

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

**List of follow-up actions arising from the discussion  
at the meeting on 10 April 2015**

Conduct requirements for licensed insurance intermediaries (under clause 84)

- (a) The proposed new section 89(a) of the Insurance Companies Ordinance (Cap. 41) ("ICO") provides that "when carrying on a regulated activity, a licensed insurance intermediary must act ... in the best interests of the policy holder concerned or the potential policy holder concerned ..." ("the best interest requirement"). Members note that the industry is mainly concerned about (i) the implications of specifying the best interest requirement in the legislation, including creating new causes of legal action against insurance intermediaries; (ii) the current approach in the Bill which applies the same requirement on insurance brokers and insurance agents despite the different nature and responsibilities expected of the two parties; and (iii) the best interest requirement may conflict with the agency agreements entered into between insurers and insurance agents. The Administration is requested to:
- (i) provide a written response to the submission of Hong Kong Federation of Insurers on the industry's concern about the proposed new section 89(a), and consider measures to address the concerns with reference to legislation and practices of other jurisdictions; and
  - (ii) provide information on the legislation and practices of other jurisdictions in handling the "best interest requirement" on insurance intermediaries for enhancing protection for the interests of policy holders, including the prevailing international standard or practice (if any) in imposing the "best interest requirement" on insurance intermediaries, whether insurance brokers and insurance agents are subject to the same set or different sets of "best interest requirement", and whether the requirement is provided in legislation or guidelines/code published by the regulators concerned.

Chinese rendition of the term "insurer"

- (b) The Chinese renditions of the terms "insurer" and "licensed insurance broker company" in ICO are "保險人" and "持牌保險經紀公司" respectively. Given that both terms refer to "公司", members are concerned that the Chinese renditions may cause confusion to readers. The Administration is requested to review the terms and consider members' suggestion to change the Chinese rendition of "insurer" from "保險人" to "保險公司".

Chinese rendition of certain accounting-relating terms

- (c) In view of a member's comment that the Chinese renditions used by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for certain accounting-relating terms such as "profit and loss account", "income and expenditure account" and "balance sheet" may be different from those in the Bill, the Administration is requested to liaise with HKICPA and examine the need of aligning the Chinese renditions of the terms concerned.

Council Business Division 1  
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