

**Comments from the Insurance Agents Registration Board (IARB)  
on the Consultation Paper on the Proposed Establishment  
of an Independent Insurance Authority (IIA)**

Introduction

1. The IARB, established in 1993, is an independent body empowered by the *Insurance Companies Ordinance* to implement and administer *the Code of Practice for the Administration of the Insurance Agents*.
2. Being one of the three self-regulatory organizations (SROs), the IARB performs the dual role of registering qualified insurance agents, responsible officers and technical representatives and handling complaints against them. As at 31 August 2010, there were altogether 58,440 insurance agents/responsible officers/technical representatives.
3. The IARB consists of eight members, comprising five non-industry and three industry professionals. It is currently chaired by Mr Ambrose Cheung, a solicitor and a former Legislative Councillor. The fact that the majority of the IARB are non-industry professionals fully reflects its impartiality and independence.
4. When the IARB considers that a complaint is proven, it may take disciplinary action against the insurance agents/responsible officers/technical representatives involved. Depending on the seriousness and nature of the incident, disciplinary actions vary from the issuance of written reprimand, termination of registration with suspended sentence, suspension or termination of appointment, or other actions which the IARB may think fit.
5. Over the past ten years, the IARB has processed 12,000 cases with 4,865 agents/responsible officers/technical representatives disciplined for various types of misconduct and failure to comply with the Continued Professional Development (CPD) requirement. Of the 4,865 disciplinary cases referred to above, 4,198 are related exclusively to CPD non-compliance.

General Comments

6. The IARB in principle supports the restructure of the regulatory framework and considers that it is a positive step towards a fair, independent and transparent regulation of the insurance industry for the better protection of consumers and other stakeholders.

7. The IARB believes that, while there is room for improvement of the present SRO regime, the current system has worked well over the years and has been effective in handling complaints against insurance intermediaries. The proposed restructure should therefore strive to preserve the good elements of the current system and to build on strengths by introducing other changes.
8. The IARB welcomes the opportunity to work with the industry and the Government in addressing any issues arising out of the restructuring of the regulatory framework, particularly in the set up and operation of the IIA,
9. The Consultation Paper provides a broad direction and a general framework of changes. The IARB anticipates that, through various stages of consultation to come, the following issues will be discussed in detail:
  - a) the composition of a fair, independent, transparent and efficient new structure in effectively regulating the industry;
  - b) a detail plan of smooth transition and measures to prevent any confusion caused to consumers and the industry;
  - c) a clear and effective division of regulatory responsibility between various regulatory authorities to avoid duplication, confusion and conflict.
10. As a next step, the IARB recommends that a detail timetable can be formulated setting out target milestones and detail action plan to serve as a platform to move on to the next phase of consultation.

The Insurance Agents Registration Board  
30 September 2010