

Bills Committee on Insurance Companies (Amendment) Bill 2014 (“the Bill”)
Summary of Public Comments on the Bill and the Administration's Response

| Clause No. | Respondent's Views | Administration's Response |
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| Part IA and Schedules 1B, 1C & 1D | | |
| <i>Composition of the independent Insurance Authority (“IIA”)</i> | | |
| Section 4AA | <ul style="list-style-type: none"> ● The IIA should be truly independent and impartial for its role to regulate the insurance industry and protect policy holders' interests. It should be independent of the insurance industry. [Consumer Council] ● There should be a statutory minimum proportion of IIA members coming from the insurance industry (e.g. at least 25% or one-third). [HKIIA, HKGIAA, MIB, ECIIB, HKAB, HKCII, AIA, HKFI, PIBA, Yeung Wai Sing, LUSEB, ICCB, ECIRSB, Atta Lee, Cynthia Cheung, Michael Fung] ● The IIA should include members who represent specific insurance sectors (e.g. life insurance, general insurance, frontline insurance intermediary, insurance brokerage, reinsurance, etc.) [HKGIAA, HKCII, AIA, CIB, HILA, HKFI, PIBA, IFPA, ICCB, IIA Concern Group, LUSEB] ● The IIA should have a member from the banking sector. [HKAB] ● There should be a cap on the number of members of the IIA (e.g. 15 or 17). [MIB, ECIIB, HILA, HKIPGU] ● The IIA should comprise no less than 12 members. [Jeffrey So] | <ul style="list-style-type: none"> ● According to the Insurance Core Principles 2 promulgated by the International Association of Insurance Supervisors, an insurance regulator should be independent of the industry and the government. Members of the IIA should have expertise relevant to the regulatory functions of the IIA. As specified in new section 4AA(3) of the Bill, apart from at least two non-executive directors with knowledge of and experience in the insurance industry, the IIA should comprise persons with knowledge in actuarial science, accountancy, law, consumer affairs, or other suitable professional experience. ● We consider it unnecessary to specify the proportion of members of the IIA from the industry so as to maintain flexibility in appointing the most suitable persons to the IIA to perform its statutory functions. Moreover, we are not aware of such specification in the statutory provisions on the composition of the relevant financial services regulators in other international financial centres. ● Members of the IIA should have expertise relevant to the regulatory functions of the IIA. We consider it unnecessary to set a maximum or amend the proposed minimum for the number of members of the IIA so as to maintain flexibility in appointing the |

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| | <ul style="list-style-type: none"> All policy holders, including public officers, should be eligible for appointment as a member of the IIA. [Jeffrey So] | <p>most suitable persons to the IIA to perform its statutory functions.</p> <ul style="list-style-type: none"> In order to promote its independence, we do not propose appointing any public officers to the IIA. |
| Schedule 1B | <ul style="list-style-type: none"> The Chief Executive ("CE")'s appointment of IIA members should be made from a panel of candidates identified and recommended by the Financial Secretary ("FS"), who has the expertise and will have regard to relevant policy considerations. [AIA] Apart from CE and the Executive Council, there should be a separate mechanism for the reconstitution or disbandment of the IIA. [Jeffrey So] | <ul style="list-style-type: none"> The IIA is an important regulator. Our proposal on appointment to the IIA is in line with the arrangement for the appointment to other financial services regulators. |
| <i>Independent Advisory Committees ("IACs")</i> | | |
| Schedule 1C | <ul style="list-style-type: none"> The IACs should include a minimum number of members from specific insurance sectors or representing specific industry bodies. [MIB, ECIIB, PIBA, ECIRSB] Subject to the approval of CE and the Executive Council, the Chief Secretary and the FS may appoint any suitable person into any committee of the IIA without consulting the IIA. [Jeffrey So] | <ul style="list-style-type: none"> Section 1 of the new Schedule 1C prescribes that members of an IAC include the chairperson and CEO of the IIA, not more than two executive directors of the IIA, as well as persons with knowledge of or experience in the insurance industry, the conduct of insurance intermediary activities and consumer affairs. There is no statutory cap on the number of IAC members coming from the insurance industry. We consider it unnecessary to specify a minimum of members coming from the insurance industry so as to maintain flexibility in appointing the most suitable persons to the IAC to perform its advisory functions. We consider that the proposal for the FS to appoint members to the IAC is appropriate. |
| Schedule 1C, section 3 | <ul style="list-style-type: none"> The IACs should be required to meet more frequently (e.g. every month or every 2 months). [PIBA, HKFI, ECIRSB] | <ul style="list-style-type: none"> According to section 3 of new Schedule 1C, each IAC will be required to meet at least one every 3 months. The IAC may convene more meetings if necessary. We consider that this proposal has |

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| | | struck a balance between flexibility and operational efficiency. |
| Section 4C | <ul style="list-style-type: none"> ● The IIA should be required to consult the relevant IACs on all material matters or important issues relating to specified areas (e.g. long term business, general insurance business, reinsurance business, any proposed arrangement with the Hong Kong Monetary Authority ("HKMA")). [AIA, HILA, ECIRSB] ● It should be specified in the legislation that the IIA must consider any representations that have been made to it by the IACs. [PIBA] ● The IAC should have agreed terms of reference. [HILA] ● In addition to issues referred to the IIA, the IACs be allowed to suggest items for inclusion on the meeting agenda. [HKFI, ECIRSB] | <ul style="list-style-type: none"> ● The function of the IACs is to advise the IIA on industry-related issues and policies that are referred to them by the IIA. It is in the IIA's own interest to consult the IACs on material matters affecting the industry in order to solicit its views and achieve regulatory efficiency. We do not see any practical merit in imposing such a statutory requirement on the IIA. Besides, this requirement may give rise to unnecessary disputes as to what constitutes "material"/"important" matters. ● The composition of the IACs makes them effective regular communication platforms between the highest echelon of the IIA and stakeholders, including the insurance industry. We believe that the IIA will consider any presentation made to it by the IACs. The IIA may work out terms of reference of the IACs after its establishment. The Bill does not prohibit the IACs or their members from suggesting agenda items. |
| Section 4C Section 4D | <ul style="list-style-type: none"> ● A "market development committee" (市場推廣委員會) comprising voluntary members from the insurance industry should be set up for promotion of the long term development of the insurance industry. [HKIIA] | <ul style="list-style-type: none"> ● We welcome the suggestion. New Sections 4C and 4D of the Bill prescribe that the IIA may establish additional IACs and other committees when it considers necessary. |
| Delegation of Functions | | |
| Section 4F(5) Section 4G(1) | <ul style="list-style-type: none"> ● The inspection and investigation powers in relation to regulated activities of banks should be vested with the IIA instead of HKMA. [IFPA, PIBA, 中國科學院廣澳區校友會] | <ul style="list-style-type: none"> ● Under new section 4G of the Bill, the IIA may, subject to the approval of CE in Council, delegate its powers to appoint inspectors and investigators to the Monetary Authority ("MA") for the frontline regulation of banks' insurance intermediary |

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| | | activities. According to new section 4F(5) of the Bill, a delegation does not prevent the IIA from concurrently performing the function delegated. In other words, the delegated powers will still be vested with the IIA, and it can still exercise them after the delegation. |
| Section 4G | <ul style="list-style-type: none"> ● HKMA should set up a subsidiary, which is independent of HKMA's operations, to exercise the powers delegated by the IIA. This will avoid undue interference with HKMA by the IIA. [Jeffrey So] | <ul style="list-style-type: none"> ● The purpose of the delegation proposal under new section 4G of the Bill is to facilitate collaboration between the IIA and the MA in the regulation of banks' insurance intermediary activities, given the integrated services offered by banks and HKMA's role as the primary and lead regulator of banks. If the power were to be delegated to a body which does not have a regulatory oversight of banks, it would defeat the whole purpose of the proposal and not bring about the synergy effect as envisaged under the delegation proposal. |
| Section 4G | <ul style="list-style-type: none"> ● It should be specified how delegation of powers by the IIA to HKMA is to be made, e.g. on a case-by-case basis or a one-off delegation. [HILA] | <ul style="list-style-type: none"> ● This will be a one-off delegation so that the MA may have the flexibility to inspect and investigate banks' insurance intermediary activities as and when necessary. It would be very inefficient if we need to seek a fresh approval from CE in Council each time even for a daily routine inspection. |
| Section 4G | <ul style="list-style-type: none"> ● Regulated entities of both the IIA and HKMA should be consulted on the draft Memorandum of Understanding ("MoU") between the two regulators in relation to the delegation of powers. [AIA] | <ul style="list-style-type: none"> ● The MoU, which will be signed between the IIA and MA, is on the arrangements in relation to the two regulators' collaboration in exercising the delegated powers. This is not equivalent to regulatory requirements to be observed by banks and insurance intermediaries, and we do not consider it appropriate to mandate the regulators to consult their regulatees on the draft. |

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| <i>Accounting and financial arrangements</i> | | |
| Section 5B Section 5D | <ul style="list-style-type: none"> There should be a mechanism in place for the Government to regulate the size of the IIA to prevent its over-expansion. [HKIPGU] | <ul style="list-style-type: none"> The new section 5B of the Bill requires the IIA to prepare and submit its corporate plan (which, among other things, includes the estimates of the IIA's income and expenditure) to the FS for approval. The new section 5D requires the IIA to submit its annual report to the FS. This should provide an effective check and balance. |
| Section 132 | <ul style="list-style-type: none"> Oppose the levy on policy holders. The levy should be charged on insurance industry using a risk-based approach. [Consumer Council] Oppose the arrangement to fund the IIA by fees payable by insurers and insurance intermediaries, and levies charged on insurance premiums which will not benefit policy holders. [HKIIA, IIA Concern Group, Kwai Chung South Resident Association] | <ul style="list-style-type: none"> Given that one of the main objectives of the IIA is to protect policy holders through, among other things, putting in place a statutory licensing system for insurance intermediaries, we consider it justified to recover its cost partly by collecting a levy from policy holders. |
| Amendments to Part II to VII | | |
| <i>Enhanced existing regulatory powers in respect of insurers</i> | | |
| Section 13AE | <ul style="list-style-type: none"> The "intermediary management function" should only relate to an insurer's management of its appointed insurance agents. Insurers cannot manage insurance brokers. [HILA] | <ul style="list-style-type: none"> As pointed out by the International Association of Insurance Supervisors in Insurance Core Principle 18, insurance intermediaries serve as important distribution channels of insurance. Their interface between consumers and insurers gives them a key role in building trust and confidence in the market. We therefore attach much importance to ensuring that an authorized insurer will maintain an effective internal control system to promote good business conduct of insurance intermediaries. An insurance broker may perform functions such as underwriting, premium collection, management of insurance claims and claims appraisal. Insurers may play a role in ensuring good business conduct of insurance brokers in the aforesaid activities although insurance brokers |

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| | | do not act for insurers. We therefore consider that the intermediary management function should not be restricted to the management of its appointed insurance agents. Nevertheless, we will discuss further the scope of this function with the insurers. |
| Section 14A | <ul style="list-style-type: none"> ● The legislation should not include the provision prescribing that the IIA may have regard to any other matters that are considered relevant in making the determination of fit and proper. All factors to be considered should be exhaustive in the legislation. [PIBA] | <ul style="list-style-type: none"> ● In simple terms, a fit and proper person means one who is financially sound, competent, honest, reputable and reliable. While we have set out the most important factors (in new section 14A(1) of the Bill) which the IIA must consider in determining whether a person is fit and proper, the IIA should be allowed to take into account other factors on a case-by-case basis. ● We envisage that the IIA will promulgate a code or guideline on “fit and proper” to elaborate on the details. |
| Section 22 | <ul style="list-style-type: none"> ● Oppose the requirement on the separation of accounts and funds for each class of long term insurance business. It could result in sub-optimal investment activity and increase the administrative requirements and costs. The requirement should be applicable to insurance business in Hong Kong only. [AIA] | <ul style="list-style-type: none"> ● Our proposal is to ensure proper segregation of assets and liabilities of individual classes, thereby avoiding inter-class subsidy in case of winding up of an authorized long term insurer. It has nothing to do with how the funds should be invested and therefore will not have any impact on the investment strategy and performance of insurance assets. We also do not envisage any substantial increase in the administrative overheads as the majority of the authorized long term insurers in Hong Kong are currently keeping separate funds for individual classes of insurance business despite the current requirement under the existing section 22 which only requires segregation of Class G and Class H business. ● The current requirement which applies to all assets |

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| | | and liabilities of authorized long term insurers irrespective of the source of business will maintain. |
| New Part VA | | |
| <i>New regulatory powers in respect of insurers</i> | | |
| Section 41H | <ul style="list-style-type: none"> ● A person should have the right to remain silent and the provision should be vetted by the Secretary of Justice. [AIA] | <ul style="list-style-type: none"> ● During the inspection or investigation process, a person may not be able to give answer to inquiries because the information concerned is not within his/her knowledge. He/she may also use the same reason as an excuse to hinder or delay the process. It is therefore necessary to allow the regulator to require a person to verify that reason and fact by a statutory declaration in such circumstances. ● The provision provides that responses or statements made by a person for the purpose of an inspection or investigation shall not be admissible in evidence against that person in criminal proceedings, except for the prosecution of criminal offences relating to perjury, the giving of false statements, and using unreasonable excuse for not compiling with requirements imposed by the IIA. |
| Section 41P | <ul style="list-style-type: none"> ● The legislation should set out the criterion for the IIA to make a disciplinary decision public. [AIA] ● Disciplinary decisions should not be published until appeal rights have been exhausted. [HKFI] ● There should be clear guidelines on when the IIA can make a disciplinary decision public. [HILA] ● Concerned as to whether the IIA would disclose to the public details of the investigation after the investigation is completed. [Michael Fung] | <ul style="list-style-type: none"> ● Our proposal is that after the IIA has exercised its power to impose disciplinary sanctions against an authorized insurer, the IIA may disclose to the public details of the relevant decision including the reason and any material facts relating to the case. This power is necessary for maintaining transparency of a regulator's decisions. |
| Section 41P | <ul style="list-style-type: none"> ● The definition of “misconduct” is too broad. Guidelines on the interpretation and implementation of “misconduct” as well as the circumstances which may lead to penalties under new section 41P should be formulated. [AIA, HILA, HKFI] | <ul style="list-style-type: none"> ● The proposed definition of “misconduct” is modeled on that under the SFO for the regulation of the licensees under Securities and Futures Commission. For effective regulation of licensees and protection of |

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| | | <p>policy holders, we consider that the definition of misconduct should be adequate to catch all situations whereby the act of insurers may be prejudicial to the interest of policy holders or the public.</p> <ul style="list-style-type: none"> ● We also envisage that the IIA will promulgate codes or guidelines to elaborate on the details. |
| Amendments to Part X and Other Relevant New Provisions | | |
| <i>Licensing regime for insurance intermediaries</i> | | |
| Section 64H | <ul style="list-style-type: none"> ● Section 64H is too wide and may not have sufficient legal basis to cover acts outside Hong Kong jurisdiction. [PIBA] | <ul style="list-style-type: none"> ● To protect potential policy holders in Hong Kong, this provision specifically aims to prohibit a person from providing insurance service from outside Hong Kong. This is in line with our policy objective that only a fit and proper person can conduct regulated activities in Hong Kong. This restriction should not be bypassed simply because someone is located outside Hong Kong. In enforcing this restriction, we acknowledge that co-operation with regulators in other jurisdictions may be necessary. |
| Section 64I | <ul style="list-style-type: none"> ● Increase the number of authorized insurers represented by licensed insurance agent. [HKCII] ● Oppose the current requirement that an insurance agent needs to obtain the approval of its first representing insurer for representing another insurer. [IFPSS] | <ul style="list-style-type: none"> ● The Bill only provides the IIA with power to specify the maximum number of insurers that a licensed insurance agent can be appointed by. The maximum number is not specified in the Bill. It is up to the IIA to decide whether a higher maximum should be specified under the new regime. ● This is a contractual arrangement between an insurer and its agents. We believe this should be left to the industry rather than the regulator to decide. |
| Section 64J Section 64K | <ul style="list-style-type: none"> ● Section 64J imposes stricter restrictions on insurance agents than insurance brokers (as stated in section 64K) which is unfair to insurance agents. [HKGIAA, HKFI, ICG, GIC] ● Personnel of licensed insurance broker companies being an investor of licensed insurance agency should not be restricted in section 64K. | <ul style="list-style-type: none"> ● New sections 64J and 64K aim to maintain the existing restrictions in section 65(4) to 65(11) of the Insurance Companies Ordinance (“ICO”), with necessary modifications. The restrictions in the existing section 65 aim to prevent (a) a person from |

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| | <p>[HKCII, HKIPGU, PIBA, HKIIA]</p> <ul style="list-style-type: none"> ● Need to clarify “any matter” in section 64K. [HKCII, PIBA] | <p>being an insurance agent and an insurance broker at the same time; and (b) an insurance agent from circumventing the requirement that he can only be appointed by the defined maximum number of insurers.</p> <ul style="list-style-type: none"> ● We understand that some insurers welcome new sections 64J and 64K. We keep an open mind on whether any drafting refinements are warranted for avoiding ambiguity. |
| Section 64N | <ul style="list-style-type: none"> ● Should define “insurance business” and delete the words “in Hong Kong” under section 64N(2). [Anthony Chiu] | <ul style="list-style-type: none"> ● Noted. We do not consider the suggested amendments necessary because the referral of business from a person outside HK is not prohibited by both the ICO and the Bill. |
| Section 64O | <ul style="list-style-type: none"> ● Oppose the new requirement of keeping 5-year disciplinary records of insurance intermediaries on the register. [HKIPGU, HKIIA] | <ul style="list-style-type: none"> ● The policy objective of this provision is to enhance transparency and consumer protection. Information on disciplinary records may be a factor that a consumer will take into account when deciding whether to enter into any transaction with an insurance intermediary. ● Similar practices are also adopted by CIB and PIBA under the existing self-regulatory regime. As for CIB, their Memorandum & Articles of Association require and specify the disclosure periods for various types of disciplinary decisions, e.g. suspension, to be recorded on its register. For instance, a decision of suspension shall remain recorded on the register for the period of suspension or a period of 5 years as from the effective date of the decision, whichever is longer. For PIBA, we note that the expulsion list, suspension list and improper withdrawal list are currently available to the public on their website. |

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| | | <ul style="list-style-type: none"> ● In the statutory regulatory regime for Mandatory Provident Fund (“MPF”) intermediaries (most of which are also insurance intermediaries), there is already a statutory requirement to include in the register of MPF intermediaries the disciplinary records (except for private reprimand) for 5 years. |
| Section 64O | <ul style="list-style-type: none"> ● The legislation should include a requirement for the IIA to update the register within a fixed period, say, every 7 days, given that there is a prescribed deadline (14 days) for insurance intermediaries to notify the IIA of any change. [PIBA] | <ul style="list-style-type: none"> ● We envisage that the IIA will maintain the register and update it as soon as practicable to allow the public for inspection on the updated particulars of licensees. |
| Section 64P | <ul style="list-style-type: none"> ● It is too strict to require insurance intermediaries to notify the IIA in writing of any change of particulars within 14 days, and penalize them for failing to do so. [HKIIA, HKIPGU] | <ul style="list-style-type: none"> ● New section 64P prescribes that notification for any change of particulars, including names and business address of a licensed insurance intermediary, should be provided to the IIA within 14 days. These are important pieces of information and should be kept updated in the register as soon as practicable for protecting the interest of consumers. There is a similar requirement under the regulatory regime for MPF intermediaries and regulatees of the Securities and Futures Commission. |
| Section 64Q | <ul style="list-style-type: none"> ● The one-month period for prior notification of the appointment of a licensed technical representative by a licensed insurance broker company should be shortened (e.g. 7 days or 10 days). [CIB, PIBA] | <ul style="list-style-type: none"> ● The policy objective of this provision is to provide the IIA with adequate time to verify that the technical representative concerned remains a fit and proper person. We stand ready to discuss with the industry the appropriate prior notification period. |
| Section 64ZG Section 64ZW | <ul style="list-style-type: none"> ● The powers of the IIA to amend or impose new licensing conditions for granting and renewal of license are too wide in section 64ZG and 64ZW. [HKAB, PIBA] | <ul style="list-style-type: none"> ● There is a need to provide the IIA, as the licensing authority, with such reserve power to ensure that the conduct of licensees will be effectively regulated in view of possible changes in the market landscape in future. An aggrieved party may appeal against a decision made by the IIA to the Insurance Appeals Tribunal (“IAT”). |

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| Section 64ZZ | <ul style="list-style-type: none"> ● Adopt “such information that the IIA may <u>reasonably</u> require” in section 64ZZ to ensure that the IIA will only obtain information that is relevant to its consideration of a licence application. [HKAB] | <ul style="list-style-type: none"> ● The IIA is obliged to act reasonably and will only require an applicant to provide information that is relevant to the licence application. |
| Section 64ZZA | <ul style="list-style-type: none"> ● Clearly set out all factors for determining whether a person is “fit and proper”. [PIBA] | <ul style="list-style-type: none"> ● New section 64ZZA already sets out the factors that the IIA must consider in determining fitness and propriety. A person’s financial status or solvency is one of the many factors that the IIA may take into consideration. The existing Guidance Note on “Fit and Proper” Criteria under the ICO sets out that, in considering whether a person is fit and proper, the Insurance Authority (“IA”) will take into account all relevant factors, including the financial status. However, failure to comply with one of the factors set out in the Guidance Note will not necessarily result in the IA not being satisfied that a person is fit and proper. The IA will look to the substance of the requirements and materiality of any failure to meet them. ● We expect that the IIA will adopt the same approach and promulgate codes or guidelines to elaborate the details. |
| Section 64ZZA | <ul style="list-style-type: none"> ● There should be a time bar on the bankruptcy and criminal records which an individual applicant is required to declare (say, 4 years for bankruptcy records and 10 years for criminal records). [HKIPGU] | <ul style="list-style-type: none"> ● Currently, an individual is required to declare any bankruptcy and criminal records without a time bar when applying for registration with a self-regulatory organization (“SRO”). We consider this requirement appropriate. |
| Section 64ZZA | <ul style="list-style-type: none"> ● Revise the requirement set out in section 64ZZA(1)(f) that if a person is a company in a group of companies, in considering whether the person is fit and proper, the IIA will have regard to matters in relation to any other company in the group of companies and also its controller or director. [PIBA] | <ul style="list-style-type: none"> ● The financial status or solvency of other companies in the same group would be relevant factors in determining a person’s fitness and propriety. There are similar requirements for the determination of fitness and propriety in the regulatory regime under the Securities and Futures Ordinance (“SFO”) (Cap. |

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| | | 571). |
| Schedule 1A | <ul style="list-style-type: none"> ● The new definition of “regulated activities” is too wide. [HILA, PIBA] | <ul style="list-style-type: none"> ● We consider the proposed formulation of the definition of “regulated activities” appropriate because the scope should be wide enough to cover all insurance intermediary activities. |
| <i>Inspection and investigation powers in respect of insurance intermediaries</i> | | |
| Section 64ZZF Section 64ZZH Section 64ZZK Section 64ZZL | <ul style="list-style-type: none"> ● The IIA’s power of inspection (e.g. an inspector may enter business premises of licensed insurance intermediaries) and investigation under sections 64ZZF and 64ZZH respectively are too wide. Safeguards should be included to ensure that the IIA’s power of inspection and investigation will not be abused. [PIBA, HKIIA] ● Remove the following offences in relation to persons who have “passive” involvement in a non-compliance – <ul style="list-style-type: none"> ➢ section 64ZZK(2)(b): the Court of First Instance may punish a person who is knowingly involved in a failure to comply with a requirement imposed by an inspector or an investigator; and ➢ section 64ZZL(5)(a): a person commits an offence if he/she, with intent to defraud, allows another person to fail to comply with a requirement imposed by an inspector or investigator. [ICG] | <ul style="list-style-type: none"> ● Our proposal on inspection and investigation and built-in safeguards are modeled on the financial regulatory regimes under the SFO and the Mandatory Provident Fund Schemes Ordinance (“MPFSO”) (Cap. 485) which have been operating smoothly for many years. ● As a safeguard, we have also put in place an independent appellate mechanism so that an aggrieved party may appeal against a decision made by the IIA to the IAT. ● For new section 64ZZK(2)(b), such power is necessary for ensuring that a person will comply with the IIA’s information-gathering requirements. The Court will only issue such an order when it is satisfied that the non-compliance of the licensee does not have a reasonable excuse. ● For new section 64ZZL(5), one important element in the provision is that the alleged person must have “an intent to defraud”. This needs to be proven beyond any reasonable doubt in the Court based on objective evidence and facts. |
| Section 64ZZF | <ul style="list-style-type: none"> ● The legislation should provide that an investigator (i.e. the IIA or the Hong Kong Monetary Authority (“HKMA”)) should specify a <u>reasonable</u> period within which a person is required to respond or provide information. [HKAB] | <ul style="list-style-type: none"> ● An investigator may require a person to answer or provide certain information within a specified period. It is natural that the investigator will allow enough time for preparing for an answer and the information required. |

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| Section 64ZZF | <ul style="list-style-type: none"> ● The legislation should specify that the IIA will consult the HKMA before it exercises the regulatory powers against bank insurance intermediaries. [HKAB] ● The legislation should specify that if an inspector enters business premises of bank insurance intermediaries, it should be a joint on-site inspection by the IIA and HKMA. [HKAB] | <ul style="list-style-type: none"> ● We envisage that the IIA will maintain close liaison and coordination with the HKMA for effective regulation, e.g. through entering into an MoU. ● We have already provided in the Bill that the IIA is required to consult the HKMA under certain circumstances, e.g. before imposing a disciplinary sanction on a bank employee. To impose a legal requirement that the IIA can only enter bank premises when conducting joint on-site inspections with HKMA will undermine the power and flexibility of the IIA as the regulator of the insurance industry. |
| Section 64ZZO | <ul style="list-style-type: none"> ● There should be a cap on the costs of investigation. [HKIIA] | <ul style="list-style-type: none"> ● We do not see any justification for such a cap. |
| Others | | |
| -- | <ul style="list-style-type: none"> ● The qualification/standard on eligibility criteria for obtaining licenses, and particularly for new entrants should be raised. [Consumer Council] | <ul style="list-style-type: none"> ● To minimise the impact on pre-existing insurance intermediaries, we do not propose to introduce any changes to the eligibility criteria for insurance intermediaries upon the establishment of the IIA. We envisage that the IIA would review the professional standards and training needs for intermediaries from time to time in light of local and international insurance market developments and expectation of the public. |
| New Schedule 11 | | |
| <i>Transitional arrangements for insurance intermediaries</i> | | |
| Schedule 11 (licensing) | <ul style="list-style-type: none"> ● All insurance intermediaries registered with the SROs should be allowed for licence renewal automatically without re-examination/assessment after the 3-year transitional period. [HKIIA, HKGIAA, HKIPGU, PIBA, HKCII, 華麗居民聯會] ● There should be a grandfathering arrangement for the existing | <ul style="list-style-type: none"> ● We consider it appropriate that both insurance agents and insurance brokers should be subject to requirements to renew their licenses every three years in order to ensure that only a fit and proper person can conduct regulated activities. ● To minimise the impact on pre-existing insurance |

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| | requirements (e.g. licensing or eligibility criteria) of insurance intermediary. [HKCII, PIBA] | intermediaries, we do not propose to introduce any changes to the eligibility criteria for insurance intermediaries upon the establishment of the IIA. We have not proposed that a licensee should take the qualifying examinations again for renewal of licences. |
| Schedule 11 (complaints) | <ul style="list-style-type: none"> Any complaints against licensed insurance intermediaries made before the commencement date of legislation should be judged only in accordance with the rules of the SROs prior to the commencement date. The legislation should specify it more clearly. [AIA, HILA] There should be similar provisions about the above transitional arrangements for insurers. [AIA, HILA] | <ul style="list-style-type: none"> All such cases will be followed up and considered by the IIA according to the conduct standards and available sanctions prevailing at the time when the misconduct occurred as far as practicable, and the IIA should act in accordance with the statutory powers. This has been set out clearly in new section 110 in Schedule 11. We will introduce necessary amendments to put it beyond doubt that the IIA will not take disciplinary actions against an insurer for contravention of a provision in the ICO before commencement of the Bill. |
| Schedule 11 (uncompleted applications and notifications) | <ul style="list-style-type: none"> The IIA should follow up on uncompleted applications and notifications. If not, the documentation and administrative requirements should be waived. [HKAB] | <ul style="list-style-type: none"> We consider that requiring pre-existing insurance intermediaries to re-submit to the IIA direct outstanding applications and notification not yet completed by the SROs before the IIA's inception would be operationally more efficient. We will work with the SROs on the detailed transitional arrangements to minimize inconvenience caused to applicants. |
| Schedule 11 | <ul style="list-style-type: none"> Past misconduct of insurance intermediaries should be flexibly handled in the transitional period since they could be an offence under the new system. [HKIPGU] | <ul style="list-style-type: none"> The IIA will handle complaints of past misconduct in accordance with the procedures set out in the Bill and base its decisions on objective evidence and facts. Moreover, misconduct is not a criminal offence. |
| New Part XI | | |

| <i>Disciplinary sanctions on licensed insurance intermediaries</i> | | |
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| <i>Misconduct and “Fit and Proper”</i> | | |
| Section 79 | <ul style="list-style-type: none"> ● Definition of “misconduct” is too broad. Guidelines on the interpretation and implementation of “misconduct” should be formulated. [PIBA, HKFI, HILA, GIC, AIA] ● Set up a non-retrospective period for “misconduct” and complaints, so as to avoid unreasonable complaints. [HKIIA] | <ul style="list-style-type: none"> ● For effective regulation of licensees and protection of policy holders, we consider it necessary that the scope should be wide enough to catch all situations whereby the act of insurance intermediaries may be prejudicial to the interest of policy holders or the public. The IIA would issue relevant guidelines to facilitate compliance by the industry. ● The IIA will handle complaints of past misconduct in accordance with the procedures set out in the Bill and base its decisions on objective evidence and facts. However, there is no sound justification for setting up a “non-retrospective” period. Setting a “non-retrospective period” may affect the legitimate rights of a policy holder to seek remedies. |
| Section 80(1)(c) | <ul style="list-style-type: none"> ● It is inappropriate that the IIA may exercise disciplinary power in respect of a person if the IIA is of the opinion that the person is not a fit and proper person before the person is proven guilty. [HKIIA] | <ul style="list-style-type: none"> ● The policy objective is that only a fit and proper person should become an insurance intermediary. Therefore, it is justifiable that the IIA may impose appropriate disciplinary sanctions on grounds of fitness and propriety. The IIA’s decision will be based on objective evidence and facts. ● Furthermore, in exercising its disciplinary powers, the IIA would be subject to a number of checks and balances, including that all insurance intermediaries and insurers will be given a fair opportunity to be heard during the disciplinary process; and the IIA’s disciplinary decisions will be appealable to the IAT. |
| Section 80(6) | <ul style="list-style-type: none"> ● Remove the “the present or past conduct of the person” in section 80(6). [PIBA] | <ul style="list-style-type: none"> ● It is reasonable that the IIA may take into account the present or past conduct of a person in determining the person’s fitness and propriety. |
| <i>Pecuniary penalties</i> | | |

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| Section 80(4)(e) | <ul style="list-style-type: none"> ● The proposed maximum level of pecuniary penalty (i.e. the greater of \$10 million or three times the profit gained or loss avoided as a result of the misconduct) is too high. The maximum fine for an individual should be set at a lower level (e.g. \$5 million, \$1 million). [HKIIA, CIB, GIC, ICG, HKCII, CIB, PIBA, LUSEB, GAMA] ● Different penalty levels should be set for offences in different circumstances which should be clearly set out. [HKIIA, HILA] ● Different penalty levels should be set for different group of market participants, i.e. insurance intermediaries and insurers. [PIBA] ● Fines should be proportionate to the asset level of the infringing regulated entity. [HILA, HKFI] ● The guiding principles in determining a pecuniary penalty should be expressively stated in the legislation. [HKFI] ● Guidelines for exercising of power to impose pecuniary penalty should be discussed with the industry before publishing. [HKCII] | <ul style="list-style-type: none"> ● In view of the wide spectrum of insurance intermediaries (some of which are banks and international brokerage firms), the maximum fine level must have adequate regulatory effect. ● Under the Bill, the IIA must publish a fining guideline before exercising its power to impose a disciplinary fine. The guideline will set out the factors of consideration that the IIA will be taking into account when determining the quantum of a disciplinary fine. We envisage that the guiding principles in determining a pecuniary penalty would include such factors as the proportionality of penalty to the severity of the misconduct, whether the insurance intermediary has made financial gains by his act, and that the fine should not put the insurance intermediary into financial jeopardy. We also expect that the IIA would consult the industry when formulating the guidelines. |
| <i>Making disciplinary decision public</i> | | |
| Section 80(5) | <ul style="list-style-type: none"> ● The legislation should set out the criterion for the IIA to make a disciplinary decision public. [AIA] ● Disciplinary decisions should not be published until appeal rights have been exhausted. [HKFI] ● There should be clear guidelines on when the IIA can make a disciplinary decision public. [HILA] ● Concern whether the IIA would disclose to the public details of the investigation after the investigation is completed. [Michael Fung] | <ul style="list-style-type: none"> ● We consider this power necessary for enhancing transparency of a regulator's decisions. It would be a useful tool for the market and the public to monitor the work of the IIA to ensure that the IIA's decisions are made with consistency and sound justification. It also provides the regulatees with information on the expectations of the IIA to facilitate their compliance with the regulatory requirements. |
| <i>Other issues in relation to disciplinary process and procedures</i> | | |
| -- | <ul style="list-style-type: none"> ● For cases which is not absolutely proven, instead of reprimand privately, the IIA can issue the person with a warning privately. [CIB] ● Oppose that the IIA may suspend a licensee from selling products before a disciplinary decision is made. [HKIIA] | <ul style="list-style-type: none"> ● Noted. ● The Bill has not provided for such suspension power to the IIA. |

| <i>Disciplinary committee, independent internal committee, expert panel</i> | | |
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| -- | <ul style="list-style-type: none"> ● There should be separation of inspection, investigation and disciplinary power of the IIA. [ICG, HKCII, HKIIA, The Law Society of Hong Kong] ● A disciplinary committee comprising members from the insurance industry or other independent personnel with legal or judicial background should be set up. Defendants shall have the right to be legally represented at such hearings. There should be specific statutory provisions for the establishment of the disciplinary committee. [ICG, HKGIAA, AIA, IFPA, HKIIA, PIBA, CIB, GAMA, LUAHK] ● Establish an independent internal committee for overseeing investigation and approving disciplinary decision (similar to Operation Review Committee of Independent Commission Against Corruption). [AIA, HILA, HKFI, IARB] ● An expert panel, comprising members from the insurance industry, should be set up. There should be specific statutory provision for the establishment of the expert panel. [PIBA, Michael Fung] ● The IIA must seek the view of the expert panel during the disciplinary procedure and provide explanations if the IIA's final decision is deviated from the view of the expert panel. [HKFI] | <ul style="list-style-type: none"> ● Unlike SROs which are run by insurance intermediaries themselves, the IIA is already an independent regulator. There is no sound justification for setting up another independent body to ensure that there is no conflicts of interest involved when the IIA exercises its disciplinary powers. ● In exercising its disciplinary powers, the IIA would be subject to a number of checks and balances, including that the IIA must publish a fining guideline before it can impose disciplinary fines; all insurance intermediaries and insurers will be given a fair opportunity to be heard during the disciplinary process; and the IIA's disciplinary decisions will be appealable to the IAT. ● The IIA may consult an expert panel comprising members from the industry on insurance products and market practices before making a disciplinary decision. Whether the IIA would consult an expert panel depends on the circumstances of the cases. We do not consider it efficient to require the IIA to consult an expert panel for each and every case. This will also fetter the IIA's disciplinary power. ● Disciplinary powers are part and parcel of the regulatory tools available to a financial market regulator for it to ensure the integrity of the licensing regime for its regulatees, i.e. to ensure that its licensed regulatees are fit and proper on an on-going basis. This duty should fall squarely with the IIA in relation to the regulation of insurance intermediaries. Fettering the disciplinary power of the IIA will |

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| | | <p>compromise the integrity of the regulatory regime.</p> <ul style="list-style-type: none"> ● We are also not aware of any direct involvement of the industry in the disciplinary process of financial regulators in overseas jurisdictions such as Australia, Singapore and the United Kingdom. |
| <i>“Best interest of policy holders” and “best endeavor”</i> | | |
| Section 89(a) | <ul style="list-style-type: none"> ● The requirement of “acting in the best interests of policy holders” is not suitable for insurance intermediaries, in particular for insurance agents. The IIA should remove the wordings or provide clear guidance on this principle. [ICG, HKAB, HKCII, AIA, HKIIA, HKGIAA, HKFI, HILA, LUSEB, LIC, PIBA,GAMA, The Law Society of Hong Kong] ● Concerned that the new conduct requirement may bring about uncertain legal liability / new civil claims. [ICG, IFPA, HKFI, HILA, GAMA] ● Agree that all licensed insurance intermediaries would be required to act “in the best interest of policy holders”. Support to put the “best interest” duty on a statutory footing and that insurance intermediaries are obliged to comply. [Consumer Council] | <ul style="list-style-type: none"> ● The principle of “acting in the best interest of clients” is not a new concept to the insurance industry. It has been included as one of the general principles of conduct requirements in the regulatory regime for MPF intermediaries, many of whom are also insurance intermediaries. ● This principle is also embedded in the existing guideline on replacement of life insurance policy issued by the HKFI. We understand that there has been no legal proceeding regarding this principle since the implementation of the guideline by the HKFI. ● We envisage that the IIA will issue a code of conduct to set out more clearly what is expected of the licensed insurance intermediaries by the regulator. |
| Section 89(f) | <ul style="list-style-type: none"> ● The requirement of “best endeavours” is not suitable for insurance intermediaries. [HKAB, HILA, LIC] | <ul style="list-style-type: none"> ● We recognize that “best endeavours” is a high standard. Nevertheless, we note that as established by case law, the standard of reasonableness has been introduced into the interpretation of “best endeavours”. ● This standard has been adopted under the statutory regime for regulating MPF intermediaries (most are also insurance intermediaries). We consider it inappropriate to adopt a lower standard for the insurance intermediaries. |

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| | | <ul style="list-style-type: none"> ● We envisage that the IIA will promulgate guidelines to set out examples of actions that are expected to be taken by insurance intermediaries in discharging their statutory duties. |
| Rules relating to conduct requirements | | |
| Section 92 | <ul style="list-style-type: none"> ● Re. section 92(2)(c). Clarification should be made in the requirement of a licensed intermediary to ascertain certain identity and financial details of its clients “that are relevant to the services to be provided” [CIB]. ● Re. section 92(2)(f). To take out the requirement for a licensed insurance agent to disclose to its client the commission or advantage receivable for the sale of the products concerned. [HKGIAA, HKIIA]; IIA should make a requirement for intermediaries to disclose to potential policy holders at the pre-sale stage level of commission (or benefits) receivable from product issuers for sale of products concerned [Consumer Council]. ● Re. section 92(2)(k). Referral business from insurance intermediary to intermediary should be allowed [HKCII, HKIIA]; specify the scenarios where intermediaries are prohibited from receiving any property and services in consideration of directing business to another intermediary [CIB]; and clarify “specified circumstances” and “specified conditions”[ICG]. | <ul style="list-style-type: none"> ● The policy objective behind the new section 92 is to empower the IIA to make rules on certain areas to give more guidance to the regulatees on the details of the legal requirements. Therefore, it is not a requirement imposed on the IIA to make all rules under section 92. ● Section 92(2)(c) aims to provide the IIA with flexibility to tailor different requirements for different types of services rendered by different types of licensees. We envisage that the IIA will specify how this requirement will apply to different types insurance products when it formulates the rules. ● Section 92(2)(f) aims to allow the IIA to maintain the status quo with respect to insurance brokers and insurance agents selling Investment Linked Assurance Scheme (“ILAS”). It is not our intention to introduce any change to the current practice. ● To avoid any misunderstanding, we are considering amending the wording of section 92(2)(k) to the effect that the IIA may, in a rule, specify “circumstances and conditions under which a licensed insurance intermediary may receive any property or services from another licensed insurance intermediary in consideration of directing business to that other licensed insurance intermediary”. |
| -- | <ul style="list-style-type: none"> ● The IIA should make rules, regulations, codes or guidelines and | <ul style="list-style-type: none"> ● Before making any rule, the IIA is required to |

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| | consult the insurance industry, or specify the conduct requirement in the legislation before the establishment of the IIA or the disciplinary power is commenced. [ICG, HILA, GAMA, AIA, PIBA] | publish a draft of the proposed rule for public consultation. ● The IIA may also issue codes of conduct, which are not subsidiary legislation, to provide the industry with guidance on compliance with the practices and standards relating to the conduct requirements. |
| -- | ● The legislation should specify that breaching the conduct requirements for insurance intermediaries will not give rise to new and inappropriate civil liability/civil claims. [HKAB, HILA, HKFI, LIC] | ● “Civil” proceedings would include “regulatory” proceedings. A breach of conduct requirements under new sections 89 to 91 in the Bill amounts to misconduct under new section 79(1)(a). Under Part XI of the Bill, the IIA may exercise its powers to institute regulatory proceedings (i.e. to impose disciplinary sanctions) against a person who has contravened a conduct requirement. The proposal would in effect prohibit the IIA from instituting any regulatory proceedings against a person for misconduct. ● We are also concerned that the proposal would have the effect to alter or abrogate rules of common law or equity which protect policy holders or potential policy holders. |
| New Part XII and New Schedules 9 & 10 | | |
| Insurance Appeals Tribunal (“IAT”) | | |
| <i>Composition of IAT</i> | | |
| Part XII and Schedule 10 | <ul style="list-style-type: none"> ● The IAT should be independent of the government and the IIA. [ICG] ● The IAT should have members with knowledge of insurance industry or relevant aspect of insurance sectors (e.g. broker, agent or insurer). [ICG, CIB, LUAHK] ● Chairperson of the IAT should have judicial background (e.g. High Court Judge). [CIB, Yeung Wai Sing] ● The Chief Executive (“CE”) should not have the sole discretion to | <ul style="list-style-type: none"> ● The IAT is independent of the government and the IIA. ● The IAT will be chaired by a former judge or a person who is eligible to be appointed as a High Court judge. The chairperson will be assisted by two members in each of the IAT’s hearing. There is no legal restriction on the background of the IAT members. We envisage that they would be drawn |

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| | <p>appoint the chairperson of the IAT as he already appoints all IIA members. Suggest Chief Justice make the appointment instead. [AIA]</p> | <p>from persons with relevant expertise, including insurance practitioners.</p> <ul style="list-style-type: none"> ● Modeling on the Securities and Futures Appeals Tribunal under the SFO, we consider that the proposed appointment mechanism by the CE is appropriate. |
| <i>Award of cost</i> | | |
| Section 100 | <ul style="list-style-type: none"> ● It is unreasonable that a person may commit a criminal offence if he fails to comply with an order, notice and etc. of the IAT which is only a procedural breach. [PIBA] | <ul style="list-style-type: none"> ● We consider it necessary to impose criminal proceeding against a person for failing to comply with an order, notice and etc. of the IAT without reasonable excuse. This is to provide adequate deterrent effect to prevent a person from intentionally avoiding any requirement or prohibition imposed by the IAT. |
| Section 104 Section 111(3) | <ul style="list-style-type: none"> ● Legal costs are substantial to appellants, in particular for individual or insurance intermediaries with limited resources. [ICG, HILA, HKFI, PIBA, HKIIA, CIB, LIC, GAMA, LUAHK] ● Include a cost cap for appellant, or specify cost cap payable by each type of insurance intermediaries (e.g. cost cap for individual \$20,000). [HILA, HKFI, PIBA] ● Award of cost for those more severe offence only. [HKIIA] ● No cost order to be made to the appellant. [ICG] ● The IAT should have the power to waive costs. Alternatively, separate appeals processes for insurance intermediaries and insurers (say similar to the Small Claims Tribunal). [HILA] | <ul style="list-style-type: none"> ● A similar arrangement is adopted by the Securities and Futures Appeals Tribunal and the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Review Tribunal. We do not see strong justifications for adopting a different arrangement from other financial regulatory regimes. ● The IAT has full discretion as to whether to award a cost order. The IAT may award costs in relation to a review according to Order 62 of the Rules of the High Court (Cap. 4 sub. Leg. A). The IAT will determine the sum of cost awarded in respect of the costs reasonably incurred by the person or party in relation to the review based on objective evidence and facts. |
| Section 110 | <ul style="list-style-type: none"> ● “Final Appeals Board”, comprising personnel with judiciary background, should be established to allow individual insurance brokers to appeal against decisions of the IAT without going through the Court of Appeal which may require high legal cost. [CIB] | <ul style="list-style-type: none"> ● An aggrieved party who is dissatisfied with a determination of the IAT may appeal to the Court of Appeal. We do not see strong justifications to establish a separate final appeals board or appeal |

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| | | processes. |
| New Part XIII | | |
| Miscellaneous | | |
| Section 117 | <ul style="list-style-type: none"> ● Should provide clear guidelines on the meaning of providing “misleading” information. The penalty is too high in Section 117. [HILA] | <ul style="list-style-type: none"> ● The IIA has discretion to issue guidelines on how to provide accurate information to potential policy holders. ● We consider the proposed penalty appropriate as it should have adequate regulatory effect. |
| Section 132 Section 133 | <ul style="list-style-type: none"> ● No reference in the legislation to a cap on levies. The cap, exemption of the levy on reinsurance contracts and the non-application of the levy to insurance business outside Hong Kong should be specifically stated in the legislation. [AIA] | <ul style="list-style-type: none"> ● The details for levies will be set out in regulations made by the CE in Council subject to the scrutiny of the Legislative Council, as provided in new section 132. |
| General issues | | |
| -- | <ul style="list-style-type: none"> ● Support for the early passage of the Bill. [HKCCSA] ● Support the establishment of IIA to align with international practice and for better protection of insurance policy holders and the establishment of guidelines for insurance industry. [華麗居民聯會] ● Continuing consultation on the Bill and implementation of the legislation with leading companies and industry practitioner. [AIA] ● Support the establishment of IIA in regulating the licensing of insurance intermediaries, in replacement of the current self-regulatory regime. [IFPSS] ● Expect IIA could enhance consumer education. [華麗居民聯會] | <ul style="list-style-type: none"> ● Noted. |
| -- | <ul style="list-style-type: none"> ● Make it a statutory objective of the IIA to promote fair competition in the insurance industry. [PIBA] ● It is inappropriate for the IIA to promote development of insurance industry. [IIA Concern Group] ● The legislation should include specific requirements of insurance education and training. [IIHK] | <ul style="list-style-type: none"> ● In addition to the existing functions of the IA, the IIA will take up additional functions, including formulating effective regulatory strategies and facilitating the sustainable market development of the insurance industry, promoting the competitiveness of the insurance industry in the global insurance market; and promoting the understanding by policy holders and potential policy holders of insurance products and the insurance |

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| | | industry. |
| -- | <ul style="list-style-type: none"> ● It is inappropriate to make reference to SFC and MPFA on the legislative provisions in relation to regulations and disciplinary sanctions for insurance industry. [HKIIA] | <ul style="list-style-type: none"> ● We do not understand why it is inappropriate to do so. |
| -- | <ul style="list-style-type: none"> ● Regulations are too strict in general. The principles of self-regulation should be upheld. Reference should be made to the self-regulation regime with a view to minimize the cost. [IIA Concern Group, HKIIA] ● Oppose the set up of the IIA in replacement of the self-regulating regime. [Henry Ng] ● Concerned that the possible reduction of number of practitioners in insurance industry due to the regulation regime. [華麗居民聯會] | <ul style="list-style-type: none"> ● One of the major objectives of establishing the IIA is to enhance the regulation of insurance intermediaries via a statutory licensing regime to replace the existing self-regulatory regime. In formulating the licensing and conduct requirements on insurance intermediaries, we have made reference not only to other financial regulatory regimes but also to the existing standards and requirements adopted by the SROs. We are mindful of the need to strike a reasonable balance between providing better protection to policy holders and minimising regulatory burden on the industry, in order to facilitate its sustainable development in the long run. |
| -- | <ul style="list-style-type: none"> ● The legislation should make reference to some specific insurance sectors, such as captive insurance, coverholders. [IIHK] | <ul style="list-style-type: none"> ● We envisage that the IIA would review the regulations in relation to specific insurance sectors from time to time in light of local and international insurance market developments and expectation of policy holders. |
| -- | <ul style="list-style-type: none"> ● Adopt “business days” throughout the Bill for any period of 14 days or below. [PIBA] | <ul style="list-style-type: none"> ● Noted. We stand ready to further discuss with the industry. |
| -- | <ul style="list-style-type: none"> ● The legislation should address the employment/contractual arrangement between insurers and intermediaries. [IFPA, IFPSS] | <ul style="list-style-type: none"> ● We believe that contractual arrangement between an insurer and its agents should be left to the industry to decide. |
| -- | <ul style="list-style-type: none"> ● The Administration should explain in writing to the Bills Committee how the proposals are in full compliance with the principles and guidelines set out in the International Association of Insurance Supervisors (“IAIS”) and the Insurance Core Principle (“ICP”). [Jeffrey So] | <ul style="list-style-type: none"> ● Noted. We will draw the Bills Committee’s attention to the ICP as appropriate when discussing specific provisions in the Bill. |

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| -- | <ul style="list-style-type: none"> ● The Consumer Council and the Office of the Privacy Commissioner for Personal Data should have statutory power to oversee the IIA. [Jeffrey So] | <ul style="list-style-type: none"> ● We believe that the IIA will work closely with the Consumer Council to further protection of consumers. ● There are also provisions in the Bill requiring the IIA to put in place adequate mechanisms to protect personal data. ● However, it is not appropriate to subject the IIA to the oversight of the Consumer Council or the Privacy Commissioner for Personal Data as there is no such precedent in other local financial regulatory regimes and it will only cause confusion on regulatory responsibility. |
| | <ul style="list-style-type: none"> ● Request for response from the Commissioner of Insurance. [Jeffrey So] | <ul style="list-style-type: none"> ● This is a consolidated reply from the Financial Services and the Treasury Bureau and the Office of the Commissioner of Insurance. |
| -- | <ul style="list-style-type: none"> ● Tighten regulation of ILAS. [中國科學院廣澳區校友會] | <ul style="list-style-type: none"> ● Noted. The IA has issued the Guidance Note on Underwriting Class C Business (i.e. ILAS) in July 2014 to tighten the regulation of ILAS. |

List of Respondents

| Abbreviations | Name of Organizations / Individuals |
|----------------|---|
| AIA | AIA Group Limited |
| Anthony Chiu | Chiu Ling Cheong Anthony |
| Cynthia Cheung | Cheung Sin Tung Cynthia |
| – | Consumer Council |
| ECIIB | Employees Compensation Insurer Insolvency Bureau |
| ECIRSB | Employees' Compensation Insurance Residual Scheme Bureau |
| Michael Fung | Fung Kei Lap Michael |
| GAMA | General Agents and Managers Association of Hong Kong Limited |
| GIC | General Insurance Council of The Hong Kong Federation of Insurers |
| HKAB | The Hong Kong Association of Banks |
| HKCII | Hong Kong Chamber of Insurance Intermediaries |
| HKCCSA | Hong Kong Chinese Civil Servants' Association |
| CIB | The Hong Kong Confederation of Insurance Brokers |
| HKFI | The Hong Kong Federation of Insurers |
| HKGIAA | The Hong Kong General Insurance Agents Association Ltd |
| HKIIA | Hong Kong Insurance Intermediaries Association |
| HILA | Hong Kong Insurance Law Association Limited |
| HKIPGU | Hong Kong Insurance Practitioners General Union |
| IARB | Insurance Agents Registration Board |
| ICCB | Insurance Claims Complaints Bureau |
| ICG | Insurance Industry Regulatory and Development Concern Group |

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| IIHK | The Insurance Institute of Hong Kong |
| IFPA | Insurance & Financial Practitioners Alliance |
| IFPSS | Insurance & Finance Practitioners Solidarity Sector |
| – | IIA Concern Group |
| – | Kwai Chung South Resident Association |
| – | The Law Society of Hong Kong |
| Atta Lee | Lee Long Ni Atta |
| LIC | Life Insurance Council of The Hong Kong Federation of Insurers |
| LUAHK | The Life Underwriters Association of Hong Kong Limited |
| LUSEB | Life Underwriters & Sales Executive Board (HK) Ltd |
| MIB | Motor Insurers' Bureau of Hong Kong |
| Henry Ng | Ng Long Sang Henry |
| PIBA | Professional Insurance Brokers Association |
| Jeffrey So | So Chi Hong Jeffrey |
| Yeung Wai Sing | Yeung Wai Sing, Eastern District Council member |
| – | 中國科學院廣澳區校友會 |
| – | 華麗居民聯會 |