

Questions and Answers on “Guideline on Outsourcing” (“GL14”)

- Q1 Is management of investment assets by a service provider, such as providing investment advice and/or buying securities, regarded as outsourcing?
- A1 Such activity falls under “investment management” in Annex 1 to GL14 and is regarded as outsourcing.
- Q2 If a property management company is engaged to provide leasing and maintenance services for an authorized insurer’s investment properties, would such services be regarded as outsourcing?
- A2 Such service is regarded as portfolio management and falls under “investment management” in Annex 1 to GL14. Hence, it is regarded as outsourcing.
- Q3 Is the engagement of a telemarketing company for conducting market research regarded as outsourced activity?
- A3 Such service is generally regarded as outsourcing as it is part of a business activity of an authorized insurer. The service normally falls under “marketing and research” in Annex 1 to GL14.
- Q4 Is the provision of hotline support services by a service provider regarded as outsourcing?
- A4 As hotline support is part of an authorized insurer’s normal business activity and it may involve transferring customers’ data to the service provider, engaging a service provider to provide such service is generally regarded as outsourcing.
- Q5 Would it be regarded as outsourcing if an authorized insurer rents a web-server or a telephone line?
- A5 Such services generally fall under “utilities and telephone” in Annex 1 to GL14 and are generally not regarded as outsourcing.
- Q6 Would it be regarded as an outsourced activity if an authorized insurer engages a service provider to conduct reference checks on its agents and reinsurers?
- A6 Such service normally falls under “risk management and internal control” in Annex 1 to GL14 and is regarded as outsourcing.
- Q7 In selling an insurance policy, if the insurance agent is authorized to issue the policy on behalf of the authorized insurer, would such activity be regarded as outsourcing?
- A7 Such activity is a type of ancillary services relating to the sale of insurance policies by an insurance agent and is not regarded as outsourcing in Annex 1 to GL14.
- Q8 If a debt collection agency collects the outstanding debts from insurance agents on behalf of their authorized insurer principal, is this regarded as outsourcing?
- A8 Debt collection from insurance agents is part of an authorized insurer’s routine administration of its insurance agents. Engaging a debt collection agency to perform such function is regarded as outsourcing.

Q9 Is internal audit performed by a group company of an authorized insurer regarded as outsourced activity?

A9 The service generally falls under “risk management and internal control” of Annex 1 to GL14, it is regarded as outsourcing.

Q10 Would it be regarded as outsourcing if a service provider sending SMS to policyholders, such as informing them of the policy details or the status of claims applications, on behalf of an authorized insurer?

A10 The activity falls under “policy administration” in Annex 1 to GL14 and is regarded as outsourcing.