

For discussion  
on 30 June 2014

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

**Proposed Work Plan**

**Introduction**

This paper sets out the proposed work plan to take forward the Insurance Companies (Amendment) Bill 2014 (“the Bill”) for Members’ consideration.

**Proposed Arrangements**

2. The policy objectives of setting up the independent Insurance Authority (“IA”) are to provide better protection for policy holders, modernize the insurance industry regulatory infrastructure to facilitate the stable development of the industry, and comply with the requirement of the International Association of Insurance Supervisors that insurance regulators should be financially and operationally independent of the government and industry. In the recent Financial System Stability Assessment report on Hong Kong, the International Monetary Fund also reiterated that Hong Kong should establish an independent insurance regulator.

3. To facilitate the scrutiny of the Bill, we propose the following arrangements for Members’ consideration –

- (a) The discussion of the Bill may be divided into nine parts (see **Annex**). The Administration will produce a paper for each part of the Bill, setting out the legislative intent and details of the major provisions.

- (b) Members will be invited to consider the provisions in each part of the Bill in sequence.
- (c) Draft Committee Stage Amendments (“CSAs”) in response to comments made by Members will be produced in parallel to the deliberations of the Bills Committee for Members’ consideration.
- (d) The Administration will produce an overall action checklist to track the progress in preparing CSAs.

### **Proposed Timetable**

5. As indicated in the work plan at **Annex**, we set the target of enacting the Bill by June 2015. It is subject to Members’ comments and will be reviewed from time to time depending on progress made.

### **Advice Sought**

6. Members are invited to comment on the proposed arrangements and timetable.

Financial Services and the Treasury Bureau  
June 2014

## Annex

### Proposed Work Plan for the Bills Committee on Insurance Companies (Amendment) Bill 2014

Matters to be discussed	Clause / Section of the Bill	Suggested timing
<b>1. Constitution of the IIA</b> <ul style="list-style-type: none"> <li>• IIA and provisional IIA</li> <li>• functions</li> <li>• governance</li> </ul>	Clause 1 / Short title and commencement Clause 2 / Enactments amended Clause 3 / Long title Clause 4 / Section 1 Clause 5 / Section 2 [Note: Some of the definitions may be discussed in other parts] Clause 6 / Section 3 Clause 8 / Part IA heading Clauses 9 – 15 / Sections 4AAA – 5G Clause 86 / Schedules 1B, 1C, 1D	End June to July 2014
<b>2. Enhancement of existing regulatory powers on insurers</b> <ul style="list-style-type: none"> <li>• appointment of controllers, directors and key persons in control functions</li> <li>• other amendments</li> </ul>	Clauses 16 – 54 / Sections 5H, 7 – 41 Clauses 56 – 63 / Sections 49B – 51 Clause 68 / Section 53E	July 2014 <sup>1</sup> to Early October 2014
<b>3. New regulatory powers on insurers</b> <ul style="list-style-type: none"> <li>• inspection / investigation powers<sup>2</sup></li> <li>• disciplinary powers and procedures<sup>2</sup></li> </ul>	Clause 55 / Sections 41A – 41W	Mid-October to mid-November 2014
<b>4. Licensing regime for insurance intermediaries</b> <ul style="list-style-type: none"> <li>• regulated activities and exemptions</li> <li>• application procedures and eligibility criteria</li> <li>• inspection / investigation powers<sup>2</sup></li> <li>• delegation of powers to the Monetary Authority</li> </ul>	Clause 7 / Section 3A Clause 13 / Section 4G Clause 69 / Section 53F Clauses 71 – 83 / Sections 64F – 78 Clause 84 / Section 121 Clause 86 / Schedule 1A	Mid-November to mid-December 2014
<b>5. Transitional arrangements for insurance intermediaries</b> <ul style="list-style-type: none"> <li>• deeming provisions</li> <li>• handling of outstanding cases of self-regulatory organizations</li> </ul>	Clause 84 / Section 137 Clause 94 / Schedule 11	January 2015
<b>6. Disciplinary sanctions on licensed insurance intermediaries</b> <ul style="list-style-type: none"> <li>• conduct requirements</li> <li>• disciplinary powers and procedures<sup>2</sup></li> </ul>	Clause 84 / Sections 79 – 93	Early to mid-February 2015 <sup>1</sup> Mid-April to end April 2015 <sup>1</sup>
<b>7. Insurance Appeals Tribunal</b> <ul style="list-style-type: none"> <li>• establishment, composition and powers of the Tribunal</li> <li>• specified decisions</li> </ul>	Clause 84 / Sections 94 – 115 Clause 94 / Schedules 9, 10	End April to mid-May 2015

<sup>1</sup> We assume that no/fewer meetings will be held during (a) the summer recess of 2014 and (b) the period from mid-February to mid-April 2015 due to the Budget, the meetings of the National People's Congress and the Chinese People's Political Consultative Conference and Chinese New Year/Easter holidays. How meetings should be scheduled during these periods will be subject to Members' views and progress of deliberation of the Bill.

<sup>2</sup> The detailed provisions in relation to inspection/investigation powers and the disciplinary process for insurers are similar to those for insurance intermediaries under items 4 and 6.

<b>Matters to be discussed</b>	<b>Clause / Section of the Bill</b>	<b>Suggested timing</b>
<b>8. <i>Miscellaneous</i></b> <ul style="list-style-type: none"> <li>• power to make rules and codes etc.</li> <li>• levy</li> <li>• secrecy provisions</li> <li>• immunity</li> <li>• savings provisions</li> </ul>	Clauses 64 – 67 / Sections 53A – 53D Clause 70 / Part IX Clause 84 / Sections 116 – 120, 122 – 137 Clauses 85, 87 – 93 / First, Second to Eighth Schedules Clause 94 / Schedule 11	Mid-May to end May 2015
<b>9. <i>Consequential and technical amendments</i></b>	Clauses 95 – 165 Schedules 1 and 2 to the Bill	End May 2015 to mid-June 2015
<b>CSAs</b>		Mid-June to end June 2015