

For information

**LEGISLATIVE COUNCIL PANEL
ON FINANCIAL AFFAIRS**

**Progress of Implementation of
the Travel Insurance Agents Registration System**

PURPOSE

This paper reports on the progress of the implementation of the Travel Insurance Agents Registration System (“the System”).

BACKGROUND

2. Members were briefed on a proposed new category of “travel insurance agents” under the Insurance Intermediaries Quality Assurance Scheme (“IIQAS”) on 5 December 2005 vide LC Paper No. CB(1)404/05-06(04) and asked the Administration to report progress after about one year upon its introduction, including the number and percentage of candidates who managed to pass the requisite examination and obtain registration, an assessment on the general effectiveness of the System and the consequential impact on the professional standards of insurance intermediaries.

LATEST PROGRESS

3. Since the Travel Insurance Agents Examination was introduced on 15 May 2006, some 6,568 candidates have attempted it with a passing rate of 45% up to 31 January 2008. But of the 2,943 candidates who passed the examination, only 1,914 have registered with the Insurance Agents Registration Board (“IARB”). The Travel Industry Council of Hong Kong (“TIC”) explained this discrepancy by the fact that many experienced practitioners could not satisfy the registration requirement of having attained Form 5 education.

4. Given that the System would not achieve optimal outcome without participation by experienced practitioners, TIC suggested that a one-off waiver of Form 5 education as registration requirement be granted to them subject to

certain eligibility criteria. After deliberation, the IIQAS Steering Committee worked out the following criteria-

- (a) applicants must file their submissions with IARB not later than 30 April 2008;
- (b) applicants must possess no less than five years of experience in the travel industry within a six-year period before commencement of the System on 15 May 2006; and
- (c) applicants must pass the requisite IIQAS examination on or before 30 April 2009.

5. The Hong Kong Federation of Insurers subsequently promulgated a guidance note setting out the eligibility criteria and application procedures of the one-off waiver in January 2008. Notwithstanding such a concession, “travel insurance agents” are obliged to comply with the Code of Practice for the Administration of Insurance Agents (“the Code”) and attain a prescribed level of Continuing Professional Development each year. This practice is much more stringent than those adopted by other jurisdictions and should adequately address previous concern of insurance intermediaries on the importance of upholding professional standards.

MONITORING AND ENFORCEMENT

6. The Insurance Authority (“IA”) has written to urge travel agents to seek registration with IARB before engaging in any restricted scope of travel insurance business. In parallel, insurers are reminded of the need to monitor the registration status and compliance record of their affiliated travel agents. Furthermore, a sub-committee comprising representatives of the insurance and travel industries has recently been formed under the IIQAS Steering Committee to step up publicity on travel insurance, to monitor public complaints, to oversee operation of the System and suggest refinements as appropriate.

7. With “travel insurance agents” compelled to have their names and registration numbers displayed at service desks/counters and printed on official premium receipts, alleged cases of misconduct can be followed up promptly. The power of IARB to investigate and impose disciplinary actions also serves as an added deterrent.

ASSESSMENT

8. Despite a slower than expected rate of registration by travel agent staff prevailing before the one-off waiver was agreed, the System has functioned smoothly and conferred a number of key benefits -

- (a) better public awareness and acceptance of travel insurance as a means to enhance personal protection while outside Hong Kong;
- (b) higher proficiency and professionalism among those engaged in marketing travel insurance and in tendering advice to clients;
- (c) greater willingness by insurers to render technical support to travel agents in delivering quality customer service; and
- (d) stronger partnership forged between insurance and travel industries in maintaining market discipline and safeguarding interest of the travelling public.

CONCLUSION

9. Going forward, IA will work closely with relevant parties to realise full effectiveness of the System. The one-off waiver is a pragmatic step to facilitate registration by experienced practitioners, bringing them within the purview of IARB and IIQAS. A formal communication channel availed by the sub-committee formed under the IIQAS Steering Committee should also help to ensure proper co-ordination of enforcement efforts. The Administration thus concludes that the System has achieved its intended goal of encouraging people to take up travel insurance without compromising professional standards.

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