

立法會
Legislative Council

LC Paper No. CB(1)249/14-15
(These minutes have been seen
by the Administration)

Ref : CB1/BC/6/13/1

Bills Committee on Insurance Companies (Amendment) Bill 2014

**Minutes of the second meeting on
Tuesday, 24 June 2014, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex**

- Members present** : Hon WONG Ting-kwong, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Cyd HO Sau-lan
Hon WONG Kwok-kin, BBS
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon WONG Yuk-man
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon YIU Si-wing
Hon KWOK Wai-keung
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, JP
- Members absent** : Hon Starry LEE Wai-king, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
- Public officers attending** : Mr Eddie CHEUNG
Deputy Secretary for Financial Services and the
Treasury (Financial Services) 2

Mr Paul WONG
Principal Assistant Secretary for Financial Services and
the Treasury (Financial Services) (Special Duties)

Miss Nancy CHIEN
Acting Assistant Commissioner of Insurance
(Enforcement)

Ms Carol HUI
Acting Assistant Commissioner of Insurance
(Long Term Business)

**Attendance by
invitation** : **Deputations**

Insurance Institute of Hong Kong

Mr Dylan BRYANT
President

The Hong Kong Association of Banks

Mr Gary LEUNG Wai-kei
Chairman of the Independent Insurance Authority
Working Group

General Agents and Managers Association of Hong
Kong Limited

Ms Lillian LAM
Chairman of IDSC

Hong Kong Insurance Practitioners General Union

Miss Juan LEUNG Chung-yan
President

Insurance Industry Regulatory and Development
Concern Group

Mr CHAN Yim-kwong
Convenor

Individual

Mr SO Chi-hong

Kwai Chung South Resident Association

Mr MAK Wai-hung
Committee Member

Hong Kong Insurance Intermediaries Association

Mr CHENG Kwok-kee
President

The Life Underwriters Association of Hong Kong Limited

Mr LIM Chun-wah
President

The Hong Kong Confederation of Insurance Brokers

Mr Patrick CHAN
Chairman

Professional Insurance Brokers Association

Mr Philip MAK Shun-pong
Vice Chairman

中國科學院廣澳區校友會

Dr William LEUNG Yin-yat
顧問

華麗居民聯會

Mr Jacky CHAN Kin-leung

IIA Concern Group

Mr KWOK Yik-shun
Spokesman

Hong Kong General Insurance Agents Association Limited

Mr MA Chun-kei
1st Vice Chairman

Hong Kong Insurance Law Association Limited

Mr Declan McDaid
Treasurer

Insurance & Finance Practitioners Solidarity Sector

Mr CHENG Lai-Pung
President

Hong Kong Chamber of Insurance Intermediaries

Mr LEE Chun-ming
Secretary

Life Underwrites & Sales Executives Board (HK) Ltd

Mr Samuel YUNG Wing-ki
President

The Law Society of Hong Kong

Mr Martin C.V.M. LISTER
Chairman, Insurance Law Committee

Individual

Miss Atta LEE Long-ni

Individual

Miss Cynthia CHEUNG Sin-tung

Individual

Mr Henry NG Long-sang

Individual

Mr Alex FU Chuen-lung

Individual

Mr Michael FUNG Kei-lap

The Hong Kong Federation of Insurers

Mr Allan YU
Chairman of Task Force on the Independence of the
Insurance Authority

Insurance Agents Registration Board

Mr Ambrose CHEUNG
Chairman

General Insurance Council of The Hong Kong
Federation of Insurers

Mr Ronnie NG
Chairman

Life Insurance Council of The Hong Kong Federation
of Insurers

Mr Mike LEE
Deputy Chairman

Insurance Claims Complaints Bureau

Mr Steven KWOK
Member of General Committee

Employees' Compensation Insurance Residual Scheme
Bureau

Mr Ben CHUNG
Deputy Chairman

Independent Financial Advisors Association

Mr Glenn Malcolm TURNER
Immediate Past Chairman

Clerk in attendance : Ms Connie SZETO
Chief Council Secretary (1)4

Staff in attendance : Miss Winnie LO
Assistant Legal Adviser 7

Mr Hugo CHIU
Council Secretary (1)4

Ms Sharon CHAN
Legislative Assistant (1)4

Action

I Meeting with deputations and the Administration

Meeting with deputations

(LC Paper No. CB(1)1640/13-14(01) — Submission from The Hong Kong Association of Banks (English version only)

LC Paper No. CB(1)1649/13-14(01) — Submission from General Agents and Managers Association of Hong Kong Limited (English version only)

LC Paper No. CB(1)1649/13-14(01) — Submission from Insurance Industry Regulatory and Development Concern Group (English version only)

LC Paper Nos. — Submissions from Mr SO
CB(1)1412/13-14(01) to (03) and Chi-hong (Chinese version only)
LC Paper No. CB(1)1534/13-14(01)

LC Paper No. CB(1)1677/13-14(02) — Speaking note from Mr SO
(*issued to members on 25 June 2014*) Chi-hong (Chinese version only)

- LC Paper No. CB(1)1677/13-14(03) — Submission from Mr SO Chi-hong (Chinese version only) (*issued to members on 25 June 2014*)
- LC Paper No. CB(1)1649/13-14(02) — Submission from Hong Kong Insurance Intermediaries Association (Chinese version only)
- LC Paper No. CB(1)1649/13-14(01) — Submission from The Life Underwriters Association of Hong Kong Limited (English version only)
- LC Paper No. CB(1)1657/13-14(01) — Submission from The Hong Kong Confederation of Insurance Brokers
- LC Paper No. CB(1)1640/13-14(02) — Submission from 中國科學院廣澳區校友會 (Chinese version only)
- LC Paper No. CB(1)1640/13-14(03) — Submission from 華麗居民聯會 (Chinese version only)
- LC Paper No. CB(1)1649/13-14(03) — Submission from The Hong Kong General Insurance Agents Association Ltd (Chinese version only)
- LC Paper No. CB(1)1657/13-14(02) — Submission from Hong Kong Insurance Law Association Limited (English version only)
- LC Paper No. CB(1)1640/13-14(04) — Submission from Hong Kong Chamber of Insurance Intermediaries (English version only)
- LC Paper No. CB(1)1657/13-14(03) — Submission from The Hong Kong Federation of Insurers

LC Paper No. CB(1)1677/13-14(01) — Submission from Hong Kong Insurance Practitioners General Union (Chinese version only)
(issued to members on 25 June 2014)

LC Paper No. CB(1)1677/13-14(04) — Submission from Professional Insurance Brokers Association (English version only)
(tabled at the meeting and issued to members on 25 June 2014)

LC Paper No. CB(1)1677/13-14(05) — Submission from IIA Concern Group (Chinese version only)
(tabled at the meeting and issued to members on 25 June 2014)

LC Paper No. CB(1)1677/13-14(06) — Speaking note from Life Underwriters & Sales Executives Board (HK) Ltd (Chinese version only)
(tabled at the meeting and issued to members on 25 June 2014)

LC Paper No. CB(1)1677/13-14(07) — Speaking note from The Hong Kong Federation of Insurers (Chinese version only)
(issued to members on 25 June 2014)

LC Paper No. CB(1)1677/13-14(08) — Speaking note from Insurance Agents Registration Board (Chinese version only)
(issued to members on 25 June 2014)

LC Paper No. CB(1)1677/13-14(09) — Speaking note from General Insurance Council of The Hong Kong Federation of Insurers (Chinese version only)
(issued to members on 25 June 2014)

LC Paper No. CB(1)1677/13-14(10) — Speaking note from Life Insurance Council of The Hong Kong Federation of Insurers (Chinese version only)
(issued to members on 25 June 2014)

LC Paper No. CB(1)1677/13-14(11) — Speaking note from Insurance Claims Complaints Bureau (Chinese version only)
(issued to members on 25 June 2014)

LC Paper No. CB(1)1677/13-14(12) — Speaking note from Employees' Compensation Insurance Residual Scheme Bureau (Chinese version only)
(issued to members on 25 June 2014)

LC Paper No. CB(1)1696/13-14(01) — Submission from Insurance Institute of Hong Kong (English version only)
(*issued to members on 30 June 2014*)

LC Paper No. CB(1)1696/13-14(02) — Submission from Insurance & Finance Practitioners Solidarity Sector (Chinese version only)
(*issued to members on 30 June 2014*)

LC Paper No. CB(1)1696/13-14(03) — Speaking note from Mr Henry NG Long-sang (Chinese version only)
(*issued to members on 30 June 2014*)

LC Paper No. CB(1)1696/13-14(04) — Speaking note from Mr Michael FUNG Kei-lap (Chinese version only)
(*issued to members on 30 June 2014*)

LC Paper No. CB(1)1696/13-14(05) — Submission from Independent Financial Advisors Association (English version only)
(*issued to members on 30 June 2014*)

LC Paper No. CB(1)1767/13-14(01) — Submission from The Law Society of Hong Kong (English version only)
(*issued to members on 9 July 2014*)

Submissions/letters from organizations not attending the meeting

(LC Paper No. CB(1)1640/13-14(05) — Submission from Independent Commission Against Corruption (English version only)

LC Paper No. CB(1)1640/13-14(06) — Submission from AIA Group Limited (English version only)

LC Paper No. CB(1)1640/13-14(07) — Submission from The DTC Association (English version only)

LC Paper No. CB(1)1649/13-14(04) — Submission from Motor Insurers' Bureau of Hong Kong (English version only)

LC Paper No. CB(1)1649/13-14(05) — Submission from Employees Compensation Insurer Insolvency Bureau (English version only)

LC Paper No. CB(1)1649/13-14(06) — Submissions from Consumer Council (Chinese version only)

LC Paper No. CB(1)1657/13-14(04) — Submissions from Consumer Council (English version only)

LC Paper No. CB(1)1649/13-14(07) — Submission from Hong Kong Chinese Civil Servants' Association (English version only)

LC Paper No. CB(1)1677/13-14(13) — Submission from Insurance and Financial Practitioners Alliance (*tabled at the meeting and issued to members on 25 June 2014*) (English version only)

LC Paper No. CB(1)1677/13-14(14) — Submission from Mr YEUNG Wai-sing, MH, Eastern District Council member (*tabled at the meeting and issued to members on 25 June 2014*) (Chinese version only)

Other relevant papers

(LC Paper No. CB(1)1637/13-14(01) — List of follow-up actions arising from the discussion at the meeting on 27 May 2014

LC Paper No. CB(1)1637/13-14(02) — Administration's response to issues raised at the meeting on 27 May 2014

LC Paper No. CB(1)1494/13-14(01) — Administration's paper on Insurance Companies (Amendment) Bill 2014

(LC Paper No. CB(3)581/13-14 — The Bill

LC Paper No. CB(1)1636/13-14(01) — Marked-up copy of the Bill prepared by the Legal Service Division (Restricted to Members)

File Ref: C2/2/50C — Legislative Council Brief

LC Paper No. LS50/13-14 — Legal Service Division Report

LC Paper No. CB(1)1494/13-14(02) — Background brief on Insurance Companies (Amendment) Bill 2014 prepared by the Legislative Council Secretariat)

The Chairman welcomed representatives of the Administration and deputations to the meeting. He reminded the deputations that their written submissions provided to the Bills Committee and views presented at the meeting would not be covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382).

Discussion

2. The deputations presented their views on the Bill and the Bills Committee deliberated (Index of proceedings attached at **Appendix**).
3. The Administration was requested to provide written responses on the views expressed by deputations.

II Any other business

Date of next meeting

4. The Chairman remarked that the next two meetings would be held on 30 June 2014 at 2:30 pm and 14 July 2014 at 4:30 pm respectively.
5. There being no other business, the meeting ended at 4:30 pm.

Council Business Division 1
Legislative Council Secretariat
18 November 2014

**Proceedings of the
Bills Committee on Insurance Companies (Amendment) Bill 2014
Second meeting on Tuesday, 24 June 2014, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex**

Time Marker	Speaker	Subject(s)	Action Required
000651 – 001257	Chairman	Introductory remarks	
Presentation of views by deputations and the Administration's initial responses			
001258 – 001551	Insurance Institute of Hong Kong ("IIHK")	Presentation of views [LC Paper No. CB(1)1696/13-14(01)]	
001552 – 001719	The Hong Kong Association of Banks	Presentation of views [LC Paper No. CB(1)1640/13-14(01)]	
001720 – 002034	General Agents and Managers Association of Hong Kong Limited	Presentation of views [LC Paper No. CB(1)1649/13-14(01)]	
002035 – 002348	Hong Kong Insurance Practitioners General Union	Presentation of views [LC Paper No. CB(1)1677/13-14(01)]	
002349 – 002643	Insurance Industry Regulatory and Development Concern Group	Presentation of views [LC Paper No. CB(1)1649/13-14(01)]	
002644 – 002958	Mr SO Chi-hong	Presentation of views [LC Paper Nos. CB(1)1677/13-14(02) and (03)]	
002959 – 003316	Kwai Chung South Resident Association	Supported enhanced monitoring of the insurance industry. The levy on insurance premiums imposed by the independent Insurance Authority ("IA") might increase the price of insurance products. Insurance intermediaries might transfer costs (including the pecuniary penalty imposed by IA) to policy holders. IA might not operate in a cost-effective manner given that it would have more staff than the existing Office of the Commissioner of Insurance ("OCI") and might increase levy to support its operation if it encountered financial difficulties.	

Time Marker	Speaker	Subject(s)	Action Required
003317 – 003635	Hong Kong Insurance Intermediaries Association	Presentation of views [LC Paper No. CB(1)1649/13-14(02)]	
003636 – 004000	The Life Underwriters Association of Hong Kong Limited	Presentation of views [LC Paper No. CB(1)1649/13-14(01)]	
004001 – 004335	The Hong Kong Confederation of Insurance Brokers	Presentation of views [LC Paper No. CB(1)1657/13-14(01)]	
004336 – 004641	Professional Insurance Brokers Association	Presentation of views [LC Paper No. CB(1)1677/13-14(04)]	
004642 – 004936	中國科學院廣澳區 校友會	Presentation of views [LC Paper No. CB(1)1640/13-14(02)]	
004937 – 005238	華麗居民聯會	Presentation of views [LC Paper CB(1)1640/13-14(03)]	
005239 – 005608	IIA Concern Group	Presentation of views [LC Paper No. CB(1)1677/13-14(05)]	
005609 – 005935	Hong Kong General Insurance Agents Association Limited	Presentation of views [LC Paper No. CB(1)1649/13-14(03)]	
005936 – 010238	Hong Kong Insurance Law Association Limited	Presentation of views [LC Paper No. CB(1)1657/13-14(02)]	
010239 – 010600	Insurance & Finance Practitioners Solidarity Sector	Presentation of views [LC Paper No. CB(1)1696/13-14(02)]	
010601 – 010908	Hong Kong Chamber of Insurance Intermediaries	Presentation of views [LC Paper No. CB(1)1640/13-14(04)]	

Time Marker	Speaker	Subject(s)	Action Required
010909 – 011211	Life Underwrites & Sales Executives Board (HK) Ltd	Presentation of views [LC Paper No. CB(1)1677/13-14(06)]	
011212 – 011533	The Law Society of Hong Kong	Presentation of views [LC Paper No. CB(1)1767/13-14(01)]	
011534 – 011735	Miss Atta LEE Long-ni	A certain percentage (say 25%) of the non-executive directors of IIA should be persons with knowledge of and experience in the insurance industry.	
011736 – 011942	Miss Cynthia CHEUNG Sin-tung	Operation of IIA should be subject to proper monitoring of LegCo. There should be sufficient number of non-executive directors with knowledge of and experience in the insurance industry in IIA. Insurance intermediaries might transfer additional costs to consumers, and levy imposed by IIA would increase the burden of the public.	
011943 – 012223	Mr Henry NG Long-sang	Presentation of views [LC Paper No. CB(1)1696/13-14(03)]	
012224 – 012501	Mr Alex FU Chuen-lung	IIA had more investigation power than the existing OCI. There should be proper checks and balances against IIA's powers and measures to protect the privacy of the public. Operation of IIA, including staff recruitment should be subject to monitoring of LegCo. IIA should involve the public in its operation. The Chief Executive had excessive power in the appointment of directors to IIA. The selection of directors to IIA should involve public participation.	
012502 – 012842	Mr Michael FUNG Kei-lap	Presentation of views [LC Paper No. CB(1)1696/13-14(04)]	
012843 – 013215	The Hong Kong Federation of Insurers	Presentation of views [LC Paper Nos. CB(1)1657/13-14(03), CB(1)1677/13-14(07)]	
013216 – 013547	Insurance Agents Registration Board	Presentation of views [LC Paper Nos. CB(1)1677/13-14(08)]	
013548 – 013846	General Insurance Council of The Hong Kong Federation of Insurers	Presentation of views [LC Paper No. CB(1)1677/13-14(09)]	

Time Marker	Speaker	Subject(s)	Action Required
013847 – 014211	Life Insurance Council of The Hong Kong Federation of Insurers	Presentation of views [LC Paper No. CB(1)1677/13-14(10)]	
014212 – 014529	Insurance Claims Complaints Bureau	Presentation of views [LC Paper No. CB(1)1677/13-14(11)]	
014530 – 014849	Employees' Compensation Insurance Residual Scheme Bureau	Presentation of views [LC Paper No. CB(1)1677/13-14(12)]	
014850 – 015135	Independent Financial Advisors Association	Presentation of views [LC Paper No. CB(1)1696/13-14(05)]	
015136 – 020301	Deputy Chairman Administration Chairman	<p>The Deputy Chairman's views as follows:</p> <ul style="list-style-type: none"> (a) it might not be appropriate for IIA to take up the roles of the investigator, prosecutor and adjudicator in regulating the conduct of insurance intermediaries. There should be sufficient checks and balances on IIA's powers; (b) insurance agents and brokers were subject to different treatment under the existing self-regulatory regime owing to differences in their lines of business. The new regulatory regime should take this into account; and (c) the Administration should clarify whether pre-existing insurance intermediaries would be required to meet the requirements of the new regulatory regime, including passing the required examinations, before they could continue with their licensing status after the three-year transitional period. <p>The Administration's responses to deputations' and the Deputy Chairman's views were as follows:</p> <ul style="list-style-type: none"> (a) the Administration had conducted three rounds of consultation on the establishment of IIA since 2010. Changes had been 	

Time Marker	Speaker	Subject(s)	Action Required
		<p>made to the proposals in the Bill taking into account feedback from the public. Details of the major changes were set out in Annex B to the LegCo Brief;</p> <p>(b) the proposed conduct requirement that insurance intermediaries had to act honestly, fairly, and in the best interests of policy holders concerned was a basic requirement. Similar requirements were found in the existing code of practice for life insurance replacement issued by the Life Insurance Council of the Hong Kong Federation of Insurers ("HKFI"). As the Administration was aware, there had been no civil claim against insurance intermediaries as a result of breach of the code of practice;</p> <p>(c) on the composition of IIA, the Administration had to strike a proper balance between the interests of various stakeholders. The existing proposal that IIA must include at least two non-executive directors with knowledge of and experience in the insurance industry was a flexible arrangement. If necessary, the Government could appoint more such persons to be IIA's non-executive directors to assist IIA in performing its functions;</p> <p>(d) it was not envisaged that the proceedings of the Insurance Appeals Tribunal ("IAT") would involve high legal costs. The successful party of a case could apply to IAT for award of costs and IAT would consider the application in accordance with the criteria on making costs orders stipulated in Order 62 of the Rules of the High Court (Cap. 4A). The proceedings rules of the existing Appeals Tribunal of HKFI stated that it should have the power to award costs. The Bill provided a legal framework for the appeal mechanism. There was no proposal that an appellate had to pay an administration fee of \$500 as currently charged by HKFI. In terms of the overall framework, there was no material difference between the appeal arrangements under the existing regime and the proposed new regime;</p>	

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		<p>(e) the proposed section 92 of the Insurance Companies Ordinance (Cap. 41) ("ICO") (i.e. clause 84 of the Bill) would empower IIA to make relevant rules relating to conduct requirements. When drawing up rules under the areas as set out in the proposed section 92(2) of ICO (including requirements on co-brokerage), IIA would make reference to codes/guidelines issued by the existing three Self-regulatory Organizations ("SROs");</p> <p>(f) under the proposed transitional arrangements, all pre-existing insurance intermediaries registered with SROs would be deemed as licensees under the new regulatory regime for three years. They would not be subject to entry examination requirements after the transitional period but they needed to go through the licence renewal process as was the case under the existing self-regulatory regime; and</p> <p>(g) the Administration would continue to listen to the views of the industry and address their concerns as appropriate.</p>	
020302 – 020335	Chairman	Dates of future meetings	