

By fax: 2528 3345

CB1/PL/FA  
2869 9244  
2869 6794

7 April 2006

Secretary for Financial Services and the Treasury  
(Attn: Ms Cora HO)  
Financial Services and the Treasury Bureau (Financial Services Branch)  
18<sup>th</sup> floor, Tower 1, Admiralty Centre  
18 Harcourt Road  
Hong Kong

Dear Cora,

### **Panel on Financial Affairs**

#### **Enhancing the protection for insurance policyholders**

Thank you for your reply of 28 March 2006.

Hon Bernard CHAN, Chairman of the Panel on Financial Affairs, believes that it is in the interest of the public for the Administration to enhance the protection for insurance policyholders. In this connection, the Chairman would like to invite the Administration to address the question raised in our previous letter of 6 March 2006 on whether the scope of the current regulatory regime provided under the Insurance Companies Ordinance (Cap. 41) should be expanded to strengthen the regulation of insurance companies and cover the approved bodies of insurance brokers.

Moreover, given the public concern about the recent incident in which two general insurance agents, Aegis Underwriters (安捷保險公司) and Hong Kong Professional Insurance Services Company (香港專業保險代理公司), are reported to have ceased operation, the Chairman would like to invite the Administration to consider how the regulation of insurance intermediaries could be strengthened to prevent insurance fraud and address the following concerns:

- (a) While insurance agents are agents of insurers but are not insurers, the names of a majority of the insurance agents are misleading, such as “Insurance Corporation”, “Insurance Services Corporation” or “Insurance Management Company” in English and “保險公司” in Chinese, thus giving the public the wrong impression that they are insurance companies; and

- (b) On the question of whether the affected policyholders will suffer any loss in the recent incident mentioned above, it is reported on the media that the insurers concerned have pledged to take out the affected insurance policies. However, concern has been raised on whether there are any cases in which the general insurance agents have collected premium from their clients on behalf of the insurers but not yet passed it to the insurers for issuing the policies; and if there are, the impact on the insurers and policyholders concerned.

I should be grateful if you would let me have the Administration's written response (in both Chinese and English) **on or before 26 April 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)

Commissioner of Insurance (Fax: 2501 0798)

Mrs Avia LAI, AA to SFST (Fax: 2537 1736)