



香港政府華員會

HONG KONG CHINESE CIVIL SERVANTS' ASSOCIATION

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By Fax and By Email

Your Ref.: CB1/BC/6/13

18 June 2014

Hon. Wong Ting-kwong, SBS, JP
Chairman of the Bills Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Email: slchan@legco.gov.hk

Dear Hon. Wong,

Insurance Companies (Amendment) Bill 2014 (“the Bill”)

Thank you for your letter of 4 June 2014 inviting the Insurance Officers Branch of the Hong Kong Chinese Civil Servants' Association to give views on the Bill. I am pleased to attach our written submission, in English only, for the consideration of the Bills Committee.

Yours sincerely,

(David W.H. Liu)

Chairman

Insurance Officers Branch

Hong Kong Chinese Civil Servants' Association

Encl.

Submission of the Insurance Officers Branch of The Hong Kong Chinese Civil Servants' Association to the Bills Committee on Insurance Companies (Amendment) Bill 2014

Introduction

1. The Insurance Officers Branch ("IO Branch") of the Hong Kong Chinese Civil Servants' Association would like to thank the Bills Committee for inviting us to give views on the Insurance Companies (Amendment) Bill 2014 ("Bill"). The Bill proposes the establishment of an independent Insurance Authority ("IA") and a statutory licensing regime for insurance intermediaries. We represent the views of professional grade staff of the Office of the Commissioner of Insurance ("OCI").

Views of the IO Branch

2. We support the Bill in general. Indeed, we consider it desirable that the Bill should be enacted as soon as possible so that our insurance regulatory infrastructure could be modernized for the better protection of policyholders. An early passage of the Bill will also reinstate the normal staff career advancement opportunity for IO colleagues both under civil service terms or non-civil service contract terms. The existing blockage in career advancement has impeded the staff morale and operational efficiency.
3. The Bill seeks to establish the IA and a statutory licensing regime for insurance intermediaries. The IA will be vested with appropriate powers of inspection, investigation and imposing disciplinary sanctions, among others. We support these proposed amendments as they will contribute to regulatory effectiveness and enhance the overall stability of the insurance industry.
4. We support an early passage of the Bill as the need and proposal to enhance the existing regulatory regime has been raised for execution for over a decade. It was first put forward in the public domain in late 1990s and a public consultation was made not until 2010. The delay has inhibited staff mobility and promotion for a prolonged period of time causing negative impacts on staff morale. If there is further delay due to prolonged deliberation of the Bill, the situation may persist or even worsen.

5. The public should be pleased to note that despite the uncertainties in their future employment and advancement, the OCI colleagues have been paying strong dedication and commitment in carrying out their regulatory duties, especially in coping with the mounting workload during and after the global financial crisis in 2008. Our professionalism and contribution have gained the Administration's recognition. It has proposed that an exit package under the Abolition of the Office terms be offered to the IO Grade civil servants to compensate for the loss of their pensionable employment, salaries and fringe benefits in the present and advanced positions before reaching the normal age of retirement. We trust the Legislative Council will give careful consideration to this proposal in due course.

Conclusion

6. The establishment of the IIA marks an important regulatory reform in the insurance sector in the past 30 years, and we believe that the Bill forms a key element in maintaining Hong Kong's position as a leading financial centre. We reiterate our keen support for the early passage of the Bill and our request for equitable and just exit package for all professional grade staff of the OCI.

Insurance Officers Branch
Hong Kong Chinese Civil Servants' Association
June 2014