

30 July 2025

Our Ref: CDD/CIR

By email only

To: Chief Executives of all authorized insurers carrying on long term business, Responsible Officers of all licensed insurance broker companies and licensed insurance agencies carrying on regulated activities in respect of long term business

Dear Sir/Madam,

Practice Note on Remuneration Structures of Authorized Insurers for Licensed Insurance Intermediaries for Participating Policies

We are writing to inform you that the Insurance Authority (“IA”) has today issued a Practice Note on Remuneration Structures of Authorized Insurers for Licensed Insurance Intermediaries for Participating Policies (“Practice Note”), which is now available on our website.

This Practice Note supplements the requirements under the Guideline on Underwriting Long Term Insurance Business (other than Class C Business) (GL16) and sets out the IA’s minimum expectations on how authorized insurers should structure remuneration for licensed insurance intermediaries in relation to participating policies with regular premium payment terms. Its objective is to promote better alignment between the interests of policy holders and the incentives for insurance intermediaries to provide both pre-contract and ongoing servicing after the point of sale.

The Practice Note will take effect from 1 January 2026. All authorized insurers are expected to review their remuneration structures for insurance intermediaries and ensure compliance with the expectations set out in the Practice Note from its effective date.

Should you have any questions in relation to the above, please email us at conductsupervision@ia.org.hk.

Yours faithfully,

Alan Wu
Acting Head of Conduct Supervision
Insurance Authority

Encl.

c.c. The Hong Kong Monetary Authority
The Hong Kong Federation of Insurers
The Hong Kong Confederation of Insurance Brokers
Professional Insurance Brokers Association
Insurance Industry Regulatory and Development Concern Group
General Agents and Managers Association of Hong Kong
The Life Underwriters Association of Hong Kong
Hong Kong Chamber of Insurance Intermediaries
Hong Kong Insurance Intermediaries Association Limited