

**The Hong Kong Federation of Insurers  
Guidelines on the Transitional Arrangement**

*The Code of Practice for the Administration of Agents (the Code) specifies in Clause 7 that the Insurance Agents Registration Board may issue guidelines from time to time as to how it intends to exercise its powers and fulfil its responsibilities under the Code.*

*This guideline, which has been endorsed by the Insurance Authority, sets out some transitional arrangements relating to Representation of Principals and Minimum Qualifications and Experience for Individuals Acting as Insurance Agents.*

1. Representation of Principals

Clause 15 of the Code stipulates that "A person shall not act as an insurance agent for more than four Principals of whom no more than two shall be long term insurers."

Some managing general agents ("MGAs") have expressed concerns that their existing establishments are not in congruence with this part of the Code. To assist those MGAs with agreements which were in force prior to 1 July 1995 to cope with the above requirement, a one-year transitional period will be made available to them for making arrangements to comply with this part of the Code by 30 June 1996.

2. Minimum Qualifications and Experience for Corporations and Individuals Acting as Insurance Agents

Clauses 29 and 30 of the Code stipulate the minimum qualifications and experience for corporations and individuals acting as insurance agents.

There are some corporations and individuals whose activities, although ancillary to their main operation, may fall within the definition of insurance agents. These corporations and individuals (such as banks, travel agents, motor car dealers, freight forwarders, etc.), were either exempted from registration or not required to be registered as insurance agent prior to the commencement of the Insurance Companies Ordinance on 30 June 1995. To allow sufficient time for these agents to acquire the stipulated minimum qualifications and experience, a one-year transitional period up to 30 June 1996 will be made available to them. However, the appointment and registration of these agents requires special notification to the Insurance Agents Registration Board from the Principal concerned. These appointments and registrations will lapse on 30 June 1996 unless their principals, prior to the expiry of the transitional period, confirm to the Insurance Agents Registration Board that the agents concerned have satisfied the stipulated minimum qualifications and experience.