

Reference Checking Scheme for Insurance Intermediaries

Common Q&A (for recruiting principal and responding principal)

Background

1. Why do the Hong Kong Federation of Insurers (HKFI), the Hong Kong Confederation of Insurance Brokers (CIB) and Professional Insurance Brokers Association (PIBA) introduce this scheme?

The Reference Checking Scheme ("Scheme") was first launched by the HKFI in 2024 where it was only applicable to the appointment of the individual insurance agents (excluding staff member agents) carrying on regulated activities in long term business by authorized insurers in Hong Kong ("Phase 1"). With the accumulation of operational experience and in view of its positive outcome, the HKFI, HKCIB and PIBA unanimously believe that the scope of the Scheme should be expanded to cover all types of life individual intermediaries (i.e. individual insurance agents, technical representatives (agent) and technical representatives (broker)) ("Phase 2") to better protect policy holder interests, maintain public confidence in the market, and stop "the few bad apples spoiling the whole barrel".

Scope and Application

2. Does the Scheme apply to all authorized long term insurers, long term insurance broker companies and long term insurance agencies operating in Hong Kong? When should they perform reference checking?

To effectively mitigate the "rolling bad apples" phenomenon, concerted efforts from long term insurers, long term insurance agencies and long term insurance broker companies are essential. Accordingly, all authorized insurers, licensed insurance agencies (excluding those which are also authorized institutions) and licensed insurance broker companies carrying on long-term business under the Insurance Ordinance (Cap. 41) ("IO") are expected to adopt this Scheme.

The Scheme is applicable to all appointments of licensed insurance intermediaries (as defined under the IO) who are intended to carry on regulated activities (as defined under Schedule 1A to the IO) in long-term insurance business. In other words, if a long-term insurer, a long-term insurance agency or a long term insurance broker company seeks to appoint a prospective intermediary (including seeking to expand line of business of a currently appointed insurance intermediary to long term insurance business), it should conduct the reference checking for the prospective intermediary.

For the avoidance of doubt, insurance agencies that are also authorized institutions under the Banking Ordinance (Cap. 155) are not requested to participate in the Scheme under the insurance sector at this stage. This is because these agencies are already subject to a similar reference checking scheme in the banking sector. The Insurance Authority ("IA"), however, is in close dialogue with the Hong Kong Monetary Authority to explore the potential integration of the two schemes, with a view to enhancing synergy in the reference checking process involving these agencies. Once further details regarding the integration have been finalized, the industry will be duly informed.

3. What is the Insurance Authority's position if a long term insurer, long term insurance agency, or long term insurance broker company does not adopt the Scheme?

From the perspective of the Insurance Authority ("IA"), if a long term insurer, a long term insurance agency or a long term insurance broker company does not adopt this Scheme, it can expect close follow-up scrutiny from the IA and will need to explain to the IA, what alternative measures it is taking to combat the conduct risks arising from the rolling bad apple phenomenon. If the measures are not to the IA's satisfaction, heightened scrutiny will likely be placed by the IA on the licensing applications submitted by it, thereby affecting the speed at which those applications are processed.

4. What should the Scheme's participants do for supporting the implementation of the Scheme effectively?

Scheme's participants should establish and maintain proper controls and procedures for the adherence the requisite standards of the Scheme, including providing sufficient training to the relevant staff and/or authorized persons to ensure that they are competent to discharge the relevant duties under the Scheme and providing the contact details for facilitating the reference checking process. Under the Scheme, the responding principal is not obliged to respond to the reference checking request unless such request is sent out from a valid designated email address of the Scheme's participant as recorded in the IA's Contact Database as referred to in Q7. In the Contact Database, the Scheme's participants can provide up to 10 designated emails for them to send out the reference checking requests; and 2 designated emails for receiving the reference checking requests.

In accordance with the Scheme, the key person in control function for intermediary management (KPIM) (as applicable for authorized insurer) or the responsible officer (RO) (as applicable for licensed insurance agencies and licensed insurance broker companies) will hold ultimate responsibility and accountability for the setting up and maintenance of the relevant controls and procedures as well as the relevant approval and endorsement process.

While the KPIM or RO may delegate the execution of day-to-day approval or endorsement tasks to authorized person(s), such delegation must be properly documented. Importantly, such delegation arrangement does not diminish the KPIM's or RO's ultimate responsibility and accountability for the relevant approval and endorsement processes.

5. Could we change or modify the Standard Templates (i.e. Annex 1A - Reference Checking Information Template" and "Annex 2A- Consent Form")?

The contents and layout of them have been developed in consultation with relevant industry bodies and endorsed by the IA. Using the standardized forms enhances the operational efficiency of the Scheme, as recipients responsible for handling reference checking requests have already been familiar with the format and content, ensuring consistency and ease of processing.

Any alteration to the Standard Templates could impede the willingness of responding principal from disclosing the relevant information to the recruiting principal. Any modifications or changes may create unnecessary delays in the recruitment/appointment process and lead to confusion. If a recruiting principal wishes to seek additional information on top of those in Standard Templates, it is recommended to do so in a separate form, rather than altering the Standard Templates. The Standard Templates should not be changed or modified.

However, Annex 2A- Consent Form may be changed or modified solely for the purpose of complying with applicable legal and regulatory requirements. Such changes to Annex 2A- Consent Form should be endorsed by the KPIM or the RO, and the documentations about the relevant reasons together with the supporting documents should be provided to the IA upon IA's request.

In case any participant is found to consistently make alteration to the Standard Templates without justification, please report to the IA for follow-up.

6. What is available for the Scheme's participants to facilitate their reference checking process? Any centralized contact database of all Scheme's participants?

By accessing the e-portal of the IA (i.e. Insurance Intermediaries Connect, "IIC"), the Scheme's participants can find:

- the licensing/registration history of the prospective intermediary, including the prospective intermediary's previous registration number with the Insurance Agents Registration Board/PIBA/HKCIB (while the licensing records on or after 23 September 2019 would be available in the IA's website); and

- the contact details of Scheme’s participants, including the designated emails for sending and receiving the reference checking request.

To facilitate the reference checking process, the long term insurers, long term insurance agencies and long term insurance broker companies should make use of the Standard Templates (i.e. “Annex 1A– Reference Checking Information Template” and “Annex 2A– Consent Form”) for reference checking request.

7. Can we share the contacts of the Scheme’s participants as available in the Insurance Authority’s IIC e-portal (“Contact Database”) with others including the prospective intermediaries?

The Contact Database maintained in the IIC e-portal of the IA is accessible by the Scheme’s participants only. This enables participants to submit reference checking requests to one another via the designated email addresses as recorded in the Contact Database, which in turn, allows the recipients to verify the identity of senders of the reference checking requests by matching the designated email addresses as recorded in the Contact Database.

The information in the Contact Database should not be disclosed to any other third party (including but not limited to the prospective intermediaries) without obtaining prior consent from the relevant participant.

8. How can we update the contact information as recorded in the Contact Database?

If there are changes in the designated email addresses or contact information as recorded in the Contact Database, the Scheme’s participants should update the relevant information directly via the IA’s IIC e-portal on its own as soon as practicable. The Scheme’s participants can set up multiple designated email addresses for sending and receiving reference checking requests.

9. What would happen if the recruiting principals sent a reference checking request (together with the relevant forms (i.e. Annex 1A – Reference Checking Information Template and Annex 2A – Consent Form)) from an email not registered in the Contact Database?

Under the Scheme, the Scheme’s participants are not obliged to respond to the reference checking request unless such request is sent out from the designated email address as recorded in the Contact Database.

Also, please note that if the reference checking request is not sent out from a designated email of the recruiting principal, it does not satisfy the condition as stated in paragraph 6.4(a) of the main paper that “all the reference checking requests have been sent out and have been outstanding for at least 15 calendar days.” Under such circumstances, the relevant recruiting principals should not proceed in making an advance appointment decision before the completion of the reference checking.

For avoidance of doubt, the Scheme does not restrict recruiting principals from conducting additional checks on prospective intermediary that do not fall within its scope. However, recipients of such checking requests can exercise their discretion to decide whether or not to respond.

10. Can a scheme’s participant engage a third-party provider to handle the reference checking process?

If a long term insurer, a long term insurance agency or a long term insurance broker company engages a third-party provider to conduct reference checks or provide related follow-up clarifications, it must establish proper arrangements, including conducting due diligence on the provider and monitoring its performance. Ultimately, the long term insurers, long term insurance agencies and long term insurance broker companies remain fully responsible for ensuring the adherence with the standards of the Scheme and the compliance with the applicable regulatory requirements.

As a reminder, the recruiting principal (regardless of whether it has engaged a third-party service provider) should ensure that the reference checking request is sent from its designated email address validly registered in the Contact Database. Otherwise, the responding principal may choose not to respond to the request.

Recruiting principal's obligations

11. What should the recruiting principal do before sending out the reference checking request to the responding principal?

Before sending out the reference checking request, the recruiting principal should (1) verify the identity of the prospective intermediary, (2) obtain the consent of the prospective intermediary for performing the reference checking by utilizing the Annex 2A - Consent Form Template; and (3) send the reference checking request to the responding principal by utilizing Annex 1A - Reference Checking Information Template.

By accessing the IIC e-portal of the IA and the IA's public register for insurance intermediaries, the recruiting principal can find the licensing history of the prospective intermediary as well as the contact details of the Scheme participants, including the designated emails for sending and receiving the reference checking request. The recruiting principal should ensure that it has sent out the reference checking request from its registered designated emails to the responding principal's valid designated emails as recorded in the Contact Database available in the IIC e-portal of the IA.

12. The reference checking should cover every previous (and current) appointment of the prospective intermediary by any long term insurers, long term insurance agencies or long term insurance broker companies in Hong Kong in the past 7 years ("Checking Period"). What does the Checking Period exactly refer to?

The Checking Period refers to the period commencing 7 years prior to the date of the relevant reference checking.

13. If a prospective intermediary was/is appointed by more than 3 responding principals in the Checking Period, is it required to send a reference checking request to every responding principal? Is it required to send a reference checking request to a responding principal that has either closed down or had its licence suspended?

The recruiting principal must seek references from (i) each responding principal by whom the prospective intermediary was/has been appointed in the last 7 years or (ii) if the prospective intermediary was/has been appointed by more than 3 responding principals in the last 7 years, at least from the previous (and current) 3 principals by whom the prospective intermediary was/has been most recently appointed, before making a decision on the appointment of the prospective intermediary.

If a responding principal's authorization or licence is suspended, the recruiting principal still required to send a reference checking request to that principal in accordance with the Scheme.

On the other hand, if a responding principal has been closed down, is no longer licensed or has had its authorization revoked or withdrawn, the recruiting principal is not required to send a reference checking request to that principal. In such case, the appointment with such principal will still be counted as one of the prospective intermediary's three most recent appointments, but the recruiting principal only needs to perform the reference checking regarding the two remaining appointments.

14. What should the recruiting principal do if the prospective intermediary was/is appointed by long term insurance agencies which are authorized institutions as licensed insurance intermediary?

For the time being, if one of prospective intermediary's three most recent appointments involves the appointment by an insurance agency that is also an authorized institution as its licensed insurance intermediary, the recruiting principal is not required to send a reference checking request to that agency. In such cases, the appointment will not be counted as one of the three most recent appointments for the purposes of the Scheme. Accordingly, the recruiting principal should identify another previous appointment within the 7-year checking period, if available, to ensure that three valid reference checks are conducted.

15. What should the recruiting principal do if the prospective intermediary refuses to provide a duly completed consent form for reference checking?

The recruiting principal should explain to the prospective intermediary the objective of the Scheme and the fact that it could not proceed with his/her appointment without his/her consent to perform the reference checking.

Besides, if the prospective intermediary subsequently withdraws the consent for performing the reference check, the recruiting principal should not appoint the prospective intermediary as its licensed insurance intermediary. If the recruiting principal has sent out the reference checking request to the responding principals, it should notify the relevant responding principals that the prospective intermediary has withdrawn such consent as soon as practicable.

16. What should the recruiting principal do if it does not receive any feedback from the responding principal?

The recruiting principal should firstly approach the responding principals to ensure that they have received the request and try to understand the reason(s) for not replying to the request.

Under the Scheme, the responding principal is generally required to provide a reference checking reply within 15 calendar days. If the recruiting principal has already waited for 15 days but received no response from the responding principal, it may proceed to appoint the prospective intermediary provided that (a) all the reference checking requests have been outstanding for at least 15 calendar days, (b) the prospective intermediary has made a self-declaration that there is no adverse record known to him/her; and (c) the recruiting principal, at the time of making appointment, is not aware of any other information that casts serious doubt on the fitness and properness of the prospective intermediary to be its licensed insurance intermediary.

For the avoidance of doubt, if the reference checking is satisfactorily completed before 15 calendar days, the recruiting principal may further proceed with the appointment and submit the license application/appointment notification to the IA in accordance with its internal procedures.

17. What should the recruiting principal do if the prospective intermediary asks for the contact of the responding principal to make direct enquiry regarding the reply it has provided in Annex 1A?

Upon request of the prospective intermediary, the recruiting principal can provide the prospective intermediary with a copy of completed Reference Information Form (Annex 1A), on which contact details of the responding principal (for handling enquiry from prospective intermediary) would be available. Also, it may advise the prospective intermediary about his/her right to request access to his/her own personal data maintained by the responding Principal pursuant to the Personal Data (Privacy) Ordinance.

18. Can you provide some examples to illustrate when reference check of the prospective intermediary is/is not required?

Example 1

A prospective intermediary has been currently appointed by Principal A with line of business in General Business for 3 years. Principal A is seeking to expand the line of business of the prospective intermediary to include Long Term Business:

Previous Year	Principal	Line of Business
4-7	C	L
3-4	B	G
0-3	A	G

Under the above scenario, Principal A should seek reference from Principal C if it intends to expand the appointed line of business of the intermediary to include long term business.

Example 2

A prospective intermediary has been currently appointed by Principal A with line of business in Long Term Business for 3 years. Principal A is seeking to expand the line of business of the prospective intermediary to include General Business:

Previous Year	Principal	Line of Business
4-7	C	L
3-4	B	G
0-3	A	L

Under the above scenario, it is not necessary for Principal A to conduct reference checking under the Scheme as the proposed additional appointment involves General Business only.

Example 3

Principal A is seeking to appoint an intermediary with line of business in Long Term Business with registration history as follows:

Previous Year	Principal	Line of Business
5-7	E & F	L
4-5	D	G
3-4	B & C	L
0-3	Not licensed	Not licensed

Under the above scenario, Principal A should seek reference from Principal B and C, plus at least one of Principal E or Principal F.

Example 4

Principal A is seeking to appoint an intermediary with line of business in Long Term Business with registration history as follows:

Previous Year	Principal	Line of Business
6-7	F	L
5-6	E	L
4-5	D (licence or authorized suspended)	L

3-4	C (no longer licensed or authorized by the IA)	L
0-3	B	L

Under the above scenario, Principal A should seek reference from Principal B and Principal D, as Principal C is no longer licensed or authorized by the IA.

Example 5

Principal A is seeking to appoint an intermediary with line of business in Long Term Business with registration history as follows:

Previous Year	Principal	Line of Business
6-7	E	L
5-6	D	L + G
4-5	C	G
3-4	A	L
0-3	B	L

Under the above scenario, Principal A should seek reference from Principal B and Principal D. The previous appointment by Principal A itself counts as one the most recent three appointments in last 7 years, and therefore Principal A should take into account its internal compliance record of the prospective intermediary when considering (re)appointment of the prospective intermediary.

Example 6

Principal A is seeking to appoint an intermediary with line of business in Long Term Business with registration history as follows:

Previous Year	Principal	Line of Business
5-7	E	L
4-5	D	L
3-4	C (an insurance agency that is also an authorized institution)	L
0-3	B	L

Under the above scenario, Principal A should seek reference from Principal B, Principal D and Principal E. As explained in Q14 above, if one of prospective intermediary's three most recent appointments involves the appointment by an insurance agency that is also an authorized institution as its licensed insurance intermediary, the recruiting principal is not required to send a reference checking request to that agency. In such cases, the appointment will not be counted as one of the three most recent appointments for the purposes of the Scheme. Accordingly, the recruiting principal should identify another previous appointment within the 7-year checking period, if available, to ensure that three valid reference checks are conducted.

19. What should the recruiting principal do if the feedback from the responding principal is adverse?

If adverse information regarding a prospective intermediary has been disclosed by a responding principal, the recruiting principal can exercise its discretion on whether or not to appoint the prospective intermediary after taking into consideration all relevant matters.

The KPIM (as applicable for long term insurer) or the RO (as applicable for long term insurance agency and long term insurance broker company) or their authorised person(s) should make the final decision on the appointment:

- If the decision is to appoint the prospective intermediary – proceed the appointment in accordance with the company's procedures together with proper documentation on the assessment and justification.
- If the decision is not to proceed with the appointment of the prospective intermediary – generally, offer the prospective intermediary an opportunity to be heard (i.e. giving the prospective intermediary the opportunity to make written or oral representations). Under such circumstances, the recruiting principal should, upon the prospective intermediary's request, provide him/her with a copy of reference result it obtained from the responding principals for representation.

Please note that if a recruiting principal appoints a prospective intermediary with adverse record(s), and that intermediary subsequently engages in any misconduct during the appointment, the recruiting principal will not automatically be deemed to be in breach of its obligations based solely on this fact. However, it may be taken into consideration, along with relevant factors (e.g. the relevant circumstances at the time when making decision and the reasonableness of the judgement made by the recruiting principal), by the IA when assessing the overall adequacy of the recruiting principal's recruitment/appointment process.

20. Who has the authority to approve the application/appointment with adverse feedback from the responding principals?

Only the KPIM or the RO (or their authorised person(s)) can approve the application/appointment with adverse feedback, where the KPIM or the RO should hold the ultimate responsibility and accountability for the decision.

21. How long should we keep the records of the prospective intermediary whom the recruiting principal declines the application?

The recruiting principal should follow its own data retention policy. However, the recruiting principal, in general, should not retain the data relating to an unsuccessful application for a period longer than 2 years from the date of the decision not to appoint unless there is a subsisting reason that obliges the recruiting principal to retain the data for a longer period or the prospective intermediary has given his/her express consent.

22. Does the recruiting principal need to provide the reference checking result to the IA in relation to its appointment of the long term insurance intermediaries?

Generally, the recruiting principal is not required to submit the licence application of the prospective intermediary along with the supporting documents relating to the reference checking. However, it should keep proper records in respect of its appointment of the long term insurance intermediaries, and provide the relevant records to the IA upon the IA's request.

Responding principals' obligations

23. What should the responding principal do before providing reference checking result? Should the responding principal match the signature of the prospective intermediary on Annex 1A and Annex 2A to its signature specimen that it kept previously for verifying the identity of the prospective intermediary?

For onboarding appointed insurance intermediaries, the recruiting principal is obliged to verify the identity of the prospective intermediary. Upon the receipt of the reference checking request from the designated email address of the recruiting principal, the responding principal may rely on the identification procedures performed by recruiting principal and therefore it is not a mandatory

requirement under the Scheme to verify the signature of the prospective intermediary against its own record. Nevertheless, the responding principal should verify the identity of senders of the reference checking requests by matching the designated email addresses as recorded in the Contact Database. Under the Scheme, the responding principal is not obliged to respond to the reference checking request unless such request is sent out from a valid designated email address of the Scheme's participant as recorded in the Contact Database.

24. For Q1 of the Reference Information Form Template (i.e. Annex 1A), should the responding principal just provide information about the matters specified in Q1(a) to (e)?

The crux of the question 1 of the Reference Information Form Template (i.e. Annex 1A) is whether the prospective intermediary was previously terminated by a responding principal due to any incident affecting the fitness and properness of the prospective intermediary. The matters stated in Q1(a) to (e) are the typical examples for reference. In other words, if you have any other information that would adversely affect the assessment on the prospective intermediary's fitness and properness to be a licensed insurance intermediary, you should consider providing such information to the recruiting principal.

25. For Q3 of the Reference Information Form Template (i.e. Annex 1A), under what circumstances should the responding principal disclose the ongoing internal investigations regarding the prospective intermediary?

The responding principal should assess whether such ongoing internal investigations would cast any doubts about the fitness and properness of the prospective intermediary, resulting in the (likely) termination of the appointment. If so, the responding principal can then decide whether to share any information in relation to (or even the existence of) the ongoing investigation with the recruiting principal based on the following factors:

- (a) applicable legal and regulatory requirements (for example, the disclosure restriction under section 121 of the Insurance Ordinance);
- (b) the status of investigation (e.g. preliminary assessment where fact-finding has not yet been completed, or the prospective intermediary has yet to be offered an opportunity to explain etc.); and
- (c) the risk of jeopardizing an investigation (for example, do the circumstances suggest any risk of the prospective intermediary tipping off others under investigation if the investigation is not kept confidential; or would disclosure risk the information gathering exercise).

26. If the responding principal receives a complaint case after the prospective intermediary has left it and the prospective intermediary refuses to provide any representation to the responding principal, should the responding principal disclose such case to the recruiting principal under this Scheme?

Even if the prospective intermediary has departed from the responding principal and refuses to provide any representation, the responding principal may sometimes still be able to draw conclusions based on solid evidence. For example, in respect of premium misappropriation, evidence such as payment slips showing the transfer of client's premium to the prospective intermediary's bank account, WhatsApp conversations and any other objective evidence provided by the complainant can be taken into consideration. If the prospective intermediary refuses to cooperate with the investigation initiated by the responding principal, such attitude should also be taken into account.

While the Scheme does not impose an obligation on the responding principal to provide updates on the ongoing investigations, the responding principal is encouraged to notify the recruiting principal if there is a substantial difference between the updated information and the preliminary information previously provided to the recruiting principal. If the responding principal wishes to provide the conclusion of the on-going investigation, it should first check whether the intermediary is still appointed

by the recruiting principal, and consider the relevance and materiality of such information regarding the assessment of the fitness and properness of the intermediary concerned.

27. For Q4 of the Reference Information Form Template (i.e. Annex 1A), what should be disclosed regarding the supplementary information?

Providing a response to this question is not mandatory. However, the responding principal is encouraged to provide information relevant to the assessment of the fitness and properness of the prospective intermediary (e.g. the nature of the allegations/misconduct, the timing of incidents concerned, the impact on the policyholder, the reason for the substantiation and final disciplinary decision etc.).

28. For Q5 of the Reference Information Form Template (i.e. Annex 1A), what would lead to a concern on the financial status of the prospective intermediary regarding his/her outstanding debts owed to a responding principal?

When assessing whether an outstanding debt (owed by the prospective intermediary to a responding principal) casts any serious doubts on the fitness and properness of the prospective agents, all relevant factors should be considered. These may include the nature and amount of outstanding debt, the total prepayments previously made, the reasons for the failure to repay, the duration of the missed repayments, the amount involved, and whether the individual has entered any repayment schedule.

29. What should the responding principal do if it needs more than 15 calendar days to provide the reference checking result?

The responding principal must send an interim reply within 15 calendar days, stating the reason for the delay and the expected time for the final reply. Such final reply, however, must be provided within 2 months from the date of reference request.

To ensure the effectiveness of the scheme, the responding principal should endeavor to adhere to the 15-calendar days timeframe and the alternative should only be used on an exceptional basis with justification which is approved by KPIM or the RO (or their authorised persons).

30. Is the responding principal liable for any possible negative consequences if it discloses the Reference Checking Information to the recruiting principal?

The Reference Information Form Template (Annex 1A) provides the relevant disclaimer that the information provided by the responding principal should be true, complete, accurate and capable of substantiation according to its best knowledge and efforts, and the recruiting principal takes full responsibility in relying on the information provided by the responding principal.

31. Can the responding principal share market rumors with the recruiting principal in its reply under the Scheme?

No. The reference provided should be true, accurate, fair, complete and capable of substantiated (e.g. based on the compliance records maintained by the responding principal rather than the market rumors). In other words, the responding principal can only share "FACTS" with solid and objective evidence with the recruiting principal.

32. Does the responding principal have to respond to further requests from the recruiting principal?

The responding principal has full discretion to decide whether to respond to further request from a recruiting principal. Nevertheless, it is encouraged to provide further information to the recruiting

principal if such information is material to the assessment of the fitness and properness of the prospective intermediary.

33. If the prospective intermediary is arrested but not yet convicted or he/she is under legal proceedings now, should we share the information with the recruiting principal?

Under such circumstances, please consult the KPIM or the RO (or their authorised person(s)) for direction. In general, if the arrest or legal proceeding is publicly available information, you should share such information with the recruiting principal. By contrast, you may decide whether to share such information by taking into consideration legal or regulatory requirements or other circumstances, which may restrict disclosure.

Others

34. In case of complaint/dispute related to the Scheme, who can be contacted for assistance?

In case of complaint/dispute related to the Scheme, the Scheme's participants should try to settle among themselves first. However, if a long term insurer, long term insurance agency or a long term insurance broker company has repeatedly failed to meet its obligations under the Scheme, a report may be made to the IA (conductsupervision@ia.org.hk) for consideration and action.

35. Since the personal information relating to the reference checking is relatively sensitive, it is important for the long term insurers, long term insurance agencies and long term insurance broker companies to put in place adequate security measures to ensure that the data is securely kept and transmitted, and prevent unauthorised accessed by any other third parties. Any suggested measures in this regard?

Long term insurers, long term insurance agencies and long term insurance broker companies should take into account their own circumstances when implementing security measures as there is no one-size-fits-all approach. Nonetheless, as a matter of general guidance, they may consider taking the following measures:

- (a) Putting in place proper access control defining who can access to the data, including application of adequate authentication before retrieving data from the system, and limiting access to data and centralized email by designated staff only for a legitimate purpose;
- (b) locking the cabinet(s) (in case the information is kept in a physical form); and
- (c) encrypting the data when it was sent via designated centralized email and during storage.

Information should be shared through secured or encrypted emails, with attachments protected by passwords as a minimum standard.