

Guidance Note on Client Agreement for Linked Long Term Insurance Business

According to Membership Regulation 3.5, the General Committee is issuing this Guidance Note on Client Agreement for Linked Long Term Insurance Business as required under the Regulations for Insurance Brokers Engaged in Advising on Linked Long Term Insurance or Arranging or Negotiating policies of Linked Long Term Insurance.

This Guidance Note is issued per the above-mentioned date. To allow sufficient time for Members to prepare the necessary documentation and supervisory system, the General Committee has resolved that this Guidance Note shall take effect as from 1 November 2011).

Definitions

“Linked Long Term Insurance Business” means advising on Linked Long Term Insurance or arranging or negotiating policies of Linked Long Term Insurance;

“Underlying funds” means those funds or assets to which value of a policy of Linked Long Term Insurance is linked.

Client Agreement in Writing

A Member, who is engaged in Linked Long Term Insurance Business, shall enter into a written agreement with that client (Client Agreement), and shall provide a copy of it to the client within 7 days, with documentary proof of his/her receipt kept in client’s file.

The Client Agreement shall be in a language of the client’s preference. The Member, when required, shall afford the Confederation a translation of the Agreement in either Chinese or English if it is in a language other than these two.

For new client, including new client transferring an in-force Linked Long Term Insurance policy, such agreement shall be entered before carrying on Linked Long Term Insurance Business.

For existing client, where no agreement has been entered or the agreement previously entered does not meet with the minimum contents of Client Agreement as specified here below, when that client applies via the Member for a new Linked Long Term Insurance policy, the Member shall enter into a new Client Agreement which shall meet with the minimum contents as specified here below with that client before carrying on Linked Long Term Insurance Business for that client. To avoid any doubt, Members are at liberty of whether or how to align their duties and commitments to the existing client when two sets of agreement are concurrently in place.

As the Member is acting as insurance broker in or from Hong Kong, the Client Agreement shall be specified to be governed by the jurisdiction of the Hong Kong SAR. No Client Agreement shall operate to remove, exclude or restrict any rights of a client or obligations of the Member under the Hong Kong law.

The Minimum Contents of Client Agreement

1. The full name and address of the client as verified by a retained copy of the identity card, relevant sections of the passport, business registration certificate, corporation documents, or any other official document which uniquely identifies the client;
2. The address of the client as verified by a retained copy of the documentary proof;
3. The full name and address of the Member;
4. A description of the nature of business and services of the Member, with a narrative of its corresponding remuneration policy, duties and authorities (or limitation of authority), to be provided or available to the client in the Member's capacity as an insurance broker AND in relation to Linked Long Term Insurance Business, in particular:-
 - 4.1 Whether advice on underlying funds is to be provided or available in the said capacity,
 - 4.2 Any regular reviews of the policy itself and/or the underlying funds, including the extent and frequency of such reviews;
5. To avoid any doubt, when the Member intends to include business and services other than that in its capacity as an insurance broker AND in relation to Linked Long Term Insurance Business under one single Client Agreement, those business and services shall be put under sections with proper and clear headings, separating from that as specified and required for Linked Long Term Insurance Business in this Guidance Note;
6. Provisions governing that client will be informed in writing by the Member of the full name and registration number of the Member's representative(s) whom the client may contact for service to be provided or available under the Agreement, with a narrative of that representative's duties and authorities (or limitation of authority);
7. Obligations of the Member to notify the client in writing in the event of any material change to the information as specified in paragraphs (3) to (6) above;
8. Provisions governing amendments or termination of the Client Agreement, particularly in case where the Member is going to cease to be an authorized insurance broker.

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