

20 November 2025

By email

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

Dear Sir/Madam,

Reference Checking Schemes for Licensed Insurance Intermediaries (“the Scheme”)

The Insurance Authority (“IA”) is pleased to endorse and support the upcoming expansion of the Scheme, jointly launched by The Hong Kong Federation of Insurers (“HKFI”), The Hong Kong Confederation of Insurance Brokers (“CIB”) and Professional Insurance Brokers Association (“PIBA”). With effect from 1 January 2026, the Scheme will be expanded to cover the appointment of all individual licensed insurance intermediaries carrying on long term insurance business.

Background and expansion of the Scheme

To address the issue of “rolling bad apples”, where individuals attempt to evade the consequences of past misconduct by moving between principals without proper disclosure, the Scheme was first introduced by the HKFI in 2024 with the support of the IA. The Scheme currently applies only to the appointment of individual insurance agents engaged in long term insurance business by authorized insurers. Under the Scheme, if a recruiting insurer is aware that a prospective agent has been appointed by another insurer within the past seven years, it should conduct a reference check using a standardized template. The responding insurer is then required to follow a standard protocol by providing a reply within a specified timeframe.

Given the positive outcomes observed since its implementation, the HKFI, together with the CIB and PIBA, has agreed to expand the Scheme to cover individual insurance intermediaries carrying on long term business, including individual insurance agents, technical representatives (agent), and technical representatives (broker) starting from 1 January 2026. In other words, if an authorized insurer, licensed insurance agency¹, or licensed insurance broker company (collectively referred to as an “insurance entity”) intends to appoint an individual to carry on regulated activities in long term insurance business on its behalf, and is aware that the individual

¹ For the purpose of this circular, this excludes any licensed insurance agency that is also an authorized institution as defined under the Banking Ordinance (Cap. 155)

has been appointed by another insurance entity within the past seven years, the insurance entity is obliged to conduct reference checks in accordance with the requirements of the Scheme.

Meanwhile, it is acknowledged that certain licensed insurance agencies are also authorized institutions as defined under the Banking Ordinance (Cap. 155). As these agencies are already subject to a similar reference checking scheme in the banking sector, they are not requested to join the Scheme in the insurance sector at this stage. However, the IA is in close dialogue with the Hong Kong Monetary Authority to explore the potential integration of the two schemes. Once further details regarding the integration have been finalized, the industry will be duly informed.

The IA's Support to the Scheme

To support the effective operation of the Scheme, the IA will maintain a centralized contact database of participating insurance entities on its e-Portal (i.e. Insurance Intermediaries Connect "IIC Portal"). This database will serve as a reliable point of reference for insurance entities to identify the designated contact persons responsible for handling reference check requests.

As a safeguard, insurance entities are not obliged to respond to reference check requests unless such requests are sent from the designated email address recorded in the aforesaid contact database. This protocol ensures that all communications under the Scheme are properly channeled and managed by authorized personnel, thereby upholding the integrity of the checking process.

A detailed operational guideline and frequently asked questions (FAQ), setting out the procedures, templates, and response timelines under the Scheme, are enclosed with this circular. The IA, together with the HKFI, the CIB, and the PIBA, remains committed to supporting smooth implementation and promoting consistent and effective reference checking practices across the insurance industry.

To prepare for the launch of the reference checking scheme, all insurance entities are now invited to log in to the IIC portal to verify the accuracy of their contact details previously provided to the IA for the Scheme, or to update the relevant contact information as necessary. Similar to other IIC portal functions, supervisor account owners may delegate the functions relevant to the Scheme to their designated administrative account owners for day-to-day operation.

The IA's Supervisory Approach

The expansion of the Scheme represents a significant step toward strengthening governance and upholding market integrity of the insurance sector. This step also reinforces the industry's ongoing efforts to address the issue of "rolling bad apples" by enhancing the effectiveness of pre-appointment due diligence process.

The IA considers participation in and compliance with the Scheme as one of the fundamental internal controls. All insurance entities carrying on long term business are expected to

incorporate the Scheme as part of their on-boarding processes to assess the fitness and properness of prospective insurance intermediaries, before making an informed appointment decision.

Failure to participate in or comply with the requirements of the Scheme without reasonable justification (particularly on a repeated or systematic basis) may be viewed as an indication of potential weaknesses in an insurance entity's corporate governance and internal control framework. In such cases, insurance entities may expect closer supervisory scrutiny from the IA with particular focus on the adequacy of their recruiting and on-boarding procedures, as well as the fitness and properness of the management responsible for intermediary management (i.e. key persons in control function or responsible officers, as applicable). Non-compliance may also lead to increased scrutiny of licensing applications submitted by insurance entities and potentially affect the speed at which those applications are processed, as it could raise concerns about the robustness of the entities' processes for assessing the fitness and properness of the relevant licence applicants.

Enquiries

If you have any questions about the contents of this circular, please send your enquiries by email to conductsupervision@ia.org.hk. For questions relating to the operation of the Scheme, you may also contact your industry association for assistance.

Yours faithfully,

Alan Wu
Acting Head of Conduct Supervision
Insurance Authority

Encl.

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