

保險代理管理守則

Code of Practice
for Administration of
Insurance Agents

BACKGROUND

For the purpose of self-regulation, the Hong Kong Federation of Insurers (HKFI) on behalf of its two constituent Councils, the General Insurance Council of Hong Kong (GIC) and Life Insurance Council of Hong Kong (LIC) brings in a system that:-

1. requires insurers to exercise greater control over the activities of Agents, and
2. provides insurance consumers a course of redress when aggrieved by malpractice of Agents.

By this system, the control of Agents is exercised through a Central Register of Insurance Agents to be set up by HKFI. The Register is administered by an Insurance Agents Registration Board formed within the structure of HKFI.

The Board reports from time to time to the Commissioner of Insurance information on Agents registered. It also answers public enquiries on representations of Agents.

This system requires all Agents to be registered with the Central Register through their principals and the number of representations held by each Agent is limited.

Member of the Councils (Members) are to act to ensure that their Agents so appointed by written agreement meet with the stipulated requirements. The agency agreement adopted by Members should incorporate the Code of Practice for Agents and meet at least the minimum requirements of the model agency agreement endorsed by the respective Councils.

The system also provides for handling of complaints against Agents from the public.

This Code of Practice for Administration of Insurance Agents gives a guideline to Members for regulating their Agents. Members are expected to adhere to the terms of this Code.

HKFI will give publicity to this system so that the public will be aware of the protection it affords them. A leaflet will be published for public information and the Codes of Practice for Agents will be available free of charge to all parties interested.

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CODE OF PRACTICE

INTRODUCTION

Insurance Agents form an important part of the insurance market. They are the ones with whom the insuring public often first come into contact and frequently they are also relied on for advice. It is therefore essential that insurance Agents are adequately equipped to render proper professional advice to clients. It is also important that the insurance Agents conduct their business with utmost good faith and integrity at all times.

Members of the constituent Councils of HKFI undertake to adopt this Code of Practice for Administration of Agents and to use their best endeavours to ensure that all those involved in selling their policies observe its provisions.

The objectives of this Code are:

1. to ensure insurance Agents possess an acceptable level of competence so that they can provide a proper service to the insuring public;
2. to foster sound commercial practices by Agents;
3. to minimise proliferation of ill-managed Agents;
4. to reduce the number of Principals of insurance Agents;
5. to define the role and responsibilities of insurance Agents.

Members shall only deal with Agents who have been appointed in accordance with this Code. This, however, does not apply to financial institutions licensed under the Banking Ordinance and do not provide direct advice on insurance to consumers. If direct advice is given, they will be treated as corporate agencies.

This Code takes effect from the operative date for new Agents. Existing Agents are given a maximum of two years grace period to comply with the requirements.

I. Appointment of Agents

Members shall ensure that

- (a) Agents to be appointed do not exceed the permitted number Principals;
- (b) Agents to be appointed meet at least the minimum qualifications stated hereunder;
- (c) Agents are to be appointed by written agency agreement that meets at least the minimum requirements of the model agency agreement adopted by the respective Councils;
- (d) Agents appointed are to be registered according to this Code.
- (e) Agents abide by the Code of Practice for Agents.

II. Training of Agents

Members shall ensure that Agents appointed are adequately trained for the proper handling of the policies they sell. Thus the Agent should be able to explain all the essential provisions of the contract, or contracts, which he is recommending so as to ensure as far as possible that the prospective policyholder understands what he is committing himself to.

III. Representation of Agents

Agents are allowed to represent a maximum of four Principals, subject to a maximum of two for life insurance,

PROVIDED THAT-

- (a) the existing Principals are advised by the Agents of their new Principals prior to appointment;
- (b) full disclosure of other Principals is made on application and renewal of registration to the Insurance Agents Registration Board through their Principals who are Members of the GIC or LIC.

Representation of a composite insurer is the equivalent of two Principals: one life and one general unless the agency agreement specifically restricts the agent's activity to either life or general business.

A group of company that their activities are limited to either life or general business and they are all holding or subsidiary companies thereof shall be taken to be one principal.

A managing general agent given general power of attorney or deed of substitution or equivalent authorization by an insurer it represents is taken to be the principal in loco parentis. Agents or any other person working for the managing general agent shall be registered as agents of the insurer represented. The number of principals represented by such agents or persons is also limited to four subject to two for life insurance.

IV. Qualification of Agents

A. *Agents Representing More Than One Member :*

persons seeking registration as agents representing more than one Member are required to:

- (a) have at least three years relevant experience of handling insurance business; these three years must be immediately preceding their application for appointment as Agents;
- or*
- (b) have successfully completed an accredited course covering product knowledge; the Code of Practice and the principles of self-regulation.
The course for Agents representing Members licensed to transact general insurance business as defined in Part 3 of the First Schedule of the Insurance Companies Ordinance is to be accredited by GIC.
The course for Agents representing Members licensed to transact long term insurance business defined in Part 2 of the same Schedule is to be accredited by LIC.

or

(c) ACII/AAIL, FLMI diplomas or equivalent qualifications approved by GIC or LIC.

B. Agents Representing One Member Only

Persons seeking registration as Agents for one Member only are required to:

- (a) have minimum standard of Form 5 and aged 21;
or
- (b) have two years relevant business experience; and [in addition to either (a) or (b)]
- (c) have successfully completed that Member's introductory training programme covering detailed product knowledge; the Code of Practice and the principles of self-regulation.

C. Persons Disqualified to be Agents:

Any individual/partnership/ corporation other than the following is to be allowed to act as Agents:

- (a) is found to be of unsound mind;
- (b) has been convicted of any criminal offence other than a minor motor offence or offence that is no longer admissible as evidence in any proceeding under the Rehabilitation of Offenders Ordinance (Chapter 297);
- (c) is or becomes insolvent, is unable to pay its/his debts as they fall due, stops, suspends, or without good reason threatens to stop or suspend payment of all or a material part of its/his debts or currently is in bankruptcy proceeding;
- (d) has had his agency agreement terminated by reason of a breach of agreement within the preceding three years period;
- (e) is found not to have complied with or is in breach of the Code of Practice for Agents and/or rules of GIC or LIC; or
- (f) has taken any other action which the Registration Board deems unfit.

V. Agency Agreement

All Agents must be appointed by written agency agreement. A Model Agency Agreement laying down the minimum requirements is provided by GIC and LIC for their members' use.

The Code of Practice for Agents of the respective Councils forms an integral part of the Agency Agreement and Agents must comply with it.

VI. Registration

- (a) Members shall only confirm the appointment of any individual/partnership/ corporation as an Agent when the required application for registration has been submitted to and confirmed by Insurance Agents Registration Board;
- (b) Applications for registration are to be submitted through the appointing Members to the Board. All such applications must be supported by confirmation from the Members that the provisions of this Code have been complied with;
- (c) When an Agent changes status, the Member must inform the Registration Board to ensure accurate record keeping. An Agent's registration is to be renewed every three years.
- (d) Registration fees are to be prescribed by HKFI from time to time.
- (e) Registration confirmation is to be issued to Members for their Agents, corporate nominees, employees and/or persons acting for partnerships/corporations who provide technical advice on insurance matters or arrange insurance contracts in Hong Kong.

VII. Procedure for Registration

- (a) Any Agent seeking appointment with a Member to transact insurance business must apply for registration with the Board through that Member.
- (b) Application must be made in a prescribed Application Form For Registration which is obtainable from the Member and must be accompanied by such documents,

particulars and fees paid by the Agent as may be prescribed from time to time.

- (c) Every applicant who has the required number of years of experience stipulated under Item IV. Qualifications of this Code must obtain a written confirmation from the Member which he seeks to represent.
- (d) The application shall be checked and countersigned by the Member to confirm that the stipulated requirements have been complied with.
- (e) If the stipulated requirements are complied with, confirmation of registration for a valid period of three years shall be issued by the Insurance Agents Registration Board. In addition, each individual Agent, corporate nominee, employee and/or persons acting for partnerships/corporations who provide technical advice on insurance matters shall receive Registration Notification or Identification issued by the Member.
- (f) Upon confirmation of the registration of the Agent, the Member shall arrange for an Agency Agreement to be signed or confirmed, as the case may be, with the Agent.

VIII. Complaints Handling

A course of redress is provided in this system to insurance consumers should they feel aggrieved by the acts of Agents. This gives consumers a fast and effective alternative to recourse to law.

By the registration system, responsibility of Members for the acts of their Agents contracted to them is defined. The expected standards of conduct and responsibilities of the parties are determined by the Model Agency Agreements of the two councils.

Sales practices of insurance Agents are laid down in the Code of Practice for Agents of the two Councils. By these Codes, Agents are required to identify to the prospective clients the Member they represent.

Complaints from insurance consumers against Agents shall be received by the Insurance Agents Registration Board which shall refer them to the Members concerned. Members shall then act to

- (a) investigate the complaints;
- (b) report to the Board the findings of the investigation and actions taken;
- (c) take disciplinary action as required by the Board.

Disciplinary actions for breach of the agency agreement shall be one of the following:

- (a) Warning.
- (b) Temporary suspension from acting as Agent.
- (c) Termination of agency agreement.

In the event of (c) the Registration Board will

- (a) notify all members represented by the Agent of the action required;
- (b) mark its record accordingly including deregistration of the Agent if that is required; and
- (c) notify all Members. No member shall then hire the Agent for a period of three years.

Appeal of Agents against actions for breach of agency agreement will be submitted to the Board.

Where a complaint is made against an Agent representing more than one Member and in circumstances where it is not clear that a single Member should be responsible, the following procedure shall be followed:

- initially, the Members writing the relevant class of business shall get together to decide how responsibility should be allocated; and
- where difficulties arise over allocation of responsibility, the case shall be referred to Insurance Agents Registration Board.

Members permitting their Agents to represent other companies have to declare in the prescribed application for registration submitted on behalf of the appointees their acceptance of the above procedure and responsibility thus allocated.

INSURANCE AGENTS REGISTRATION BOARD

An Insurance Agents Registration Board will be formed by HKFI within its structure to

- (a) receive applications for registration;
- (b) oversee the working of the office of the Central Register of Insurance Agents;
- (c) receive complaints against Agents;
- (d) receive reports from Members on complaints against their Agents;
- (e) receive appeal from Agents for breach of agency agreement.

The Board will have a membership of five including the Chairman. They are appointed by the Governing Committee of HKFI for a term of two years. Members are eligible for re-appointment upon completion of their term of office.

If any member of the Board is unable to attend any meeting of the Board, an alternate member may be appointed for that particular meeting by the Member concerned. If the Chairman is unable to chair any meeting of the Board, members of the Board present shall elect a Chairman for the particular meeting.

The quorum for a meeting shall be three(3) members of the Board. A member of the Board who has an interest (financial or otherwise) in the subject matter referred to the Board (hereinafter called the "interested member") shall not form part of the quorum for the meeting concerned. The Governing Committee may at its absolute discretion appoint any person to act in place of the interested member for the meeting concerned.

Decisions, recommendations and/or representations by the Board should preferably be by consensus, failing which the same shall be passed or carried by a majority of votes of the members present at any meeting of the Board. In the event of an equal number of votes, the Chairman shall have the casting vote.

The Board shall submit quarterly reports to the Governing Committee.

Subject to the approval of the Governing Committee and the provisions of this Code, the Board may make any rules to carry out the objectives and purposes of the registration system.

In particular and without prejudice to the generality of the foregoing, such rules may inter alia prescribe:-

- (a) the form and procedure(s) to be adopted at any meetings of the Board;
- (b) the form of the Register and the manner in which it shall be kept;
- (c) the form and manner in which applications for registration or renewals thereof shall be made;
- (d) the contents of any forms or other documents required for carrying out the purposes of these Regulations;
- (e) the appointment and payment of expert opinion, advice or information obtained or required by the Board.

MONITORING OF THIS CODE OF PRACTICE

HKFI recognises that the standard of professionalism among insurance Agents should be elevated and the requirements stated in this Code implemented by the Agents registration system serves to be the first step towards achieving this objective.

The HKFI will monitor the requirements stipulated in this Code for the recruitment and management of insurance Agents by Members. These will be reviewed from time to time and revised to bring in higher standards whenever possible.