

Bills Committee on Insurance Companies (Amendment) Bill 2014

**List of follow-up actions arising from the discussion
at the meeting on 24 March 2015**

Impacts of revocation or suspension of the license of an insurance intermediary (under clause 71)

- (a) New section 64ZS(a) of the Insurance Companies Ordinance (Cap. 41) ("ICO") provides that a revocation or suspension of the licence of an insurance intermediary licensed by the independent Insurance Authority ("IIA") does not avoid or affect an agreement, transaction or arrangement entered into or arranged by the insurance intermediary, regardless of whether the agreement, transaction or arrangement was entered into or arranged before or after the revocation or suspension. The Administration is requested to:
- (i) address a member's concern that the phrase "or after" may create a loophole for an insurance intermediary with its licence revoked or suspended to continue with its regulated activities; and
 - (ii) consider the suggestion to specify explicitly in the provision that the agreement, transaction or arrangement concerned must not related to insurance business conducted by the intermediary.

Determination of whether a person is fit and proper (under clause 71)

- (b) Subsection (1)(e) of the new section 64ZZA of ICO provides that in determining whether an insurance intermediary applying for a licence is fit and proper, IIA has to consider whether any disciplinary action has been taken against the person by authorities, including inter alia, the Monetary Authority (i.e. Hong Kong Monetary Authority "HKMA"), the Securities and Futures Commission ("SFC"), the Mandatory Provident Fund Schemes Authority ("MPFA"), and other regulatory bodies performing similar functions as IIA. The Administration is requested to:
- (i) provide information on the respective periods of keeping disciplinary actions of their regulatees by HKMA, SFC and MPFA, and if the three authorities have different retention periods, address a member's concern that the applicant may be subject to different regulatory standards; and

- (ii) explain the mechanism under which IIA can obtain the disciplinary records from or be informed of the disciplinary actions taken by the authorities under section 64ZZA(1)(e), in particular, from or by other regulatory bodies under subsection (1)(e)(iv).

Drafting issue

- (c) The new section 64ZZH(3) of ICO (under clause 71) provided that IIA may seek funding from the Legislative Council for costs and expenses incurred by its engaged investigators. In the light of members' comments, the Administration has agreed to consider refining the drafting, like "IIA can seek approval of the Legislative Council for funding to pay..." ("保監局可向立法會申請撥款以支付..."), to better reflect the policy intent.

Council Business Division 1
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