

Bills Committee on Insurance Companies (Amendment) Bill 2014

**List of follow-up actions arising from the discussion
at the meeting on 27 January 2015**

Composition of the independent Insurance Authority ("IIA") and the Industry Advisory Committees ("IACs")

- (a) In light of different views expressed by members on whether the Bill should specify a proportion of members of IIA from the insurance industry (e.g. at least 25%), the Administration is requested to: (i) explain its decision to maintain the current proposal that at least two non-executive directors of IIA shall be persons with knowledge of or experience in the insurance industry (in the new section 4AA(3) of the Insurance Companies Ordinance (Cap. 41) ("ICO")); and (ii) address some members' concern that under the current proposal, when the number of non-executive directors increases, representation of the insurance industry in IIA may decrease.
- (b) The Administration is requested to provide a written response to the Hong Kong Federation of Insurers' written submission, which covers, inter alia, suggestions on the composition of IIA and IACs, issues on which IIA should consult IACs and the industry's representation in IIA and IACs.

Retention requirements of business records

- (c) The Administration is requested to provide information on: (i) requirements on authorized insurers for retaining business records under ICO, including the retention period and format of the records (e.g. written and audio records) for different types of business; and (ii) sanctions for non-compliance with the requirements and the rationale for the existing sanctions.
- (d) The Administration is requested to address some members' concern that failure of authorized insurers in complying with IIA's guidelines/codes on retention of business records may not have any legal consequences given that such guidelines are non-statutory. As provided in the new section 131(4) and subsection (7) of ICO, failure of a person to comply with these guidelines/codes may not render the person liable to any judicial or other proceedings, and these guidelines/codes are not subsidiary legislation.

- (e) The Administration is requested to consider reviewing the definition of "business record" in the new section 41A of ICO (under Clause 55) in order to address: (i) some members' concern about the extensive scope of the term; and (ii) their views that coverage of the term should be sufficient to allow IIA to obtain necessary and relevant business records from insurers in conducting investigations on the one hand, and should not create compliance burden on insurers on the other.

Drafting issue

- (f) In respect of the first sentence of the proposed new section 41B(1) of ICO (under Clause 55), the Administration has agreed to examine the need to align the drafting of the English and Chinese text.

Council Business Division 1
Legislative Council Secretariat
6 February 2015