

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1177/14-15  
(These minutes have been seen  
by the Administration)

Ref : CB1/BC/6/13

**Bills Committee on Insurance Companies (Amendment) Bill 2014**

**Minutes of the fifth meeting on  
Monday, 20 October 2014, at 2:30 pm  
in Conference Room 2A of the Legislative Council Complex**

**Members present** : Hon WONG Ting-kwong, SBS, JP (Chairman)  
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)  
Hon James TO Kun-sun  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon Cyd HO Sau-lan, JP  
Hon Starry LEE Wai-king, JP  
Hon WONG Kwok-kin, SBS  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon WONG Yuk-man  
Hon NG Leung-sing, SBS, JP  
Hon Steven HO Chun-yin  
Hon YIU Si-wing  
Hon KWOK Wai-keung  
Hon Dennis KWOK  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Hon SIN Chung-kai, SBS, JP

**Member attending** : Hon WU Chi-wai, MH

**Member absent** : Dr Hon Fernando CHEUNG Chiu-hung

**Public officers attending** : Mr Eddie CHEUNG  
Deputy Secretary for Financial Services and the Treasury (Financial Services) 2

Ms Joan HUNG  
Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) (Special Duties)

Ms Annie CHOI, JP  
Commissioner of Insurance

Miss Emma WONG  
Senior Government Counsel  
Department of Justice

Mr Peter SZE  
Senior Government Counsel  
Department of Justice

**Clerk in attendance** : Ms Connie SZETO  
Chief Council Secretary (1)4

**Staff in attendance** : Miss Winnie LO  
Assistant Legal Adviser 7

Mr Hugo CHIU  
Senior Council Secretary (1)6

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Action

**I Meeting with the Administration**

Discussion on the Bill

(LC Paper No. CB(1)1817/13-14(03) — Administration's paper on "Summary of Public Comments on the Bill and the Administration's Response - Enhanced Existing Regulatory Powers in respect of Insurers (Amendments to Part II to VII) and New Regulatory Powers in respect of insurers (New Part VA)"

LC Paper No. CB(1)2027/13-14(01) — Administration's paper on "Licensing Regime for Insurance Intermediaries (Amendments to Part X and Other Relevant New Provisions)"

LC Paper No. CB(1)2027/13-14(02) — Administration's paper on "Regulation of Insurance Intermediaries and Disciplinary Actions (New Part XI)"

LC Paper No. CB(1)2027/13-14(03) — Administration's paper on "Summary of Public Comments on the Bill and the Administration's Response")

Matters arising from previous meetings

(LC Paper No. CB(1)1637/13-14(01) — List of follow-up actions arising from the discussion at the meeting on 27 May 2014

LC Paper No. CB(1)1637/13-14(02) — Administration's response to issues raised at the meeting on 27 May 2014

LC Paper No. CB(1)1817/13-14(04) — List of follow-up actions arising from the discussion at the meeting on 30 June 2014

LC Paper No. CB(1)1817/13-14(05) — Administration's response to issues raised at the meeting on 30 June 2014

LC Paper No. CB(1)2027/13-14(04) — List of follow-up actions arising from the discussion at the meeting on 21 July 2014

LC Paper No. CB(1)2027/13-14(05) — Administration's response to issues raised at the meeting on 21 July 2014)

Other relevant papers

(LC Paper No. CB(1)1494/13-14(01) — Administration's paper on Insurance Companies (Amendment) Bill 2014

LC Paper No. CB(3)581/13-14 — The Bill

LC Paper No. CB(1)1636/13-14(01) — Marked-up copy of the Bill prepared by the Legal Service Division (Restricted to Members)

File Ref: C2/2/50C — Legislative Council Brief

LC Paper No. LS50/13-14 — Legal Service Division Report

LC Paper No. CB(1)1494/13-14(02) — Background brief on Insurance Companies (Amendment) Bill 2014 prepared by the Legislative Council Secretariat)

Discussion

The Committee deliberated (Index of proceedings attached at **Appendix**).

Admin Follow-up actions to be taken by the Administration

2. The Administration was requested to take the following follow-up actions:

- (a) the Administration was requested to provide a memorandum setting out the issues for follow-up by the future independent Insurance Authority ("IIA") in drawing up relevant guidelines, including whether the activities of referrers who merely referred a potential policy holder to a licensed insurance intermediary or insurance undertaking for insurance advice or cover for reward would be required to be licensed;
- (b) in respect of the proposed new section 64P of the Insurance Companies Ordinance (Cap. 41) ("ICO") which requires licensed insurance intermediaries to notify IIA of changes to their particulars within 14 days, the Administration was requested to discuss with the industry whether licensees would have difficulty in complying with the requirement, and consider relaxing the requirement if necessary;

- (c) in relation to the proposed new section 64ZT of ICO (which provides that IIA may require a person, of whom the licence is suspended or revoked, to transfer to a client a copy of records relating to the client's assets or affairs), the Administration was requested to liaise with the industry to ensure smooth implementation of the requirement for protecting the interests of clients; and
- (d) In the light of a member's concern about the wide scope of "regulated activity" and some insurers' current practice of distributing insurance by their employees in addition to agents and brokers, the Administration was requested to discuss with the industry whether certain activities carried out by employees of insurers should be excluded from the definition of "regulated activity".

### **III Any other business**

#### Dates of next meetings

- 3. The Chairman reminded members that the next two meetings would be held on 11 November 2014 at 2:30 pm, and 24 November at 2:30 pm respectively.
- 4. There being no other business, the meeting ended at 4:30 pm.

Council Business Division 1  
Legislative Council Secretariat  
11 August 2015

**Proceedings of the  
Bills Committee on Insurance Companies (Amendment) Bill 2014  
Fifth meeting on Monday, 20 October 2014, at 2:30 pm  
in Conference Room 2A of the Legislative Council Complex**

Time Marker	Speaker	Subject(s)	Action Required
000643 – 000754	Chairman	Introductory remarks	
000755 – 000845	Administration	Briefing by the Administration on the paper "Summary of Public Comments on the Bill and the Administration's Response - Enhanced Existing Regulatory Powers in respect of Insurers (Amendments to Part II to VII) and New Regulatory Powers in respect of insurers (New Part VA)" [LC Paper No. CB(1)1817/13-14(03)]	
000846 – 001548	Mr YIU Si-wing Administration	<p><u>Appellate mechanism for decisions of the independent Insurance Authority and the establishment of Process Review Panel</u></p> <p>Mr YIU enquired about:</p> <p>(a) whether the appellate mechanism under the new regulatory regime would be similar to that under the Securities and Futures Ordinance (Cap. 571) ("SFO"); and</p> <p>(b) the functions and composition of the Process Review Panel ("PRP") to be established for the independent Insurance Authority ("IIA").</p> <p>The Administration responded that:</p> <p>(a) the appellate mechanism of the new regulatory regime was similar to that under SFO;</p> <p>(b) appeals against IIA's decisions would be handled by the Insurance Appeals Tribunal ("IAT"); and</p> <p>(c) an independent PRP would be established to review and advise IIA on the adequacy of its internal procedures and operational decisions to ensure that its regulatory powers were exercised in a fair and consistent manner. PRP would issue</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>annual reports on its work. The composition of the PRP for IIA would be similar to that of PRPs set up for other financial regulators including the Securities and Futures Commission, the Mandatory Provident Fund Schemes Authority and the Financial Reporting Council. It was envisaged that members of the PRP for IIA would include industry practitioners and relevant professionals (like accountants and lawyers).</p> <p>Mr YIU considered that the role and powers of the PRP for IIA should be clearly specified under the Bill, and that it should comprise more industry representatives.</p>	
001549 – 003039	Administration	<p>Briefing by the Administration on the paper "Licensing Regime for Insurance Intermediaries (Amendments to Part X and Other Relevant New Provisions)" [LC Paper No. CB(1)2027/13-14(01)]</p>	
003040 – 003408	Mr SIN Chung-kai Administration	<p><u>Definition of "regulated activity"</u></p> <p>Mr SIN's views and enquiries as follows:</p> <p>(a) the definition of "regulated activity" with regard to "the act of giving regulated advice" might be too vague;</p> <p>(b) whether a person introducing/explaining certain insurance products would be regarded as carrying on a regulated activity.</p> <p>The Administration responded that:</p> <p>(a) a major criterion for determining if a person would require an insurance intermediary licence was whether the person was carrying on a regulated activity in the course of the person's business or employment, or for reward. A party giving advice without receiving any reward would not require a licence; and</p> <p>(b) a person introducing/explaining certain insurance products without inviting or inducing or attempting to invite or induce another person to enter into a contract of</p>	

Time Marker	Speaker	Subject(s)	Action Required
		insurance would not be regarded as conducting a regulated activity.	
003409 – 003950	Mr NG Leung-sing Administration	<p><u>Types of licence for insurance intermediaries</u></p> <p>Mr NG's enquiries about:</p> <p>(a) whether IIA would, after the three-year transitional period, review the categorization of licences and allow an entity to hold more than one type of insurance intermediary licences; and</p> <p>(b) whether there would be practical difficulties in implementing the proposed new section 64ZT of the Insurance Companies Ordinance (Cap. 41) ("ICO") (i.e. IIA may require a person, of whom the licence was suspended or revoked, to transfer to a client a copy of records relating to the client's assets or affairs), and why the transfer was not made by IIA or a professional party appointed by IIA.</p> <p>The Administration responded that:</p> <p>(a) similar to the existing practice, it was provided in the Bill that a person could only hold one type of insurance intermediary licence at a time. IIA would consider the need to review the categorization of licences after the three-year transitional period having regard to prevailing market circumstances and in consultation with the industry; and</p> <p>(b) the purpose of the proposed new section 64ZT of ICO was to protect the interests of policy holders in the event that the licence of an insurance intermediary was suspended or revoked. The records would likely involve documents which would facilitate policy holders to file a claim for losses.</p>	
003951 – 004640	Mr WONG Yuk-man Administration	<p><u>Licensing regime and inspection and investigation powers of IIA</u></p> <p>Mr WONG's view and enquiries as follows :</p> <p>(a) the licence fees currently charged by the</p>	



Time Marker	Speaker	Subject(s)	Action Required
		<p>three Self-Regulatory Organizations ("SROs") and under the new licensing regime;</p> <p>(b) the rationale for setting the validity period of an insurance intermediary licence to three years; and</p> <p>(c) whether a policy holder's insurance contract would be affected if the insurance intermediary concerned was guilty of misconduct and had his licence suspended or revoked.</p> <p>Mr WONG also considered that the phrase "in the interests of policy holders or potential policy holders or the public interest" in the proposed new section 64ZZH(1)(c) of ICO was vague and might give IIA excessive power in initiating an investigation.</p> <p>The Administration responded that:</p> <p>(a) currently, the three SROs charged different fees for their respective types of registration. IIA would prescribe a standardized fee for each type of licence;</p> <p>(b) the proposed validity period of an insurance intermediary licence was determined having regard to the existing validity period of registration for insurance agents under the self-regulatory regime which was also three years;</p> <p>(c) the revocation or suspension of the licence of an insurance intermediary as a result of disciplinary sanctions against misconduct would not affect the validity of the insurance contracts arranged by the insurance intermediary; and</p> <p>(d) while the phrase "public interest" under the proposed new section 64ZZH(1)(c) of ICO would involve subjective judgment, IIA would only initiate an investigation if it had reasonable cause to believe that the acts of an intermediary was not in the public interest. The term "potential policy holders" was included so that IIA's</p>	

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		<p>investigation could cover acts of an intermediary when selling insurance products to a potential client who had not yet entered into an insurance contract.</p>	
<p>004641 – 005038</p>	<p>Mr KWOK Wai-keung Administration</p>	<p><u>Register of licensed insurance intermediaries</u></p> <p>Mr KWOK was concerned that the requirement for licensed insurance intermediaries to report to IIA changes to their particulars etc., within 14 days (the proposed new section 64P of ICO) might be onerous.</p> <p>The Chairman enquired about whether insurance intermediaries could notify IIA of changes in particulars through fax or email.</p> <p>The Administration responded that:</p> <p>(a) under the existing regime, insurance intermediaries were required to report to the SROs changes to their particulars within seven days. The Administration had consulted the industry in formulating the proposed requirement under the proposed new section 64P of ICO; and</p> <p>(b) it was envisaged that IIA would develop forms to facilitate licensed insurance intermediaries in updating their particulars. It was envisaged that IIA would accept notification through email or fax.</p> <p>The Administration was requested to discuss with the industry whether licensees would have difficulty in complying with the requirement stipulated under the proposed new section 64P of ICO, and consider relaxing the requirement if necessary.</p>	<p>The Administration to take action as per paragraph 2(b) of the minutes.</p>
<p>005039 – 005729</p>	<p>Deputy Chairman Administration Chairman</p>	<p><u>Regulated activities</u></p> <p>The Deputy Chairman's concern about whether mere referrals made to or among insurance intermediaries for reward would fall under the scope of regulated activities.</p> <p>The Administration responded that:</p> <p>(a) the policy intent was that mere referrals</p>	

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		<p>made to or among insurance intermediaries without the act of inviting or inducing, or attempting to invite or induce a person to enter into a contract of insurance or make a material decision, regardless of whether they were for reward, would not be regarded as regulated activities;</p> <p>(b) the objective of the new regulatory regime was to ensure that regulated activities would be conducted by licensed insurance intermediaries with relevant professional knowledge and in a fair and credible manner; and</p> <p>(c) the existing three SROs also provided relevant guidelines on referrals. IIA would develop guidelines on referrals in consultation with the industry to set out the details and clarify any ambiguous areas.</p> <p>At the Chairman's request, the Administration was required to provide a memorandum setting out the issues for follow-up by the future IIA in drawing up relevant guidelines, including whether the activities of referrers who merely referred a potential policy holder to a licensed insurance intermediary or insurance undertaking for insurance advice or cover for reward would be required to be licensed.</p>	<p>The Administration to take action as per paragraph 2(a) of the minutes.</p>
<p>005730 – 010308</p>	<p>Mr SIN Chung-kai Administration</p>	<p><u>Regulated activities</u></p> <p>Mr SIN's view that insurance intermediaries should explain to their clients whether in making the referrals there would be rewards.</p> <p>Mr SIN enquired about whether a company would be allowed to set up two subsidiaries for undertaking the business of insurance agent and insurance broker respectively.</p> <p>The Administration responded that a company was not prohibited from setting up two subsidiaries for undertaking business as an insurance agent and as an insurance broker respectively. However, there were provisions in ICO to avoid possible conflict of roles between an insurance agent and an insurance broker. In general, a director of an insurance</p>	

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		<p>agency/insurance broker company was not allowed to take part in the regulated activities of another insurance agency/insurance broker company.</p> <p><u>Regulated activities of banks and travel agencies</u></p> <p>Mr SIN enquired about the licensing requirements for employees of banks and travel agencies engaging in regulated activities.</p> <p>The Administration responded that:</p> <p>(a) bank employees who carried on regulated activities would be required to be licensed. They had to pass relevant examinations applicable to the type of insurance products they would be responsible for; and</p> <p>(b) since 2005, employees of travel agencies were allowed to be registered as a specific type of insurance agent for selling travel insurance products. This arrangement would be maintained under the new regulatory regime. Pre-existing licensees would be deemed to be licensed by IIA during the three-year transitional period.</p>	
010309 – 010827	Mr NG Leung-sing Administration	<p>Mr NG declared that the bank he worked for engaged in insurance business.</p> <p><u>Banks' regulated activities</u></p> <p>Mr NG supported the proposal of delegating IIA's inspection and investigation powers in respect of regulated activities carried on by banks to the Hong Kong Monetary Authority as this arrangement would yield regulatory synergy and minimize regulatory overlaps between the two regulators.</p> <p>The Administration's confirmation that the delegation would not prevent IIA from concurrently performing the delegated powers, and IIA would remain the sole authority to grant licences, set regulatory standards and exercise disciplinary powers in relation to all insurance intermediaries.</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><u>Transfer of records under suspension or revocation of a licence</u></p> <p>Mr NG's enquiry about IIA's role in implementing the proposed new section 64ZT of ICO and measures to enhance protection of policy holders on transfer of records.</p> <p>The Administration responded that:</p> <p>(a) IIA was obliged to protect the interests of policy holders. An insurance intermediary would hold client's assets or records. The proposed new section 64ZT was to empower IIA to order the insurance intermediary when its licence was suspended or revoked to transfer such records to its clients; and</p> <p>(b) the records would be necessary when the affected policy holders filed a claim for losses.</p> <p>In relation to the proposed new section 64ZT of ICO, the Administration was requested to liaise with the industry to ensure smooth implementation of the requirement for protecting the interests of clients.</p>	<p>The Administration to take action as per paragraph 2(c) of the minutes.</p>
<p>010828 – 011414</p>	<p>Mr YIU Si-wing Administration</p>	<p>Mr YIU declared that the travel agency he worked for engaged in insurance business.</p> <p><u>IIA's inspection and investigation powers</u></p> <p>Mr YIU's views and enquiries as follows:</p> <p>(a) it might be difficult for travel agencies to comply with the requirements of the new regulatory regime; and</p> <p>(b) IIA would be provided with extensive inspection and investigation powers under the new regulatory regime, and there should be proper checks and balances against abuse of the powers; and</p> <p>(c) besides appointing professionals like auditors to conduct regular inspections, whether IIA would also appoint other firms</p>	

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		<p>to conduct ad hoc inspections on insurance intermediaries.</p> <p>The Administration responded as follows:</p> <p>(a) the proposed licensing requirements for travel agencies which conducted business as insurance agents would be similar to those under the existing self-regulatory regime. IIA would consult relevant stakeholders before making any changes to the regulatory regime after the three-year transitional period; and</p> <p>(b) IIA would conduct inspections and investigations on insurance intermediaries. IIA's inspectors would mainly be its employees. IIA would appoint outside experts or professionals like auditors to be its investigators only if necessary. The letter of appointment would set out the powers of an investigator clearly;</p> <p>(c) the Office of the Commissioner of Insurance ("OCI") had been conducting ad hoc programmes such as mystery shopping programmes to check the insurance intermediaries' compliance with the conduct requirements. For these programmes, the detailed scope and approach of the work to be carried out by the appointed firms would be clearly set out in the appointment letters.</p>	
011415 – 011936	Mr KWOK Wai-keung Administration Chairman	<p><u>Register of licensed insurance intermediaries</u></p> <p>Mr KWOK's comments that the penalty of a fine at level 5 for breaching the requirement under the proposed new section 64P of ICO (i.e. failure of an insurance intermediary to report changes in particulars to IIA) might be too harsh.</p> <p>The Administration responded as follows:</p> <p>(a) the penalty of a fine at level 5, i.e. a fine of \$50,000, presented the maximum penalty. The proposed penalty was similar to that for an offence of comparable severity;</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>(b) IIA would determine whether to initiate a prosecution on the offence in question taking into account the circumstances of the case; and</p> <p>(c) the insurance intermediary concerned would have a defence of "reasonable excuse" under the provision.</p>	
<p>011937 – 014448</p>	<p>Deputy Chairman Administration Chairman Mr SIN Chung-kai</p>	<p><u>Exemptions from licensing</u></p> <p>The Deputy Chairman's views and concerns as follows:</p> <p>(a) he supported the Administration to compile a list of issues that needed to be followed up by IIA in future;</p> <p>(b) in respect of the proposed new section 64H(1) of ICO, the Administration should clarify the meaning of "actively markets to the public" and provide relevant guidelines to facilitate compliance by insurance intermediaries;</p> <p>(c) in respect of the proposed new section 121(1)(g) of ICO, the Administration should explain the reasons for exempting "loss adjustors" from the licensing requirement. Loss assessment was currently not a profession and not subject to any professional qualifications. Exempting loss adjustors from the licensing regime might create a loophole and compromise integrity of the regulatory regime; and</p> <p>(d) in respect of the proposed new section 121(2) of ICO, which exempted persons from the licensing requirement if they carried on a regulated activity for an insurer/an insurance intermediary but were only involved in the discharge of clerical or administrative duties for the regulated activity, whether the scope of persons would include employees of insurers/insurance intermediaries responsible for meeting clients and tele-marketing. Currently, some employees of insurers/insurance</p>	

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		<p>intermediaries were involved in the tele-marketing of insurance products but they did not involve in the negotiation of contracts nor giving regulated advice. These employees, who performed duties different from insurance intermediaries, were not required to be registered with OCI/SROs. The Administration should clarify whether these employees were required to be licensed under the new regulatory regime.</p> <p>The Administration responded as follows:</p> <ul style="list-style-type: none"> <li>(a) whether an activity would be regarded as "active marketing of insurance services targeting the Hong Kong public" would depend on the circumstances of individual cases. IIA would consider issuing relevant guidelines in the future;</li> <li>(b) the international community did not have consensus on the regulation of loss adjustors and a number of comparable jurisdictions did not regulate them. The number of companies engaging in such service in Hong Kong was also relatively small and past records did not show that loss adjustors were involved or convicted in large scale insurance fraud cases;</li> <li>(c) to facilitate transition to the new regulatory regime, the Administration proposed to maintain the status quo of not requiring loss adjustors to be licensed. However, the Administration would review the need of regulating loss adjustors in the light of developments in the international and local markets; and</li> <li>(d) under the proposed licensing regime, a person carrying on a regulated activity for reward or in the course of business or employment would need to be licensed by IIA. The objective of the regime was to protect the interests of policy holders and potential policy holders by ensuring the professionalism of insurance intermediaries. Tele-marketing of insurance products would be regarded as a</li> </ul>	



Time Marker	Speaker	Subject(s)	Action Required
		<p>regulated activity and would be subject to the licensing regime. The robustness of the regime would be compromised if employees of insurers/insurance intermediaries were allowed to carry on certain regulated activities without licences; and</p> <p>(e) the Administration had made reference to the practice of the relevant regulator in the United Kingdom, which had issued guidelines on the types of employees that needed to be licensed for carrying on regulated activities. It was envisaged that IIA would issue similar guidelines.</p> <p><u>Regulation of licensed insurance intermediaries</u></p> <p>Mr SIN's enquiries about:</p> <p>(a) whether the register of licensed insurance intermediaries maintained by IIA would be available for public inspection online, and whether the register would include information on past disciplinary sanctions imposed on the licensed insurance intermediaries;</p> <p>(b) whether the existing OCI would conduct any inspection at the premises of insurance intermediaries;</p> <p>(c) under what circumstances IIA would apply for a magistrate's warrant to enter premises of an intermediary for searching relevant records and documents, whether a magistrate's warrant would be necessary for entering into a domestic premises of an individual insurance agent which was also used as an office by the individual agent;</p> <p>(d) whether there would be objective criteria for determining if a person was fit and proper;</p> <p>(e) whether IIA would be required to provide the reasons in writing if it rejected an application for licence on the ground that the applicant was not a fit and proper person; and</p>	

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		<p>(f) whether the requirement of separating client monies from the broker companies' monies as specified in the amended section 71 of ICO would apply to a broker company's parent company.</p> <p>The Administration responded as follows:</p> <p>(a) the register of licensed insurance intermediaries maintained by IIA would be available online and would include disciplinary sanctions imposed on the intermediaries in the past five years if such sanctions had been made public by IIA;</p> <p>(b) while the existing ICO did not provide explicit power for OCI to enter into premises of intermediaries for conducting inspection, with the agreement of the intermediaries concerned, OCI could carry out inspection at commercial premises. If necessary, OCI could apply for court warrants for entering into premises;</p> <p>(c) in future, inspectors or investigators of IIA could enter commercial premises for the purpose of conducting inspection or investigation. IIA would need to apply for a magistrate's warrant to enter into domestic premises. If an individual insurance agent used his/her domestic premises as the place of work, IIA would need to seek a magistrate's warrant for entering into the premises. If the premises concerned were located in a mixed domestic and commercial building, IIA would consider whether the premises were domestic or commercial in nature in determining whether it should apply for a magistrate's warrant. The requirement for seeking a magistrate's warrant for entering into domestic premises was a response to industry's concern about the need to enhance safeguards against IIA's extensive powers in conducting inspection and investigation;</p> <p>(d) the "fit and proper" requirement was present in the existing regulatory regime. In future, in determining whether a person</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>was "fit and proper", IIA would consider relevant factors, including criminal records and disciplinary records of the person as these would reflect the reputation and reliability of the person. IIA could issue guidelines to set out factors to be considered in determining the "fit and proper" requirement; and</p> <p>(e) similar to the existing ICO, the amended section 71 required an insurance broker company to separate client monies from the company's or its parent company's monies.</p>	
014449 – 020009	Deputy Chairman Mr SIN Chung-kai Administration Chairman	<p><u>Regulation of intermediaries' regulated activities</u></p> <p>The Deputy Chairman reiterated his concern that many employees of insurers/insurance intermediaries who were not currently required to be registered with the SROs would need to apply for licence from IIA under the new regulatory regime. There was a growing trend for insurers and insurance intermediaries to engage people in supporting activities in the selling of insurance products. These employees were not insurance agents or brokers. The industry's understanding was that the current arrangement for these employees would remain the same under the new regulatory regime. The Administration should consider exempting these employees from the licensing requirement as long as they complied with the relevant code of conduct.</p> <p>The Administration responded that:</p> <p>(a) the Administration had included in the consultation the requirement that persons who carry on a regulated activity for reward or in the course of business or employment had to be licensed under the new regulatory regime. The industry did not have strong views on the proposal then. Nonetheless, the Administration could discuss the issue further with the industry;</p> <p>(b) under the proposed new section 121(2) of ICO, a person acting on behalf of an authorized insurer or a licensed insurance intermediary did not need to be licensed if</p>	

<b>Time Marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
		<p>he/she carried on a regulated activity that only involved the discharge of clerical or administrative duties; and</p> <p>(c) the purpose of the proposed requirement was to protect the interests of policy holders. IIA would issue guidelines to set out further details.</p> <p>In the light of the Deputy Chairman's concern about the wide scope of "regulated activity" and some insurers' current practice of distributing insurance products by their employees in addition to agents and brokers, the Administration was requested to discuss with the industry whether certain activities conducted by employees of insurers should be excluded from the definition of "regulated activity".</p>	<p>The Administration to take action as per paragraph 2(d) of the minutes.</p>
020010 – 020056	Chairman	Dates of future meetings	