

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

**List of follow-up actions arising from the discussion  
at the meeting on 9 March 2015**

Restrictions of licensed insurance intermediaries in the new sections 64I, 64J and 64K of the Insurance Companies Ordinance (Cap. 41) ("ICO")  
(under clause 71)

1. Further to members' views expressed at the meeting on 3 March 2015 on the new sections 64I, 64J and 64K, the Administration is requested to consider the different views raised by members as follows:
  - (a) the sections should avoid imposing too many restrictions preventing persons from acting as directors and/or shareholders of more than one licensed insurance agency or licensed insurance broker company at the same time in the light of existing practices of insurance intermediaries and the views expressed by the industry; and
  - (b) to address concern about possible conflict of interests of insurance intermediaries, while a person can be a shareholder of more than one licensed insurance agency or licensed insurance broker company at the same time, he/she can only be a director of one licensed insurance agency or licensed insurance broker company at the same time.
2. The Administration is requested to:
  - (a) update members on its discussions with the industry and the Hong Kong Federation of Insurers on matters relating to the new sections 64I, 64J and 64K; and
  - (b) consider improving the drafting of sections 64J and 64K regarding the phrase "any matter that relates to a regulated activity" (關乎...受規管活動的任何事宜) and replacing it with "a regulated activity" (受規管活動) given that the latter's scope is more well-defined.

Duty to notify the independent Insurance Authority ("IIA") of appointment in the new section 64Q of ICO (under clause 71)

3. New section 64Q requires an authorized insurer, a licensed insurance agency, and a licensed insurance broker company to inform IIA at least one month before their intended appointment of a licensed insurance agency, a licensed individual insurance agent, a licensed technical representative (agent), or a licensed technical representative (broker), as appropriate. The period would allow IIA to vet the appointment and give the necessary approval or refusal. Members are concerned that the provisions have not specified the timeframe for IIA in furnishing replies to the parties concerned. The Administration is requested to:

- (a) consider members' suggestions to include in the provisions the timeframe (say one month) for IIA to complete the vetting process and inform the parties concerned of the results, and the requirement for IIA to inform the parties concerned of the progress should it be unable to complete the vetting by the specified timeframe; or to provide IIA's performance pledges in this regard in its future guidelines;
- (b) provide information on the relevant practices of the existing self-regulatory regime for insurance intermediaries and other relevant financial regulatory regimes; and
- (c) update members on the progress of its discussion with the industry on the matter.

Validity period of licences granted by IIA in the new sections 64V, 64X, 64Z, 64ZB and 64ZD of ICO (under clause 71)

4. Under the new sections 64V, 64X, 64Z, 64ZB and 64ZD, IIA can grant licences to insurance agency, individual insurance agent, technical representative (agent), insurance broker company, and technical representative (broker) with a validity period of over three years. There is concern that the provisions may provide IIA with wide discretion in determining the period of licences. The Administration is requested to:

- (a) provide information on the usual validity period of intermediary licences under the existing self-regulatory regime for insurance intermediaries; and

- (b) review the provisions having regard to the validity period of intermediary licences granted by the Securities and Futures Commission.

Suspension of the licences of insurance agencies and insurance broker companies without responsible officers in the new sections 64ZN and 64ZO of ICO (under clause 71)

5. The purposes of the new sections 64ZN(1) and 64ZO(1) are to provide IIA with flexibility in suspending the licences of insurance agencies and insurance broker companies without responsible officers. Members are concerned that the present drafting is unclear and difficult to comprehend. For instance, the term "event" in the phrase "The Authority...may suspend the licence ... for a period, or until the occurrence of an event, specified by the Authority" (保監局...可暫時吊銷牌照...或直至保監局指明的事件發生為止) is not well-defined. The Administration is requested to:

- (a) explain the policy behind these provisions; and
- (b) consider improving the drafting to enhance its clarity with reference to similar provisions in the Securities and Futures Ordinance (Cap. 571) and the Mandatory Provident Fund Schemes Ordinance (Cap. 485), and a member's suggestion of changing the Chinese text to "在某段時限內符合保監局的要求".