

Bills Committee on Insurance Companies (Amendment) Bill 2014

**List of follow-up actions arising from the discussion
at the meeting on 12 January 2015**

Appropriation to the independent Insurance Authority ("IIA")

- (a) In respect of the proposed new section 5C of the Insurance Companies Ordinance (Cap. 41) ("ICO") (under Clause 15), the Administration is requested to review the drafting of the provision with reference to the corresponding provision (i.e. section 14) in the Securities and Futures Ordinance (Cap. 571).

Penalties relating to authorization of insurers, approval of controllers, directors or key persons in control functions appointed by authorized insurers

- (b) Members have expressed concerns about the penalties imposed for contravention of provisions on authorization of insurers (section 6(3) of ICO), approval of controllers, directors or key persons in control functions of authorized insurers (the proposed new sections 13A(11), 13AB(3), 13AC(11), 13AD(3) and 13AE(11) of ICO) (under Clauses 23 to 25); including different levels of fines imposed on offences committed by an authorized insurer, an individual or a person appointed by the insurer; and treatment of some offences as continuing offences with imposition of daily fines. The Administration is requested to explain the rationale for setting different penalties for the various offences, and examine the need to align the penalties.

Determination of the key persons in control functions of authorized insurers

- (c) In respect of the proposed new section 13AE(14) and subsection (15) of ICO (under Clause 25), which empower the Financial Secretary to specify new control functions by notice published in the Gazette, the Administration is requested to explain the mechanism involved, including whether such notice is subject to the scrutiny of the Legislative Council ("LegCo"), and whether LegCo is empowered to amend or repeal the new control functions published in the Gazette.

Disclosure of conditions imposed by IIA on the approval granted under sections 13A, 13AC and 13AE of ICO

- (d) In light of views expressed by members on the need to strike a proper balance between enhancing protection of policy holders and avoiding negative impacts on the authorized insurers, controllers, directors or key persons in control functions appointed by the insurers and protecting sensitive commercial information, the Administration is requested to: (i) consider including provisions in the Bill for public disclosure of the conditions imposed by IIA under the proposed new section 13AF of ICO (under Clause 25) in relation to approval granted under sections 13A, 13AC and 13AE; and (ii) provide examples on possible conditions that might be imposed by IIA under section 13AF.

Council Business Division 1
Legislative Council Secretariat
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