

14 May 2019

Our Ref: MC/INT/5

To: Chief Executives of all authorized insurers

Dear Sirs,

Commencement Date for New Regulatory Regime for Insurance Intermediaries

The Insurance Authority (“IA”) proposes to take over the regulation of insurance intermediaries from the three Self-Regulatory Organizations¹ (“SROs”) on 23 September 2019 (“Commencement Date”), with the Insurance Companies (Amendment) Ordinance 2015 (Commencement) Notice 2019 to be gazetted in May 2019 to complete the prerequisite.

The takeover will mark a major milestone and a reformatory change for the insurance industry as the IA will become the sole regulator of all insurance intermediaries in Hong Kong. The new regulatory regime for insurance intermediaries will help enhance professional standards of insurance intermediaries, promote a fair and transparent regulatory framework, and encourage a modern and flexible approach to increase regulatory efficiency.

On the Commencement Date, the remaining provisions of the Insurance Companies (Amendment) Ordinance 2015 will come into operation, together with an array of regulatory requirements for implementation of the new regulatory regime. Up till now, the IA has formulated the following two set of rules, which are subsidiary legislation, and is finalizing other codes and guidelines in phases.

- (a) Insurance (Maximum Number of Authorized Insurers) Rules
- (b) Insurance (Financial and Other Requirements for Licensed Insurance Broker Companies) Rules

The IA endeavors to ensure the transition to the new regime would be a successful and smooth one for the industry as a whole. Currently, the IA is working closely with the SROs to prepare for the necessary handover arrangements. Below are the key transitional matters:

- Insurance intermediaries who are validly registered with the SROs immediately before the Commencement Date will be deemed as licensees under the new regime. Those who are validly registered as responsible officers of insurance agencies or chief executives of insurance brokers will also be deemed as responsible officers of licensed insurance agencies or licensed insurance broker companies as appropriate under the new regime.
- Arrangements for online application for formal licences to be made by deemed licensees will be announced by the IA after the Commencement Date.

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.

- Complaint and disciplinary cases that are unresolved by the SROs before the Commencement Date will be handled by the IA but with reference to the relevant codes, guidance notes and guidelines issued by the SROs. The new conduct requirements will not be retrospectively applied against insurance intermediaries.
- Matters concerning registration, complaints and disciplinary actions in relation to insurance intermediaries will continue to be handled by the SROs before the Commencement Date. To ensure a smooth transition, there will be cut-off arrangements for different matters and the relevant details will be announced by the respective SROs in due course.

For more details about and update on the implementation of the new regulatory regime, please refer to the IA's website:

www.ia.org.hk/en/supervision/reg_ins_intermediaries/implementation_new_regulatory_regime_for_insurance_intermediaries.html

Should you have any questions, please contact Ms Mandy Tang (Tel: 3899 9736) or Mr George Tsui (Tel: 3899 9742) of the Market Conduct Division.

Yours faithfully,

Stephen Po
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Insurance Authority

c.c. The Hong Kong Federation of Insurers
The Hong Kong Confederation of Insurance Brokers
Professional Insurance Brokers Association