

The background of the slide is composed of various shades of blue puzzle pieces. One piece in the center-left area is a lighter shade of blue, standing out from the darker blue pieces surrounding it.

Statutory regulatory regime for insurance intermediaries

On 23 September 2019, the Insurance Authority (IA) took over the regulatory functions of the three Self-Regulatory Organisations (SROs)¹ to directly regulate insurance intermediaries (including insurance agents and insurance brokers) in Hong Kong, as empowered by the Insurance Ordinance. The new regulatory regime for insurance intermediaries marks another important milestone for Hong Kong insurance industry.

Through the setting of licensing and regulatory requirements, the IA has established an **effective, fair and transparent regulatory regime** to enhance the standards of conduct and professionalism of insurance intermediaries.

The IA is also responsible for handling complaints related to the conduct of insurance intermediaries, conducting investigations into alleged non-compliance cases, and taking effective enforcement actions, with the aim of providing more comprehensive protection for existing and potential policy holders and reinforcing public confidence in the insurance industry.

1. The three SROs are the Insurance Agents Registration Board, established under the Hong Kong Federation of Insurers, the Hong Kong Confederation of Insurance Brokers and the Professional Insurance Brokers Association.

Granting of licences



Under the new regulatory regime, any person who carries on a regulated activity² must possess a valid licence under the Insurance Ordinance, unless exempted. The IA considers various key criteria in determining whether an applicant is a fit and proper person, including the academic qualifications, professional qualifications and working experience of the applicant; the reputation, character, reliability and integrity of the applicant; and the applicant's financial status or solvency. An applicant must be fit and proper in order to be licensed, and this requirement is ongoing.

Raising standards of professionalism and conduct



With the growing need from customers for insurance products, and the availability of more sophisticated and diversified products and distribution channels, the standards of professionalism and conduct of insurance intermediaries have to be enhanced. The relevant requirements are more stringent under the new regime:

		Original requirements	New requirements
Minimum academic qualifications	Individual licensees	F.5 graduate	Level 2 or above in five subjects (including Chinese or English, and Mathematics) in the Hong Kong Diploma of Secondary Education Examination (HKDSE)
	Responsible officers of licensed insurance agencies or insurance broker companies		Bachelor's degree
Continuing Professional Development (CPD) training	Minimum CPD hours	10 hours	15 hours
	New training courses	—	At least 3 CPD hours related to ethics or regulations

In addition, the IA has, based on the existing codes of conduct from the SROs, formulated new codes of conduct which set out the professional standards expected from insurance intermediaries. These include the requirements on avoidance of conflicts of interest and disclosure of accurate and adequate information to customers.

- Regulated activity includes negotiating or arranging a contract of insurance; inviting or inducing, or attempting to invite or induce, a person to enter into a contract of insurance; inviting or inducing, or attempting to invite or induce, a person to make a material decision; or giving regulated advice.

Enhancing the financial requirements for broker companies



The IA has enhanced the financial requirements for licensed broker companies by raising the minimum amounts of paid-up capital and net assets from \$100,000 to \$500,000 to improve protection for policy holders.

Conducting inspections and investigations



The Insurance Ordinance provides the power for the IA to conduct inspections and investigations regarding suspected non-compliance. After considering all circumstances of a case and a number of factors, the IA can take appropriate, fair and proportionate disciplinary actions and impose a financial penalty in substantiated cases. Disciplinary actions that the IA can take include:

- Revoking or suspending the licence of the insurance intermediary;
- Revoking or suspending the approval of a person as a responsible officer;
- Prohibiting a person from applying to be licensed or appointed as a responsible officer;
- Reprimanding a person publicly or privately; and
- Ordering a person to pay a financial penalty not exceeding the greater of: \$10 million; or 3 times the amount of the profit gained or loss avoided by the person as a result of the misconduct.

Handling complaints



The IA handles public complaints related to the conduct of insurance intermediaries³. Policy holders can lodge a complaint with the IA against an insurance intermediary for any alleged misconduct or mis-selling practices. They can check the identity or licence status of an intermediary on the [Register of Licensed Insurance Intermediaries](#) on the IA website if in doubt.

Complainants can download the [complaint form](#) from the IA website. To allow the IA to handle their complaint more promptly and effectively, they should write down in detail the allegation and the name and licence number of the intermediary involved, and provide copies of all relevant supporting documents. All complaints will be treated in strict confidence. Upon receipt of the first submission of a complaint, an acknowledgement will be issued to the complainant within 10 working days. The IA will carefully examine the information provided and take appropriate follow-up actions if the matter falls under its purview.

Register of Licensed Insurance Intermediaries

The [Register of Licensed Insurance Intermediaries](#) is available on the IA website for checking of personal particulars of licensed insurance intermediaries, including their names, licence numbers, lines of business they can carry on, and their appointing insurers, insurance agencies or insurance broker companies (if applicable), etc.

3. According to the Memorandum of Understanding signed between the IA and the Hong Kong Monetary Authority (HKMA) in July 2019, the HKMA is responsible for handling complaints related to banks acting as licensed insurance agencies.

Looking forward



After the implementation of the new regime, the IA will continue to maintain close communication and exchange views with the industry on the rules, codes, guidelines and other matters related to the new regime, in order to enhance the standards of professionalism and conduct of the industry, and to strengthen protection for policy holders.



保險業監管局 Insurance Authority



蓋世保鑑 Insurpedia



Insurance Authority

 www.ia.org.hk

 enquiry@ia.org.hk

 3899 9983