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6 March 2006

Mr Frederick MA Si-hang, JP  
Secretary for Financial Services and the Treasury  
8th Floor, West Wing  
Central Government Offices  
11 Ice House Street  
Hong Kong

Dear Mr MA,

**Panel on Financial Affairs**

**Enhancing the protection for insurance policyholders**

As directed by Hon Bernard CHAN, Chairman of the Panel on Financial Affairs, I write to invite the Administration to consider the following issues and provide a written response.

The Chairman notes that the principal functions of the Insurance Authority are to ensure that the interests of policyholders or potential policyholders are protected and to promote the general stability of the insurance industry. In order to enhance the protection for policyholders, the Chairman would like to invite the Administration to consider whether the scope of the current regulatory regime provided under the Insurance Companies Ordinance (Cap. 41) should be expanded for the following purposes:

- (a) To strengthen the regulation of insurance companies  
Mr Ricky YIP, in his two written submissions dated 24 January and 23 February 2006 to the Chairman, has expressed his concern about the need to strengthen regulation of insurance companies so as to protect the interests of policyholders. The Administration is invited to consider Mr YIP's views and how the current situation could be improved. Copies of Mr YIP's two submissions and the Commissioner of Insurance's reply dated 21 February 2006 to Mr YIP are attached for your reference.

- (b) To subject the approved bodies of insurance brokers to statutory regulation

In order to provide comprehensive protection to policyholders, the Administration is invited to consider the need to expand the current regulatory regime to cover the two approved bodies of insurance brokers, namely The Hong Kong Confederation of Insurance Brokers and Professional Insurance Brokers Association.

The Administration is also invited to advise the Panel of the up-to-date position of the Consultancy Study on the Feasibility of Establishing Policyholders' Protection Funds in Hong Kong.

I should be grateful if you would let me have the Administration's written response (in both Chinese and English) **on or before 27 March 2006**. Please forward the softcopy of the written response to Ms May LEUNG at [mleung@legco.gov.hk](mailto:mleung@legco.gov.hk).

Please note that unless you raise objection, the Administration's written response may be made available to the media and public and placed in the Library of the Legislative Council. It may also be made available on the website of the Council on the Internet.

Yours sincerely,

(Miss Salumi CHAN)  
Clerk to Panel

Encl.

c.c. Hon Bernard CHAN, JP (Chairman) — (w/o encl.)

Commissioner of Insurance (Fax: 2501 0798)