

Updates on the New Insurance Intermediaries Regulatory Regime

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Agenda

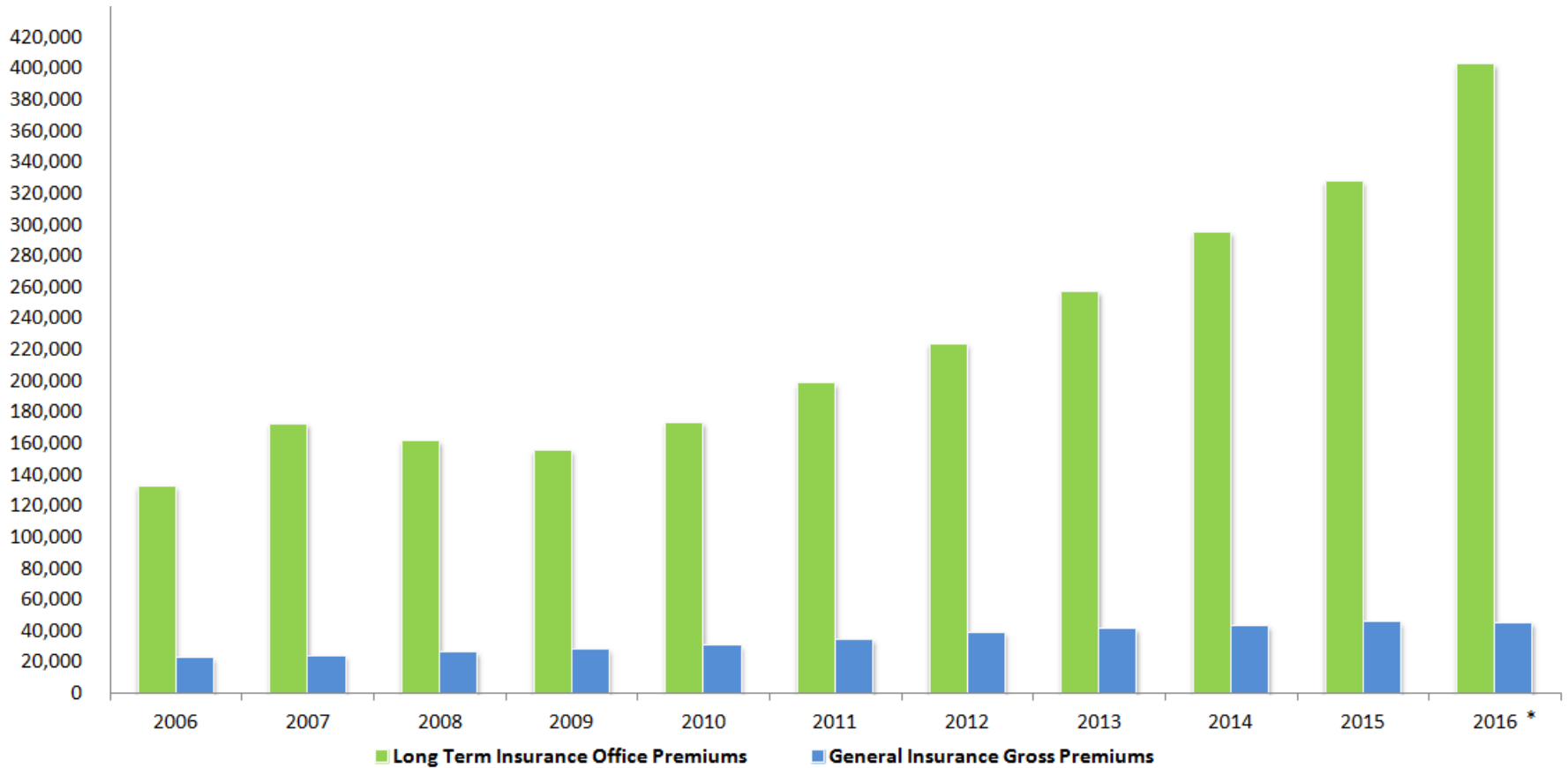
- Background information
- New Regulatory Regime & Transition
- Industry Collaboration
- New Initiatives
 - Electronification
 - Enhanced Complaints Handling Procedures
 - Inspection

Background information

Insurance Industry Landscape

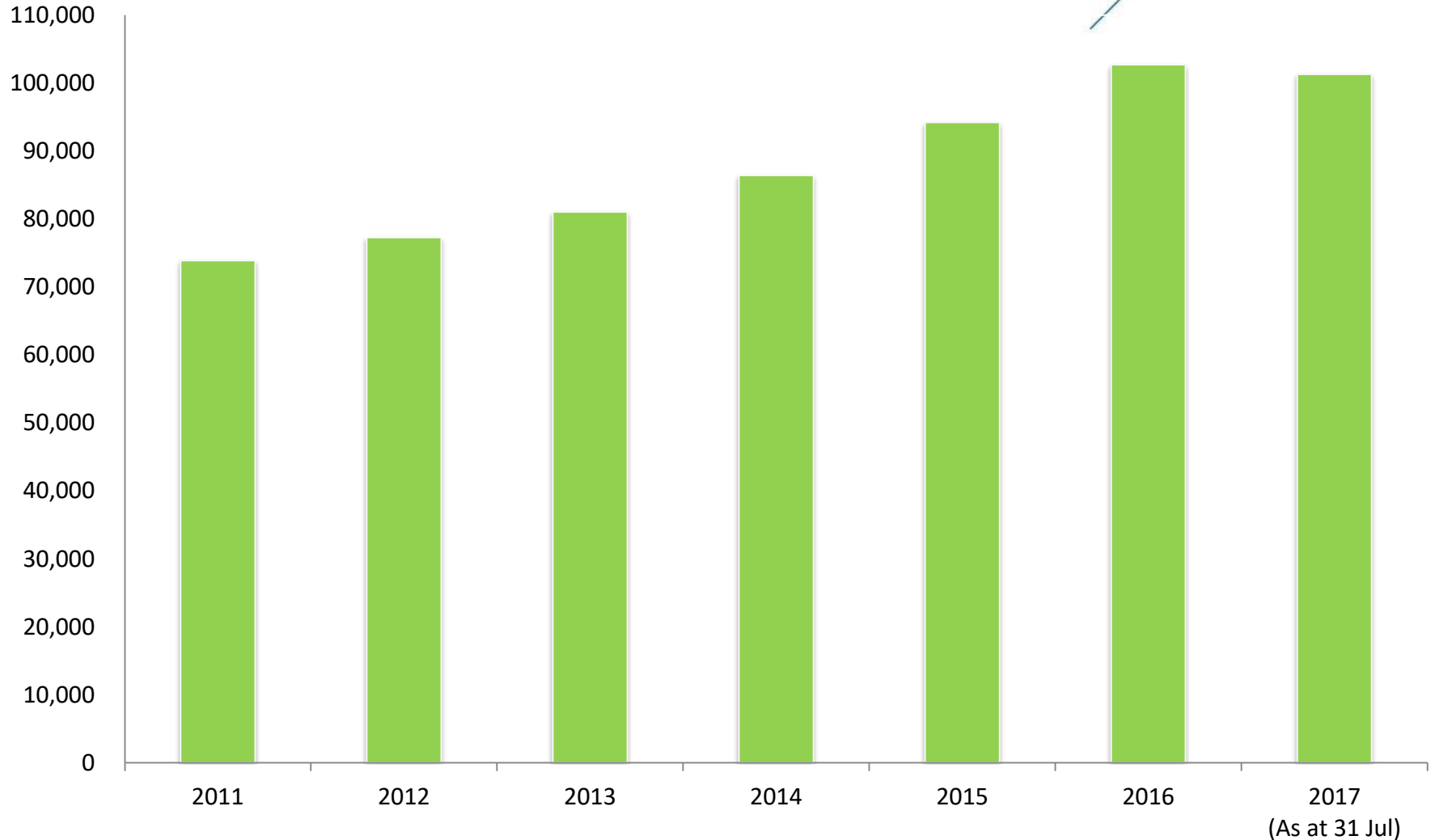
Premiums

\$ Million



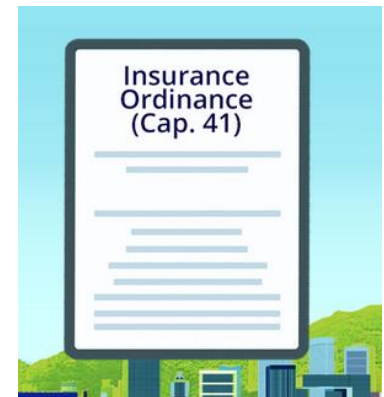
*Provisional Statistics

Number of Insurance Intermediaries



Regulatory Landscape

- Upon the commencement of phase 2 (26 June 2017),
 - “Insurance Companies Ordinance” changed to “Insurance Ordinance”
 - The Insurance Authority (“IA”) (financially and operationally independent of the Government) officially took over supervision of authorized insurers

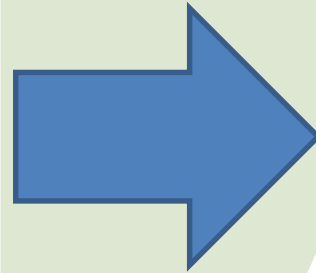


Regulatory Landscape for insurance intermediaries

To promote &
develop

Self-Regulation
by market &
professional
bodies of the
industry

Upon the
commencement
of phase 3



To administer a
statutory
licensing regime
for regulating
insurance
intermediaries

New Regulatory Regime & Transition

New Licensing Regime

- **Activity-Based Regime**
 - Persons who carry on regulated activities in the course of business or employment or for reward, must be appropriately licensed
- **Section 123: Exceptions to section 64G, e.g.**
 - Loss adjusters, claims settling agents and persons providing clerical/administrative services such as back office supporting staff of an authorized insurer or an insurance intermediary
 - Professionals, such as accountants, lawyers, and actuaries, giving regulated advice wholly incidental to their professional practice
 - Trust companies giving regulated advice wholly incidental to their duties

Key Existing Individual Licensing Requirements

- Age of 18 or above
- A permanent resident or a Hong Kong resident with an acceptable employment visa
- Minimum Educational Requirement
- Continuing Professional Development Requirement
- Passes in the relevant paper(s) of the Insurance Intermediaries Qualifying Examination , unless exempted



Transition to the New Regime

- All pre-existing insurance intermediaries will be **deemed as licensees** under the new regime **for a transitional period of 3 years**
- Licence fee will be **waived for 5 years**
- **Complaint cases** not yet resolved by SROs will be handled by the IA, with reference to, as far as practicable, the relevant rules of the SRO

Industry Collaboration

Industry Collaboration

Partnership with the SROs



Preparation Work for New Regime

- **To issue about 20 sets of rules, regulations, codes and guidelines**
- Make reference to
 - Requirements of 3 SROs
 - Current market's needs
 - international best practices

Joint Partnership

Open “Door” Policy

- “Door” is widely open to allow open discussion and free information flow

Working Group

Soft Consultation

Formal Consultation



Preparation Work for New Regime

- To facilitate a smooth transition, the IA will convene a Working Group to work out detailed transitional arrangements
- **New Working Group**

Form two sub-working groups

Invite more representatives from industry bodies

Joint Partnership

- **Briefing session**

- In Aug 2017, a meeting with The Hong Kong Federation of Insurers (“HKFI”) and representatives of over 20 insurers to discuss matters regarding the interpretation of “regulated activities”
- Follow-up actions: HKFI would assist in collecting and consolidating questions from insurers and in response, IA would provide further clarification

- **Consultation**

- Formal consultation for all new regulatory measures



New Initiatives

- Electronification
- Enhanced Complaints Handling Procedures
- Inspection

New Initiatives – Electronification

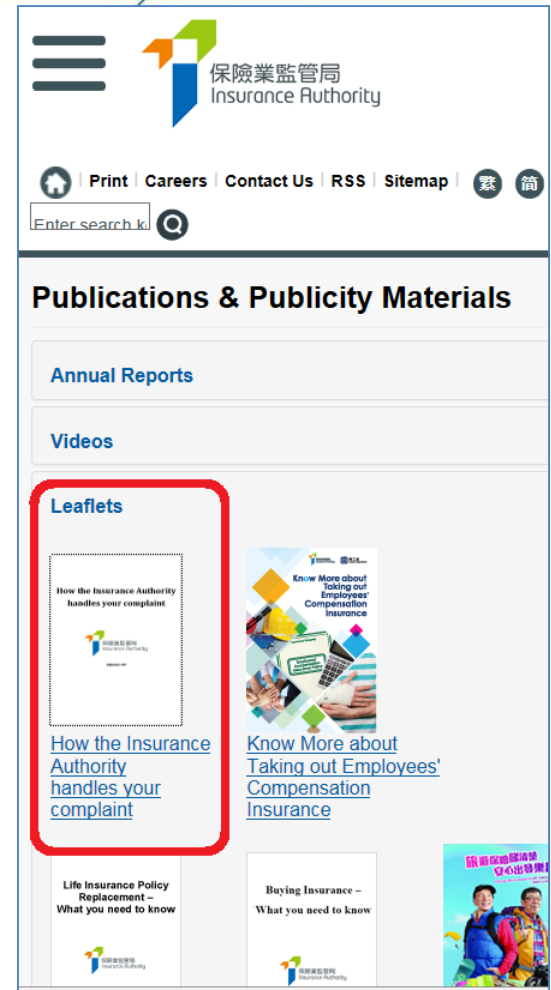
- New Information Submission System
 - Streamline workflow
 - Automation of process
 - Exploring the feasibility of online portal for submission of applications & notifications to the IA
- Aims to enable us to “work smart” & cater the needs of dealing with about 100,000 insurance intermediaries
 - Enhance work efficiencies in regulatory process
 - Reduce operational costs
 - Better utilize regulatory resources



New Initiatives – Enhanced Complaints Handling Procedures

More Transparent Approach:

- Launch an information leaflet on “How the IA handles your complaint”, which explains the role of the IA and the current regulatory regime, including general procedures in handling complaints.



The screenshot displays the Insurance Authority website. At the top, there is a navigation bar with the IA logo and text in Chinese (保險業監管局) and English (Insurance Authority). Below the navigation bar are links for 'Print', 'Careers', 'Contact Us', 'RSS', and 'Sitemap', along with search and language icons. A search box is also present. The main content area is titled 'Publications & Publicity Materials' and lists several categories: 'Annual Reports', 'Videos', and 'Leaflets'. The 'Leaflets' section is highlighted with a red rectangular box and contains a link to 'How the Insurance Authority handles your complaint'. Other visible links include 'Know More about Taking out Employees' Compensation Insurance', 'Life Insurance Policy Replacement – What you need to know', and 'Buying Insurance – What you need to know'. The IA logo is also visible in the bottom left corner of the screenshot.

New Initiatives – Enhanced Complaints Handling Procedures

New Complaint Form:

- Introduce a new Complaint Form with the Personal Information Collection Statement and consent to transfer personal data to designated parties.
- Encourage the complainant to lodge a complaint in written form to avoid any miscommunication.

保險業監管局
Insurance Authority

Complaint Form
In relation to Insurer, Insurance Intermediary or MPF Intermediary

Before you make a complaint to the Insurance Authority (IA), please read our leaflet on “How the Insurance Authority handles your complaint” (attached at the end of this Form) which explains our role and procedures for handling your complaint.

If you wish to lodge a complaint against an insurer, insurance agent, insurance agency, insurance broker or an MPF intermediary with the IA, please complete this Form and return it together with the relevant supporting documents to us by:

Post / In person: Insurance Authority
21st Floor, Queensway Government Offices, 66 Queensway, Hong Kong
Fax: (852) 2869 0252
E-mail: complaints@ia.org.hk

I. Complainant personal details

Name / Company Name <i>(if applicable)</i>	<small>(In/With/On/Off/Visa *)</small>				
Identity document number (first 4 numerical digits)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<small>(HKID / Passport / Travel documents*) For example, the first 4 numerical digits of a HKID number "A12345(7)" is 1234; the first 4 numerical digits of a Passport number "AE 1234-5678" is 1234</small>
Correspondence address:	<input type="text"/>				
Email address:	<input type="text"/>	Telephone Number:	<input type="text"/>	<input type="text"/>	<input type="text"/>

II. Organisation(s)/person(s) that you want to complain (Please provide information (e.g. full name, the address, registration number, contact information, etc.) about the party (or parties) that you are not satisfied with their performance)

III. Complaint details

(A) Your complaint allegation(s) (Please describe precisely the details of your complaint)

If you need more space, please continue on a separate piece of paper and attach it to this Form.

IA (Aug/2017) - 1 - *Please delete where appropriate

New Initiatives – Enhanced Complaints Handling Procedures

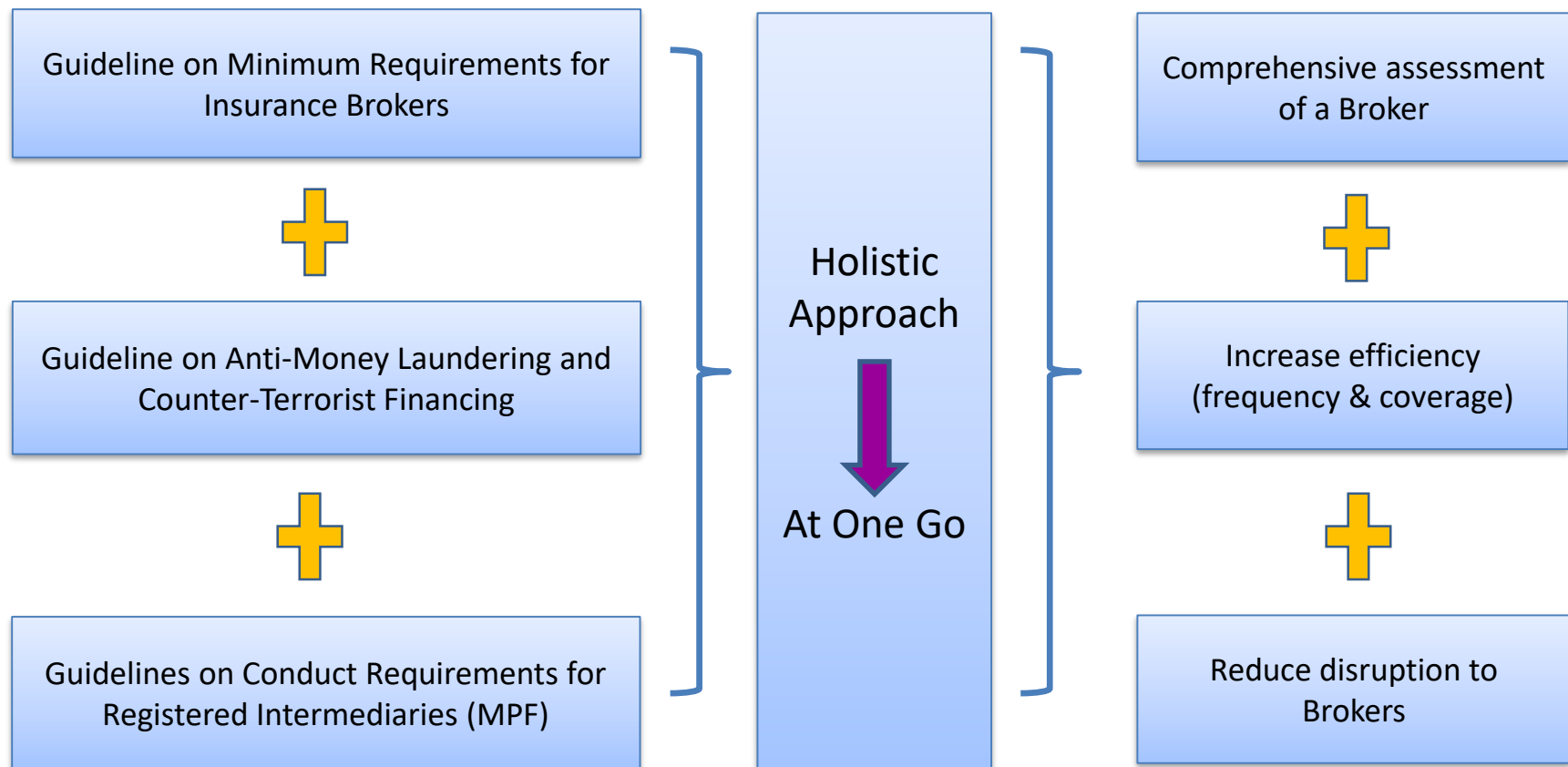
Dedicated Team & E-mail Account:

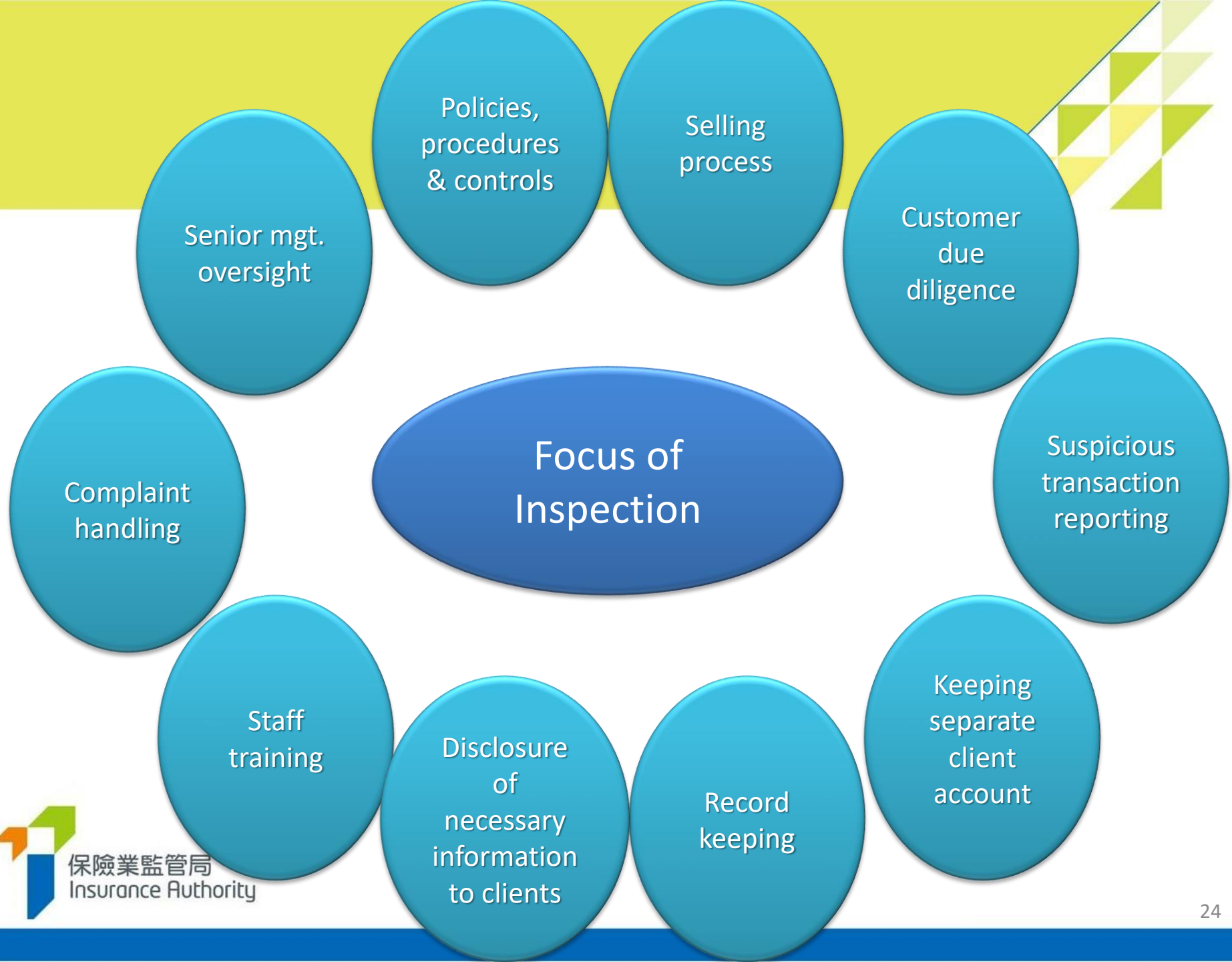
- Set up a dedicated Complaints Handling Team under Market Conduct Division
- Create a new e-mail account "complaints@ia.org.hk" to centralize e-mail communications related to complaints



New Initiatives – On-site Inspection on Insurance Brokers

After 26 June 2017





Desirable Regulatory Outcome under the New Regime

- **Promoting professionalism** of insurance intermediaries;
- **Avoiding unnecessary regulatory burden** that would hinder business growth and innovation;
- Maintaining **fairness, effectiveness and transparency of the regulatory process**; and
- Fulfilling international obligations – “**Fair treatment of the customers**” promulgated by IAIS

Concluding Remarks

“Successful regulation is never coercion, it is effective **collaboration**.”

“...regulation is about **partnership**...And I would appeal to the industry to take the role as a partner of the IA to work out fair and reasonable conduct standards to promote good business practice and to enhance public confidence in the insurance industry.”

(Dr Moses Cheng, Chairman, Insurance Authority (2016))

