

## **The Hong Kong Federation of Insurers Guidelines on Handling of Premiums**

*The Code of Practice for the Administration of Insurance Agents (the Code) specifies on Clause 7 that the Insurance Agents Registration Board (the 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 guidance note, effective 1 June 1999, is intended to help both insurers and insurance agents comply with the Code and in particular Part F sections 32 and 36 of the Code stipulated that an insurance agent shall at all times conduct business in good faith and with integrity.*

*Failure to comply may constitute a breach of the Code either a principal under Part C section 18 or an insurance agent under Part F sections 32 and 36.*

### **Handling of Premiums**

More than one third of complaints handled by the Board relate to misappropriation or mishandling of premium. Customers will want to pay their premiums in a variety of ways including cash, credit card, cheque and bank transfer. It is up to the Principal to decide which methods are acceptable but the following methods are recommended.

Cheque in favour of the Principal or

Credit card/ direct deposit/ bank transfer from the customers' account to the Principal.

Any other method of payment or credit facilities extended to an agent should be subject to clear rules set out by the Principal designed to avoid the mixing of customers' money with agents' personal funds.