance instead of only allowing more insurance sellers in the market merely for the purpose of convenience.

Insurance is a profession comprises of empirical and academic knowledge. All insurance practitioners do not solely depend on the IIQAS examination to establish their professionalism but also rely on their industrial experience. We respect the professionalism of travel agents in their industry and we also need the due esteem on our professionalism. If there is any unprofessional service/transaction involved in the selling of travel insurance by travel agents, this will jeopardize to the reputation of the travel industry as well as to the insurance industry. Crossover of this kind will subsequently ruin the professionalism of the two industries. This is in fact a kind of "de-professionalism" to our industry, which will affect the confidence of Hong Kong people to insurance industry. We can see the necessity for travelers to have effective travel insurances but allowing travel agents to sell travel insurances is only exploiting the opportunity of travelers to obtain professional advice on insurance products.

In addition, we are in the position cooperating with you to monitor insurance industry and also to protect the interests of this industry; as such, we must let you know that your proposal is to the detriment of our professional image and challenging our diligence. If your proposal was acceptable in travel industry, it may cause confusion to the banking people as they are now taking the regular IIQE before they involved in any insurance business. Furthermore, we must also aware the difficulty of monitoring the travel agents in selling the travel insurance. Hence, we strongly suggest you to reconsider your proposal.

In the past years, we were working so hard with you to establish our industrial professionalism by setting up systematic examination, such as CPD requirements.



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We do not wish our hardworking spoiled by this precedent. We emphasize that we are welcome anyone to join our profession by fulfilling same requirements as we, and many bank staff, are currently doing. We trust that this is a proper way to protect our professionalism and also to protect the interest of general public.

We wish you can think twice before implementing your proposal. We thank you for your attention in this matter and glad to have more discussion with you on this matter.

Yours faithfully,

(for) Raymond Yam (the Chairman) and Executive Committee of PIBA

RY/EC/gc

c.c. The Honourable Bernard Chan  
The Hong Kong Federation of Insurers  
The Hong Kong Confederation of Insurance Brokers



香港專業保險經紀協會有限公司  
PROFESSIONAL INSURANCE BROKERS ASSOCIATION LIMITED

Our Ref.: LT1806/2005

17<sup>th</sup> May 2005

Office of the Commissioner of Insurance  
21/F., Queensway Government Offices  
66 Queensway  
Hong Kong.

*By Fax & By Courier*

Attention: Mr. Richard Yuen

Dear Mr. Yuen,

**Re: A separate Insurance Intermediaries Quality Assurance Scheme ("IIQAS")  
Exam Paper for Travel Agents**

We thank you for your letter dated 8 April 2005 and 28 April 2005 in respect of the captioned issue.

We regret to give you an impression that we are only keen on protecting our own interest rather than the interest of general public. We must reiterate our position that *public interest is always our major concern and the first priority to other considerations* and this is also the reason why we have different opinions on allowing travel agents to sell travel insurance by just passing a separate IIQAS exam paper. To speak frankly, we are not blindly protecting our business; in fact, being one of the regulatory bodies of insurance industry in Hong Kong, we are obliged to remind you about the hazards behind this proposal. Through our consultation, we realized that majority of our members disagreed with your proposal mainly based on the reasons that contained in the following paragraphs.

As we know, the purpose of IIQAS exam is not creating barricade to enter insurance industry but is aimed to maintain the professional standard of sellers in the insurance industry. Therefore, allowing travel agents to be licensed insurance sellers only by passing a specially designed exam seems violating the principle of IIQAS. Considering many travel insurances are comprehensive packages consist of various sections, including medical, personal accident, money, property and liability, it is too ideal that a stand-alone travel insurance exam paper can meet the professional standards required. Even we are in the profession of insurance, we also need to

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Our Ref.: LT1806/2005

17<sup>th</sup> May 2005

enforce the CPD in our industry to maintain the professional standard. We therefore doubt about the effectiveness of a separate IIQAS exam paper can train up a layman to be eligible in selling insurance. Allowing unprofessional insurance sellers to practice in the market is actually to endanger the interest of general public.

Since selling insurance is not the core business of travel agents, we do worry about whether travel agents are willing to devote time and effort in understanding the importance of insurance to travelers and providing claim service after sales that are very important to consumers. Travel agents would likely treat selling travel insurance is merely a "supplementary service" to their business and earn extra commission income but ignore how importance a proper travel insurance policy to protect travelers. If travel agents do not have sufficient insurance knowledge and enthusiasm he or she would advise an unsuitable insurance policy for travelers, which may result in no coverage when accident arises. In addition, travel agents do not have professional indemnity policy protecting the interest of the clients. We opine that to protect the general public, we should focus on educating the general public about the importance of travel insurance instead of allowing more insurance sellers in the market just for the convenience.

On the other hand, you concern about it is not practical to require travel agents to fulfill the same IIQAS exam and CPD requirements but the concession by giving exception on the IIQAS requirements would unavoidably affect the professional standard. We emphasize that if the government wish to maintain the professional standard of insurance intermediaries in the industry, fulfilling the same IIQAS requirements as we, and many bank staff, are currently doing is the only way. This is not only to protect professionalism of our industry but also to protect the interest of general public.

Although some countries exempt travel agents from examination and/or CPD requirements in selling travel insurance, the background, culture, regimes or jurisdictions of these countries are somewhat different from Hong Kong. We cannot expect overseas market practice are always good and suit to Hong Kong. In fact, there are already adequate insurance agents/brokers in the market to cope with the



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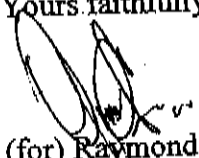
Our Ref.: LT1806/2005

17<sup>th</sup> May 2005

needs of travelers and there is neither necessity nor urgency to increase non-insurance practitioners. We wish you will reconsider your proposal again before implementation.

We thank you for your prompt attention in this matter and we are more than happy to work with you and other related parties to sort out if there is any alternatives to address your concerns over the issue of promoting better awareness on the general public for buying travel insurance for their better protections.

Yours faithfully,

  
(for) Raymond Yam (the Chairman) and Executive Committee of PIBA

c.c. The Honourable Bernard Chan  
HKFI  
CIB  
LUA



香港專業保險經紀協會有限公司  
PROFESSIONAL INSURANCE BROKERS ASSOCIATION LIMITED

Our Ref.: LT2135/2005

6<sup>th</sup> June 2005

Office of the Commissioner of Insurance  
21/F., Queensway Government Offices  
66 Queensway  
Hong Kong.

*By Fax and Courier*

Attention: Mr. David Liu

Dear Mr. Liu,

**Re: A separate Insurance Intermediaries Quality Assurance Scheme ("IIOAS")  
Exam Paper for Travel Agents**

We thank you your letter dated 20 May 2005 and appreciated that you have extended the consultation period to 6<sup>th</sup> June 2005.

After our re-consideration on your concerns behind the captioned proposal, we still maintain our views that explained in our previous letters at this stage.

Since we really care about the interests of general public, we must sort out the necessity to facilitate the purchase of travel insurance under the current system, which is now running quite smoothly. Furthermore, in order to consider this matter from your view point, we are now arranging a thorough market survey with reputable survey companies to see if there is any difficulty for the general public to purchase travel insurance from travel agents under the current system. We will let you and other relevant parties know the survey result once it is finalized.

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PROFESSIONAL INSURANCE BROKERS ASSOCIATION LIMITED

Our Ref.: LT2135/2005

6<sup>th</sup> June 2005

We thank you for your attention and we are pleased to exchange ideas with you on this matter further.

Yours faithfully,

(for) Raymond Yam (the Chairman) and Executive Committee of PIBA

c.c. The Honourable Bernard Chan

HKFI

CIB



香港專業保險經紀協會  
PROFESSIONAL INSURANCE BROKERS ASSOCIATION

Our Ref.: LT2255/2005

Date : 16<sup>th</sup> June 2005

Office of the Commissioner of Insurance  
21/F., Queensway Government Offices,  
66 Queensway,  
Hong Kong

Attention: Mr. Richard Yuen

Dear Mr. Yuen

**Re: Proposed Modification to the IIQAS for the Sale of Travel Insurance**

We thank you for your letter dated 1<sup>st</sup> June 2005 in which you share with us a complaint case received from general public. We realize that the compliant case, in fact, alerts us about the potential problems on the differentiation of IIQAS examination standard.

The modified IIQAS examination for the travel agents is expected easier than the existing exam that currently taking by the insurance brokers and bank staffs. Therefore we doubt whether the modified exam is able to train up a layman to be competent in understanding the complexity coverage of travel insurance. If you do not maintain same examination standard in the market, which means that you create a gateway for unprofessional insurance practitioners to deal with insurance matters and this will subsequently endanger the interest of general public, like the travel agent in the complaint. We believe that a modified IIQAS examination cannot alleviate complaint of this kind.

Essentially, insurance companies will provide trainings to travel agents before they introduced the travel insurance policies to travelers. In addition to the academic background of travel agents, there should not be any difficulty for the travel agents to take the same IIQAS examination as current insurance brokers and bank staffs are doing. Therefore, we do not see there is any necessity to modify the IIQAS examination for the travel agents.

We would also like to remind you that if the examination standard is lowered, the professionalism would be affected, which will inevitably create more disputes/complaints. Since selling insurance is not the core business of travel agents, they may overlook the actual insurance needs of general public. Travel agents will endeavor promote travel insurance only when they are being induced by high commission income or bearing a quota required by their companies. In addition, we know that some travel agents are now earning a significant amount on travel insurance premiums and therefore they may become more and more focus on the premium earning instead of the needs of the

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travelers. As a result, similar complaint will be happened again and more frequent. Your Authority is governing the insurance industry and hence, you will be challenged by the public and the media on allowing differentiation on examination standard when dispute arose.

Furthermore, once this precedent is established, we are afraid that other industries may also demand for the same arrangement for earning extra commission income. At that time, your Authority is difficult to decline their requests based on the philosophy of equality of opportunity.

We emphasized that we do not oppose the travel agents to arrange travel insurance for the travelers; however, they should fulfill the minimum requirements that established by your Authority. The minimum requirements for conducting insurance business are enforced by your Authority and these basic prerequisites should not be distorted by your Authority.

Last but not least, we must reiterate that the purpose of IIQAS exam is not creating barricade to enter insurance industry but is aimed to maintain the professional standard of practitioners in the insurance industry. We trust this should not be altered in anyway.

We thank you for your attention and look forward to having more sharing with you in this matter.

Yours faithfully,

(For) Raymond Yam

c.c.: The Honourable Bernard Chan  
HKFI  
CIB