



Your ref.: CB1/BC/1/11
Our ref.: LT0827/2012

28 February 2012

By email (yhcheung@legco.gov.hk)

Mr. Hugo Chiu
Bills Committee
Legislative Council

Mandatory Provident Fund Scheme (Amendment) (No. 2) Bill 2011 re Regulated Activities - Sales and Marketing - Remuneration Disclosure

Thank you for your letter of 7 February 2012, and we would like to express our concern about (a), whereas we would have no further comment on (b) and (c).

A recent court case (Hobbins v. Royal Skandia Life Assurance & Clearwater International (HCCL15/2010)), where the Prevention of Bribery Ordinance had been pleaded by the Plaintiff in claiming damages against two defendants, Hon. Reyes J delivered his judgment on 6 January 2012 that, inter alia, Clearwater had disclosed to the Plaintiff "it would be remunerated (and only remunerated) by way of commissions and other fees received from Insurers (including Royal Skandia)". Such manner has been regarded by Hon. Reyes J as a minimum good practice for Insurance Brokers. Notwithstanding so, it does not put the matter to an end as the Plaintiff has filed an appeal against the judgment in early of February 2012.

At present, the insurance intermediary (broker/agent) market has become lime-lighted about methodology for the remuneration disclosure to the clients. To put it strict, whether the disclosure is in an amount, a percentage, or a range of percentage and in what level should it be disclosed i.e. broker corporation or technical representative. This issue is yet to be resolved between Insurers and two bodies of Insurance Brokers.

We have thoroughly checked with both MPFA and ICAC homepages for the relevant code of conduct for our members to follow in conducting MPF business, and found it to be scarce. Toward this end, we would urge MPFA to clearly set out and issue appropriate guideline beforehand to avoid any litigation risks similar to Hobbins case.

Should you have any queries, please feel free to contact Mr. Jase Yiu at 2139 1368.

For and on behalf of
Professional Insurance Brokers Association

Andrew Tong
Chairman

AT/jy

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