

20 December 2023

Our Ref: MC/INT/X
By Email

To: Chief Executives of all Authorized Insurers,
Responsible Officers of all Licensed Insurance Agencies and
Licensed Insurance Broker Companies

Dear Sirs,

"Conduct in Focus" – December 2023

The latest edition of the Insurance Authority's ("IA") periodical "Conduct in Focus" has been published and is now available on the IA's website at:

https://ia.org.hk/en/legislative_framework/conduct_in_focus.html

In this issue, we present statistics on complaints received in the first three quarters of 2023.

We publish the CPD statistics for the Assessment Period 2022/23 and, as last year, the Non-Compliance League Table. Why? Because this novel conduct supervision approach has borne fruit in the form of measurably improved compliance for the market this year.

Overall, CPD compliance rose from 90% in 2021/22 to 96.1% in 2022/23. Further, of the 3.9% non-compliant minority, almost all of these individuals are (as at the date of this publication) not performing regulated activities. The substantive CPD compliance rate for active individual insurance intermediaries is therefore 99.7%, on par with (if not better than) every profession that is subject to continuing professional development requirements. The public can be confident that when they deal with licensed insurance intermediaries, they are dealing with professionals who, in compliance with the demands of the regulatory regime, have kept their knowledge and expertise up to date. All principals named in last year's Non-Compliance League Table produced 100% compliance this year, the product of their strengthened compliance controls, hard work, support and training they have implemented throughout the course of the year. To ensure the permanence of this positive shift, we publish the Non-Compliance League Table again this year. We observe that even for the principals named on the table this year, the levels of compliance are high (albeit they are encouraged to close the gap next year as there is no room for complacency).

We also present the age statistics for individual licensed insurance intermediaries and pose the question: does Hong Kong have a maturing insurance market?

In between all these numbers, we also take time out to explain the **"treating customers fairly" principle** - a core objective of the insurance regulatory framework - and how it applies to virtually every conduct matter we consider. We give examples of how we look to see this principle applied in our inspection work.

We also include a series of gentle reminders on key regulatory issues, namely the Mandatory Provident Fund Schemes Authority's Guidance Note on Conducting Sales by Unsolicited Calls, the IA's Mystery Shopping Programme on Selling Practices of Qualifying Deferred Annuity Policies in Hong Kong, and some best practices for licensed insurance broker companies to adopt to enhance compliance with the obligation to notify the IA regarding relevant changes of its directors and controllers.

Finally, we include an update on our enforcement work.

If you have any questions or comments concerning this circular, please e-mail to conductsupervision@ia.org.hk.

In this festive season, may I wish you all a Merry Christmas and a Prosperous Year of 2024!

Yours faithfully,

Peter Gregoire
Head of Market Conduct Division
General Counsel
Insurance Authority

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