

10 October 2022

Our Ref: MC/INT/5

By Email Only

To: Chief Executives of all Authorized Insurers

Dear Sirs,

Request for timely assistance from the Independent Commission Against Corruption on cases involving the insurance sector

It is a self-evident truth of regulatory principle, that robust controls and processes to prevent and detect bribery and corruption must form a core part of an authorized insurer's corporate governance framework. It is equally self-evident that these processes must include cooperation with law enforcement agencies to prosecute a case, should an insurer fall victim to such incident.

The Insurance Authority ("IA") together with insurance industry stands shoulder-to-shoulder with the Independent Commission Against Corruption ("ICAC") in the fight against corruption and to uphold integrity and trust in the insurance sector. Whilst rare, cases of corruption in the insurance sector when established should be prosecuted in a timely and efficient manner to defend and reinforce the industry's reputation for trust and integrity with a zero-tolerance deterrent effect. Some examples of cases recently investigated by the ICAC in the context of the insurance sector and successfully prosecuted are summarized in the attached table to this circular (with links to the relevant ICAC press release for further detail).

The ICAC has recently contacted the IA and drawn our attention to the fact that whilst, in the case of some insurers they receive timely responses to requests for evidence when preparing a case for prosecution where the insurer has been the victim (e.g. calculation of losses to the insurer), for others the timing of such responses could be improved. Where there is a delay in the provision of such collection of evidence, there is a consequent delay in justice being served. Such delays have, perhaps, been exacerbated by work-from-home arrangements implemented by insurers during the fifth wave of the pandemic.

As the insurance regulator, the IA considers that timely responsiveness and assistance to the ICAC when preparing evidence in cases where an insurer has been a victim of corruption or related incidents, should be integral to an insurer's corporate governance and corporate culture. This is imperative to ensure the integrity of the insurance industry (and the individual insurer) is safeguarded. We therefore ask authorized insurers for their continued assistance in ensuring their governance processes and corporate culture reflect this important need.

Thank you for your kind attention.

Peter Gregoire
Head of Market Conduct
General Counsel
Insurance Authority

Encl.

c.c. The Hong Kong Federation of Insurers