

28 March 2025

Our Ref: CDD/CIF/10

By Email

To: Chief Executives of all Authorized Insurers, Responsible Officers of all Licensed Insurance Agencies and Licensed Insurance Broker Companies

Dear Sir/Madam,

"Conduct in Focus" – Spring 2025

The Insurance Authority ("IA") is pleased to publish the latest edition of "Conduct in Focus" today. The publication is now available on the IA's website, and you can listen or read it by accessing the following link:

https://www.ia.org.hk/en/legislative_framework/files/Eng_Conduct_in_Focus_Issue_10_Spring_2025.pdf

Have you ever considered becoming a Managing General Agent ("MGA")? Unlike traditional agents, MGAs are delegated with the authority to perform certain core insurance functions (e.g. underwriting and claim processing) on behalf of insurers. The headline article in this edition explores the growing interest in the MGA model in Hong Kong's insurance market recently and outlines the IA's focuses on such model under the insurance regulatory framework and through the lens of our licensing process.

Why is avoiding and managing conflict of interest so important to licensed insurance intermediaries? Do insurance agents and insurance brokers face different conflicts when carrying on regulated activities? Is commission arrangement (especially when the vast majority of commission is paid upfront in the first policy year) one of primary sources of these conflicts and if yes, is there any way to address it? Perhaps you can gain some insights into these questions in this edition.

Further, we are delighted to share that the industry has made significant advancement by achieving a 99.9% compliance rate with Continuing Professional Development ("CPD") requirements for the Assessment Period 2023/24. This milestone not only eliminates the need to publish the CPD Non-Compliance League Table but also reflects the industry's ongoing commitment to maintaining high professional standards.

Other topics in this edition includes the high turnover rate of newly licensed insurance intermediaries and its potential implication for servicing orphan policies in the life insurance sector, the statistics on complaints received by the IA for year 2024 and the latest update on our enforcement cases.

Thank you for your interest and if you have any questions or comments, please e-mail to conductsupervision@ia.org.hk.

Yours faithfully,

Alan Wu
Acting Head of Conduct Supervision Division
Insurance Authority

c.c. The Hong Kong Federation of Insurers
 The Hong Kong Confederation of Insurance Brokers
 Professional Insurance Brokers Association