

香港特別行政區政府
財經事務及庫務局
財經事務科
香港添馬添美道二號
政府總部二十四樓



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FINANCIAL SERVICES BRANCH
FINANCIAL SERVICES AND
THE TREASURY BUREAU
GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION
24TH FLOOR
CENTRAL GOVERNMENT OFFICES
2 TIM MEI AVENUE
TAMAR
HONG KONG

電話 TEL.: 2810 2201

圖文傳真 FAX.: 2527 0292

本函檔號 OUR REF.:

來函檔號 YOUR REF.:

6 December 2013

Ms Connie SZETO
Clerk to Panel on Financial Affairs
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Fax No.: 3529 2837)

Dear Ms SZETO,

Panel on Financial Affairs
Issues relating to the Establishment of an
Independent Insurance Authority

Thank you for your letter of 19 November 2013. Our response to the issues relating to the proposed independent Insurance Authority (“IIA”) raised in the Hon KWOK Wai-keung’s letter of 13 November 2013 are set out below.

Governing Board of the IIA (“IIA Board”)

The policy objectives of setting up the IIA are to modernize the insurance industry regulatory infrastructure to facilitate the stable development of the industry, provide better protection for policyholders, and align with international practice that financial regulators should be financially and operationally independent of the Government. The IIA will be an independent financial regulatory body and its major responsibilities include

the regulation of financial health and operation of insurance companies as well as the establishment of an insurance intermediary licensing regime and the regulation of their conduct.

We attach great importance to industry engagement in taking forward the reforms for the regulation of the insurance industry. It is our policy intention to ensure that the IIA Board, and the committees and panels to be established to support its performance of functions, would be broadly based and representative of the expertise and experience required for its effective and independent operation according to the law.

After consideration of the recommendation from industry stakeholders that the IIA Board should have more industry members, we have already refined our proposal to include on the IIA Board no less than two directors (instead of no more than two as originally proposed) with knowledge of and experience in the insurance industry.

Requirement on notification of change of particulars

We understand that the industry is concerned that licensed insurance intermediaries may be penalized if they are not able to notify the IIA of changes within 7 days. This requirement is to ensure that particulars of licensees are updated in a timely manner, and regulate insurance intermediaries effectively for providing adequate protection to policyholders. We are considering views from the industry as well as extending the notification period. Our final proposal will be included in an amendment Bill to be introduced into the Legislative Council.

Impact on small and medium enterprises

We have proposed that existing insurance intermediaries which are validly registered with the self-regulatory organizations (“SROs”) will be deemed to be licensed by the IIA for a period of three years upon establishment of the IIA. Moreover, persons who apply for insurance intermediary licences during the transition period will be subject to eligibility

criteria similar to those currently adopted by the SROs. Therefore, the establishment of the IIA should not hinder the development of insurance intermediaries. We do not envisage that small- and medium-sized insurance intermediaries will encounter operational difficulties or close down as a result.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Wong', written in a cursive style.

(Paul WONG)

for Secretary for Financial Services and the Treasury

c.c. AA/SFST