

Professional Insurance Brokers Association

Overview of Sample Compliance Manuals

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Outline:

1. Purpose of Compliance Manuals (合規手冊)
 - Enactment of the *Insurance Companies (Amendment) Ordinance* (《保險公司 (修訂) 條例》)
 - IA's (保監局) new regulatory and licensing regime (規管及發牌制度)

2. Structure and Contents of Compliance Manuals
 - Compliance Manual for Senior Management Staff (高層管理人員)
 - Compliance Manual for Technical Representatives (Broker) (業務代表 (經紀))

3. Q&A

Purpose of the Compliance Manuals

- Enactment of the Amendment Ordinance (修訂條例)
 - Prior to the *Insurance Companies (Amendment) Ordinance*:
 - Office of the Commissioner of Insurance (**OCI**) (保監處)
 - 3 self-regulatory organizations (自律規管機構) of insurance intermediaries (保險中介人):
 - Professional Insurance Brokers Association (**PIBA**) (香港專業保險經紀協會)
 - Hong Kong Confederation of Insurance Brokers (**CIB**) (香港保險顧問聯會)
 - Insurance Agents Registration Board (**IARB**) (保險代理登記委員會) under the Hong Kong Federation of Insurers (**HKFI**) (香港保險業聯會)

Purpose of the Compliance Manuals (cont'd)

- Enactment of the Amendment Ordinance 修訂條例
 - Enacted on 10 July 2015
 - Most important regulatory reform in insurance sector since the passage of the previous Insurance Companies Ordinance (保險公司條例) in 1993
 - Implemented in three stages
 - Stage 1 – Preparation (7 December 2015)
 - Stage 2 – Supervision of insurers (26 June 2017)
 - Stage 3 – Supervision of intermediaries (23 September 2019)

Purpose of the Compliance Manuals (cont'd)

IA's new licensing and regulatory regime (發牌及規管制度)

- Key changes to Amendment Ordinance:-
 - Establishment of an independent Insurance Authority to take over the duties of the OCI and the three self-regulatory organizations
 - New licensing and regulatory regime for insurance intermediaries

Purpose of the Compliance Manuals (cont'd)

IA's new licensing and regulatory regime (發牌及規管制度)

- Functions and powers of IA:
 - Sole regulator to license and supervise all insurance intermediaries in Hong Kong, and to ensure their compliance with Insurance Ordinance and relevant regulations, rules, codes and guidelines.
 - Responsible for promoting and encouraging proper standards of conduct of insurance intermediaries.
 - Regulatory powers (監管權力) in relation to licensing (發牌), inspection (查察), investigation (調查) and disciplinary sanctions (紀律處分).

Purpose of the Compliance Manuals (cont'd)

- 2 sample Compliance Manuals:-
 - Sample Compliance Manual for Members' senior management staff; and
 - Sample Compliance Manual for Members' technical representatives (broker).
- Assist compliance with conduct and compliance requirements under IO, relevant ordinances, rules, regulations, guidelines and codes issued by IA and other authorities.
- **For reference only and may be adapted as necessary** depending on Member's business structure and operations.
- **PIBA assumes no responsibility for the contents of the manuals. Seek independent legal advice regarding contents of own manuals.**

Structure of Compliance Manuals

Structure

- **Part I**
 - Section 1 – Interpretation (定義)
 - Section 2 – Introduction (簡介)
- **Part II**
 - Section 3 - Overview of the member company (公司概況)
- **Part III**
 - Section 4 – Licensing (發牌)
 - Section 5 – Conduct 操守 and Competence requirements (勝任能力規定)
 - Section 6 – Specific Regulations and Procedures (特定規定和程序)

Structure of Compliance Manuals (contd)

Structure

- **Part III (contd)**
 - Section 7 – Conflicts of Interests (利益衝突)
 - Section 8 – Data Protection Policy (資料保護政策)
 - Section 9 – Prevention of Money Laundering (防止清洗黑錢)
 - Section 10 – Prevention of Bribery (防止賄賂)
 - Section 11 – Handling of Complaints (投訴管理)
 - Section 12 – Insurance Authority (保監局)
- **Part IV**
 - Appendices (附錄)

Contents of Compliance Manuals

Part I

Section 1 – Interpretation (定義)

- Certain terms used in the manuals will be defined e.g. short forms for the names of various ordinances or IA guidelines.

Contents of Compliance Manuals (contd)

Part I

Section 2 – Introduction (簡介)

2.1 Purpose of Manual

- Background to IA taking over self-regulatory organizations including PIBA.
- New statutory and licensing regime under the Insurance Ordinance.
- Manual prepared to assist the broker company and its licensed persons / staff to comply with the various conduct and compliance requirements (操守及合規規定) under the IO, Code of Conduct, guidelines issued by the IA, as well as other relevant ordinances by providing a set of internal guidelines, controls and procedures.

Contents of Compliance Manuals (contd)

Part I

Section 2 - Introduction

2.2 General principles (原則)

- Policies and procedures of the Company subject to change. Right of the Company to amend and supplement the Manual from time to time.
- Contents of Manual intended only for use by licensed persons/ senior management staff of the Company.
- Recipients of Manual must not disseminate/ reproduce Manual without prior approval of Company.

Contents of Compliance Manuals (contd)

Part I

Section 2 - Introduction

2.3 Obligations of Licensed Persons (持牌人士) and Senior Management Staff (高層管理人員)

- Licensed persons and senior management staff to act in conformity with their own and the Company's responsibilities under the regulatory regime, and to be familiar with the Manual.
- Consult the compliance officer (合規專員) or RO (負責人) if any compliance question.
- Sign and return acknowledgement of receipt form.

Contents of Compliance Manuals (contd)

Part I

Section 2 - Introduction

2.4 Non-compliance with the Manual

- Failure to adhere to requirements in Manual may result in internal disciplinary actions including termination of employment or appointment.
- Company may report inappropriate activities of a licensed person to the IA or other relevant authorities and law enforcement bodies, which could give rise to investigations, disciplinary actions and prosecutions.
- Disciplinary powers of the IA will be elaborated in section 12.4 of the Manual.

Contents of Compliance Manuals (contd)

Part II

Section 3 – Overview of the Company

3.1 Details of the Company's licence (牌照) and other particulars

- Details regarding the Company's IA licence no., registered lines of business (註冊業務類別) (e.g. general business (一般業務), long term business (長期業務) etc.).
- To be completed and updated by member company.

Contents of Compliance Manuals (contd)

Part II

Section 3 – Overview of the Company

3.2 Details of Senior Management Staff and Licensed Persons

- Names of Company's: directors , ROs (負責人), compliance officer (合規主任), head of HR (人事部), head of accounting (會計部) etc
- To be completed and updated by member company.

Contents of Compliance Manuals (contd)

Part II

Section 3 – Overview of the Company

3.3 Shareholding structure (股權結構) and organisational chart (組織結構圖)

- For reference only.
- To be modified depending on the member company's own corporate structure and operational structure.

Contents of Compliance Manuals (contd)

Part II

Section 3 – Overview of the Company

For medium / large sized companies:

3.4 Departmental duties and functions

- Sets out the duties and functions of each department of the Company. e.g. Compliance, HR, Accounting and Finance, IT, PR and Marketing etc.
- To be modified depending on member company's operational / departmental structure.

Contents of Compliance Manuals (contd)

Part II

Section 3 – Overview of the Company

For medium / large sized companies (contd):

3.5 Key staff roles and duties

- Sets out the roles and duties of key members of staff of the Company e.g. ROs (負責人), TRs (業務代表), Compliance Officer (合規主任), Money Laundering Responsible Officer (洗錢報告主任), Data Protection Officer (資料保護主任), respective heads of various departments e.g. Head of HR, Accounting & Finance, IT, etc.
- To be modified depending on the member company's operational structure.

Contents of Compliance Manuals (contd)

Part II

Section 3 – Overview of the Company

For smaller companies:

3.4 Key staff roles and duties

- Sets out the duties and functions of key staff members including ROs, TRs, Compliance Officer and Money Laundering Responsible Officer
- To be modified depending on member company's operational / departmental structure.

Contents of Compliance Manuals (contd)

Part III

Section 4 – Licensing (牌照)

4.1 Requirements for licence / approval (認可) and licensing criteria

- Who needs to be licensed?
 - Persons carrying out “regulated activities” (受規管活動)
 - Definitions of “regulated activity”, “material decision” (關鍵決定), “regulated advice” (受規管意見)
 - Penalties for contravention of section 64G of IO (i.e. carrying out regulated activities without licence)
- Types of licences/ approval
 - 2 types of licence –insurance broker company licence and TR (broker) licence.
- Licence of the Company
- Approval as RO
 - Criteria for approval as RO under section 64ZF of IO.
- Licence of TRs
 - Licensing criteria for TRs under section 64ZC of IO.

Contents of Compliance Manuals (contd)

Part III

Section 4 – Licensing

4.2 Application procedures

- Transitional arrangements for existing broker companies, chief executives and TRs
 - Deemed licensees during the 3-year transitional period (until 22 September 2022) if validly registered with PIBA before 23 Sep 2019
 - Arrangements to be made by IA on application procedures for formal licences after transitional period
- Submitting approval / licence application to IA
 - Prescribed forms for application to IA for appointment of RO and of TR licence
 - Paper submission or electronic submission
 - Company may require new staff or existing staff with changing responsibilities to disclose information for the handling of licensing matters
- Decision of IA on licence/ approval application
 - IA may reject the application or grant the licence/ approval (with or without conditions)
 - IA to give the applicant a notice in writing of the application result

Contents of Compliance Manuals (contd)

Part III

Section 4 – Licensing

4.3 Ongoing obligations

- Brief overview of ongoing obligations, including:-
 - Fit and proper requirements (適當人選) (details in Section 5.10)
 - Conduct requirements (操守規定) (details in Sections 5.1 to 5.9)
 - CPD requirements (details in Section 5.11)
 - Requirements for Company under Insurance Financial Rules
 - Share capital
 - Net assets
 - Professional indemnity insurance
 - Client account and client reconciliation statements
 - Keeping of proper books and accounts
 - Audited financial statements
 - Auditor's report

Contents of Compliance Manuals (contd)

Part III

Section 4 – Licensing

4.4 Renewal of licence

- Company and TR licence valid for 3 years
- Renewal of licence application to be made no later than 45 days before expiry of licence
- Factors to be considered by IA same as those for a new application
- RO not required to renew approval

Contents of Compliance Manuals (contd)

Part III

Section 4 – Licensing

4.5 Suspension (暫時撤銷) and revocation (撤銷) of licence

- Circumstances where:-
 - Licence of Company and TR may be revoked / suspended
 - Approval of RO may be revoked

- Revocation or suspension of licence does not affect any agreement, transaction or arrangement entered into or arranged by the Company or TR

Contents of Compliance Manuals (contd)

Part III

Section 4 – Licensing

4.6 Notification of changes / incidents

- Notification of changes in the Company's TR / RO and their particulars, including:-
 - Termination of appointment of RO / TR (Form N1)
 - Appointment of new TR (Form N2)
 - Changes in particulars of TR (Form N3)
 - Changes in particulars of the Company (Form N4)
 - For other changes, notification by way of original signed letter to the IA
- Notification of other events/ incidents
 - For example, winding up of Company, bankruptcy of directors or TRs of Company, disciplinary actions / criminal conviction of Company/ TRs, material breaches of IO or rules/ guidelines of IA, material incidents etc.
 - RO and CO responsible for assessing whether a breach or an incident is material and requires reporting to the IA
- Notification of appointment or change of auditor
- Notification of change of director or controller of Company

Contents of Compliance Manuals (contd)

Part III

Section 4 – Licensing

4.7 Restriction on activities of unlicensed staff

- Staff who are not licensed or whose licences have been suspended or revoked cannot participate in regulated activities
- Potential termination of employment or disciplinary action the event of failure to comply with this requirement

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.1 Conduct requirements

- Statutory conduct requirements for broker companies under sections 90 and 92 of IO
- Brief overview of “Code of Conduct for Licensed Insurance Brokers” (“**Code of Conduct**”) (操守守則) which includes the standards and practices relating to each of the 8 General Principles (GP 1 to GP 8)

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.2 Honesty and integrity (誠實及持正)

- GP1 – Brokers to act honestly, ethically, with integrity and good faith
- Summary of the expected standards and practices relating to GP1 as set out in the Code of Conduct, in relation to:-
 - Accurate representations and presentation
 - Compliance with laws, rules, requirements of IA etc
 - No harassment, coercion or undue influence
 - Prevention of bribery (more details in Section 10)

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.3 Acting in the best interest of clients and treating clients fairly (以符合客戶的最佳利益行事並公平對待客戶)

- GP2 – Brokers to act in the best interests of clients and treat clients fairly.
- Summary of the expected standards and practices relating to GP2 as set out in the Code of Conduct, in relation to:-
 - Acting in clients' best interests, being impartial, objective and fair
 - Sourcing and recommending insurance products from sufficient range of insurers.
 - Giving fair and impartial regulated advice in client's best interests.

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.4 Exercising care, skill and diligence (以謹慎、技巧和努力行事)

- GP3 – Brokers to act with due care, skill and diligence.
- Summary of the expected standards and practices relating to GP3 as set out in the Code of Conduct, in relation to:-
 - Meeting the standards expected of a reasonable and prudent licensed insurance broker
 - Handling of application and claim forms
 - Carrying out client's instructions
 - Protecting client's privacy and confidentiality
 - Record keeping
 - Cooling off period
 - Assistance in relation to insurance claims

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.5 Competence to advise (勝任提供意見)

- GP4 – Brokers to possess appropriate levels of professional knowledge and experience.
 - Product knowledge

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.6 Disclosure of information (資料披露)

- GP5 – Brokers to provide clients with accurate and adequate information to enable them to make informed decisions
- Summary of the expected standards and practices relating to GP5 as set out in the Code of Conduct, in relation to:-
 - Disclosure in relation to identity and capacity
 - Disclosure in relation to insurance products
 - Disclosure in relation to a policy holder's obligations
 - Client agreements and terms of business with clients
 - Disclosure in relation to a client referred by another person

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.7 Suitability of advice (意見的合適性)

- GP6 – Brokers' regulated advice to be suitable for client taking into account client's circumstances.
- Summary of the expected standards and practices relating to GP6 as set out in the Code of Conduct, in relation to:-
 - Conducting suitability assessment with clients
 - Recommendations given by TR to client

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.8 Conflicts of interest (利益衝突)

- GP7 – Brokers to use best endeavours to avoid conflicts of interests, and to manage any conflict with appropriate disclosure.
- Summary of the expected standards and practices relating to GP7 as set out in the Code of Conduct, in relation to:-
 - Avoiding potential conflict by providing disclosure in relation to remuneration
 - Addressing potential conflicts of interests regarding relations with insurers
 - Avoiding allowing own interests to influence the client's decision e.g. another business or occupation
- Conflicts of interest to be elaborated in Section 7 of Manual

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.9 Handling of client assets (客戶資產)

- GP8 – Brokers to have sufficient safeguards to protect client assets received by the broker
 - Handling of client monies in accordance with the relevant rules.

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.10 Fit and proper requirements

- Matters to be considered under IA's "Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries" and the IO include:-
 - Education or other qualifications or experience of the person
 - Person's ability to carry on a regulated activity competently, honestly and fairly
 - Reputation, character, reliability and integrity of the person
 - Person's financial status or insolvency
 - Whether any disciplinary action has been taken against the person
 - Any information in the possession of the IA relating to e.g. other companies in the person's group of companies
 - State of affairs of any other business which the person carries on or proposes to carry on
 - Present or past conduct of the person
 - Compliance with any code of conduct issued by the IA
- Company to look into the background and references of persons applying to become a licensed person of the Company

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.11 Continuing Professional Development (持續專業培訓)

- Overview of CPD requirements with reference to “Guideline on Continuing Professional Development for Licensed Insurance Intermediaries” issued by the IA (“**CPD Guideline**”)
- Number of CPD hours required – transitional / special arrangements for (i) TRs registered with PIBA before 23 Sep 2019 (ii) TRs granted a licence on or after 23 Sep 2019 to 31 July 2021 and (iii) TRs licensed from 1 Aug 2021 onwards
- 8 types of qualified CPD activities
- E-learning activities
- Merger of assessment periods under IA’s circular
- TRs responsible for maintaining their own CPD / Training Attendance Record – Appendix 1 of Manual
- IA to release details of CPD reporting procedures in due course.

Contents of Compliance Manuals (contd)

Part III

Section 5 – Conduct & Competence Requirements

5.12 Conduct requirements under the Mandatory Provident Fund Schemes Ordinance (“MPFSO”) (《強制性公積金計劃條例》)

- For MPF intermediaries registered with the MPF Schemes Authority as intermediary to carry on regulated activities in relation to MPF Schemes under the MPFSO
- Statutory conduct requirements under section 34ZL of MPFSO
- Staff to refer to “Guidelines on Conduct Requirements for Registered Intermediaries” issued by MPF Schemes Authority for further guidance

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies (長期保險保單)

6.1 Product due diligence (產品盡職調查)

- Assessment of nature and key features of insurance products
- Level of due diligence on products
- Enquiries with insurer
- Due diligence on insurer

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.2 Know your client and customer due diligence (CDD) (客戶盡職審查)

- Company and TRs required with comply with specified CDD requirements in accordance with Anti-Money Laundering Ordinance
- Summary of CDD procedures required under IA’s “Guideline on Anti-Money Laundering and Counter-Terrorist Financing”
- What are CDD measures – customer identification and customer identity verification
- When should CDD be carried out – circumstances under which CDD should be carried out, and ongoing CDD monitoring required
- Types of identification information to be obtained from different types of customers (e.g. natural person, legal persons, trust etc), and examples of appropriate verification documents
- Identification and verification of ultimate beneficial owners, or persons purporting to act on behalf of client

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.3 Client agreement (客戶協議)

- To set out the terms and conditions of business for Company to carry out regulated activities
- Modes of entering into client agreement
- Form of client agreement in Appendix 6

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.4 Record Keeping and documentation requirements

- Company and TRs required to keep proper records
- Refer to Sections 9.5 and 11.4 of Manual

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.5 Financial needs analysis (“FNA”) (財務需要分析)

- Purpose of FNA
- Types of life insurance policies for which FNA must be carried out, i.e. Life and Annuity, and Linked Long Term
- Information to be collected from clients—Appendix 2 of Manual for copy of FNA template from IA’s “Guideline on Financial Needs Analysis” (“**FNA Guideline**”)
- Documentation and signatures
- Matters to consider before making recommendation
- TRs to refer to FNA Guidance for further guidance

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.6 Risk profile questionnaire (applicable to ILAS products) (風險承擔能力問卷)

- Where an ILAS (investment linked assurance schemes) product is considered as a potentially suitable option, TR to assess customer's investment risk appetite via completing a Risk Profile Questionnaire
- Factors to consider in the Questionnaire

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.7 Product recommendation

- Provision of insurance options
- Handling of mismatch cases (錯配) (where the insurance product recommended does not meet the needs and circumstances of the customer)
- Sale process for ILAS products
 - Suitability of ILAS products to be assessed based on customer's circumstances, and associated risks to be fully disclosed to customer
 - Appendix 3 of Manual for indicative sale flow of ILAS products as extracted from IA's "Guideline on Sale of Investment-Linked Assurance Scheme Products"

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.8 Benefit illustrations (利益說明)

- Benefit illustration prepared by insurer showing projected surrender values (預計退保發還金額) and death benefits (身故賠償額) of life insurance policy
- Minimum information specified in the IA's "Guideline on Benefit Illustrations for Long Term Insurance Policies"

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.9 Important facts statement (重要資料聲明書) / applicant's declarations (申請人聲明書) (for ILAS products)

- Important facts statement
 - Prepared by insurer in relation to insurance product, containing key product features, associated risks and fees structure
- Applicant's Declaration
 - Client to declare that he has read and understood the product brochure and illustration documents etc

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.10 Handling of premiums

- For long term insurance policies, all premiums to be paid directly by client to insurer

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.11 Policy delivery and cooling-off periods (冷靜期)

- What is a cooling-off period? 21 days following the day of delivery of life insurance policy or cooling-off notice (whichever is earlier)
- Ways in which TRs can draw policy holder's attention to cooling-off period

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.12 Policy replacement (保單轉保)

- TRs to take all reasonable steps to ascertain whether customer is purchasing the life insurance policy as a policy replacement
- TRs to refer to Appendix A to IA’s “Guideline on Long Term Insurance Policy Replacement” for the minimum questions to be asked of clients during the sales process

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.13 Post-sale controls (售後監控)

- What are post-sale controls?
 - Insurer to send to client the policy and copies of signed declarations
 - Insurer to make post-sale confirmation calls to policy holder
- TRs to remind customers of importance of post-sale calls and the cooling off period, and to provide all necessary cooperation in liaising with insurer and policy holder

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.14 Fund switching (轉換) and redemption (贖回) (applicable to ILAS products)

- TRs to ensure customers are aware of the possible risks associated with switching investment choices or placing top-up investment after policy inception that may become inconsistent with their risk profile
- TRs to advise customers of any fund-switching charges as well as penalty on encashment charges arising from early redemption of policies

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.15 Renewal of policies (續保)

- TRs to assist clients promptly in relation to any requests for renewal of policies

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.16 Confidentiality of client information

- All TRs to treat information in relation to client confidential and not use or disclose it other than for the purposes of collection, or with written consent of client, or for purpose of complying with laws
- TRs to comply with PDPO and refer to section 8 of Manual for further guidance

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.17 Referral of business (轉介)

- Where a client is referred to the Company by a referrer, TR should disclose certain information to client before arranging insurance policy
 - referrer does not represent the Company
 - the Company will be responsible for arranging the insurance policy etc.
- TRs to refer to Appendix 7 of Manual for template of a referral agreement between Company and a referrer.

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedures

A. For Long Term Insurance Policies

6.18 Claims procedures (索償)

- Where approached by client for assistance, TR to provide client with reasonable assistance in submitting claims and exercise due care to discharge all obligations that are within the scope of Company's services
- Steps to be taken by TR in handling of claims forms

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedure

B. For General Insurance Policies (一般保險)

6.19 Client agreement (客戶協議)

- What a client agreement is.
- How a client agreement may be entered into.
- Providing copy to client and keeping proper records.
- Appendix 6 of Manual – Sample client agreement

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedure

B. For General Insurance Policies

6.20 Insurance quotation (報價)

- Process of seeking insurance quotation from insurer.
- Licensed persons and senior management staff are reminded to take proper care in negotiations with the insurer, and ensure proper documentation.

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedure

B. For General Insurance Policies

6.21 Insurance placement (投保)

- Process of insurance placement where client decides to apply for insurance policy.
- Role of TRs:-
 - carry out client's instructions promptly and accurately
 - Remind client of responsibility to ensure accuracy and completeness of information in application forms
 - Not submit form without client's authority or without confirming contents with client.

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedure

B. For General Insurance Policies

6.22 Handling of premiums (保費處理)

- Subject to agreement between company and insurer.
 - Collect premiums from client then remit to premiums to insurer OR client to pay premium to insurer directly.
- Roles of TRs:-
 - deliver client monies received to Company as soon as practicable upon receipt
 - Avoid mixing client monies with Company's own funds under the Insurance Financial Rules.

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedure

B. For General Insurance Policies

6.23 Policy Delivery (保單交付)

- Insurer may deliver policy documents:-
 - to company first to be passed to client ; or
 - directly to the client,
- Role of TRs in above 2 scenarios:
 - closely monitor process
 - liaise with insurers (where necessary)
 - ensure policy documents are delivered to client in timely manner.

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedure

B. For General Insurance Policies

6.24 Renewal of policies (續保)

- Role of TRs:-
 - Assist clients promptly in relation to renewal requests and in re-negotiating terms with insurer.

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedure

B. For General Insurance Policies

6.25 Confidentiality of client information (客戶資料保密)

- Role of TRs:-
 - Duty to keep client information confidential and not disclose the same other than:-
 - for carrying on the regulated activities
 - with the written consent of the client; or
 - for compliance with applicable laws or regulations.
- Section 8 of Manual – dealing with personal data of clients

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedure

B. For General Insurance Policies

6.26 Record keeping (備存紀錄) and documentation requirements

- Elaborated in sections 9.5 and 11.4 of the Manual

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedure

B. For General Insurance Policies

6.27 Referral of business (轉介)

- Role of TRs – disclose to client that:-
 - Client should deal directly with company (not referrer).
 - Referrer does not represent company
 - Company/ TR disclaims liability for advice given by referrer.
 - Premium to be paid directly to Company / Insurer (not referrer)
- Appendix 7 - Template referral agreement

Contents of Compliance Manuals (contd)

Part III

Section 6 – Specific Regulations and Procedure

B. For General Insurance Policies

6.28 Claims procedures (保險索賠手續)

- Role of TRs where approached by clients for assistance in submitting claims:-
 - pass on any relevant information received from the client to the insurer as soon as practicable;
 - take proper care in completing or handling any claims forms on behalf of the client.

Contents of Compliance Manuals (contd)

Part III

Section 7 – Conflicts of Interest (利益衝突)

7.1 Overview

- When a conflict of interest situation arises.
- Duty of licensed persons and senior management staff to avoid situations that may present conflict.
- Cross-reference to section 5.8 of Manual

Contents of Compliance Manuals (contd)

Part III

Section 7 – Conflicts of Interest

7.2 Disclosure of conflicts of interests (利益衝突披露)

- Duty of licensed persons and senior management staff to disclose actual or potential conflicts of interest to RO and CO.
- Not to (without prior disclosure to and written consent of the Company):-
 - undertake any outside business activity or occupation;
 - rebate any part of the compensation received from the Company;
 - accept from any person, other than the Company, benefits as a a bonus, commission, fee.

Contents of Compliance Manuals (contd)

Part III

Section 7 – Conflicts of Interest

7.3 Identification and handling of conflicts of interests

- Licensed Persons and Senior Management Staff to discontinue advising or dealing with the client and immediately advise RO(s).
- Disclosures of an interest or conflict to be documented in writing and client's written acknowledgement to be obtained.
- Provide copy of client acknowledgment to RO(s) or CO.
- Priority given to the client and the Company's interest over licensed person's/ senior management staff individual interest.

Contents of Compliance Manuals (contd)

Part III

Section 7 – Conflicts of Interest

7.4 Segregation of duties (職責分工)

- Certain functions must be allocated to different staff of the Company.
- E.g. sales and client service activities; accounting activities, risk management activities, IT systems, recruitment and training, compliance etc.
- Functions cannot be merged without the approval from the Senior Management Staff

Contents of Compliance Manuals (contd)

Part III

Section 8 – Data Protection Policy (資料保護政策)

8.1 General Principles

- Personal Data (Privacy) Ordinance (Cap. 486) (《個人資料(私隱)條例》)
- Office of the Privacy Commissioner for Personal Data (個人資料私隱專員公署)
- Core terms: “personal data” (“個人資料”), “data user” (“資料使用者”), “data subject” (“資料當事人“)
- 6 Data Protection Principles (DPPs) (保障資料原則) :
 - **DPP 1** - Purpose and Manner of Collection of Personal Data (第1原則 - 收集個人資料的目的及方式)
 - **DPP 2** - Accuracy and Duration of Retention of Personal Data (第2原則- 個人資料的準確性及保留期間)
 - **DPP 3** - Use of Personal Data (第3原則 - 個人資料的使用)
 - **DPP 4** - Security of Personal Data (第4原則——個人資料的保安)
 - **DPP 5** - Information to be Generally Available (第5原則——資訊須在一般情況下可提供)
 - **DPP 6** - Access to Personal Data (第6原則——查閱個人資料)

Contents of Compliance Manuals (contd)

Part III

Section 8 – Data Protection Policy

8.2 Use and protection of client's personal data

- Practices and procedures in relation to use of client's personal data e.g.
 - Notification to clients re purposes for use of personal data will be used, and transferees of data.
 - Appendix 4 - Sample personal information collection statement (收集個人資料聲明)
 - Rights to request access (查閱) to and correction (改正) of their personal data.
 - To be kept for no longer than necessary
- Privacy Commissioner's "*Guidance on the Proper Handling of Clients' Personal Data for the Insurance Industry*", (妥善處理客戶個人資料：給保險業界的指引)

Contents of Compliance Manuals (contd)

Part III

Section 8 – Data Protection Policy

8.3 Use of clients' personal data in direct marketing (直接促銷)

- What is direct marketing – marketing of g/s by means of sending information to specific persons *by name*.
- HK Privacy Commissioner's “*New Guidance on Direct Marketing*” (直接促銷新指引)
- Practices to be observed
 - Obtain client's consent before use of personal data for direct marketing activities, and right to opt-out anytime.
 - Avoid excessive collection of personal data
 - Specify classes of transferees of data

Contents of Compliance Manuals (contd)

Part III

Section 9 – Prevention of Money Laundering (防止清洗黑錢)

9.1 Definition of money laundering (清洗黑錢) and terrorist financing (恐怖分子資金籌集)

- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (《打擊洗錢及恐怖分子資金籌集條例》)
- **Money laundering** - activities intended to give the appearance that illegally obtained money originates from a legitimate source.
- **Terrorist financing** - direct or indirect provision, collection or making available of any property or financial services for the benefit of a terrorist, knowing that the person is a terrorist.

Contents of Compliance Manuals (contd)

Part III

Section 9 – Prevention of Money Laundering

9.2 Overview of relevant laws and guidelines

- Legislation 條例:
 - Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap 615) (《打擊洗錢及恐怖分子資金籌集條例》)
 - Drug Trafficking (Recovery of Proceeds) Ordinance (Cap 405) 《販毒(追討得益)條例》
 - Organized and Serious Crimes Ordinance (Cap 455) 《有組織及嚴重罪行條例》
 - United Nations (Anti-Terrorism Measures) Ordinance (Cap 575) 《聯合國(反恐怖主義措施)條例》
 - United Nations Sanctions Ordinance (Cap 537) 《聯合國制裁條例》
 - Weapons of Mass Destruction (Control of Provision of Services) Ordinance (Cap 526) 《大規模毀滅武器(提供服務的管制)條例》
- IA's "Guideline on Anti-Money Laundering and Counter-Terrorist Financing" (GL 3) (打擊洗錢及恐怖份子資金籌集指引 (指引3))

Contents of Compliance Manuals (contd)

Part III

Section 9 – Prevention of Money Laundering

9.3 ML/TF risk assessment (洗錢及恐怖分子資金籌集風險評估)

- Risk factors (風險因素):
 - its clients;
 - the countries or jurisdictions its clients are from or in;
 - the countries or jurisdictions the Company has operations in; and
 - the products, services, transactions and delivery/distribution channels of the Company.

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Part III

Section 9 – Prevention of Money Laundering

9.4 Prevention, detection and reporting of suspicious transactions

- Customer Due Diligence (客戶盡職審查)
- Ongoing monitoring (持續監察)
- Terrorist Financing, Financial Sanctions and Proliferation Financing (恐怖分子資金籌集、金融制裁及武器擴散資金籌集)
- Detection and reporting of suspicious transactions (偵測及舉報可疑交易)
- Record keeping (備存紀錄)
- Staff Training (職員培訓)

Contents of Compliance Manuals (contd)

Part III

Section 9 – Prevention of Money Laundering

9.5 Record keeping (備存紀錄) and retention (文件保留)

- Client identification records
- Transaction records
- Records of staff training
- Other records required to be kept pursuant to requests of the IA and investigating authorities.

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Part III

Section 10 – Prevention of Bribery (防止賄賂)

10.1 Prevention of Bribery Ordinance (Cap. 201) (《防止賄賂條例》)

- Independent Commission Against Corruption (廉政公署)
- Offence for licensed persons and senior management staff to, without permission of the Company, solicit or accept an advantage (索取或接受任何利益) as an inducement to, or reward for (作為誘因或報酬), his doing or refrain from doing any act in connection with the Company's business affairs.
- Person offering the advantage also commits an offence.

Contents of Compliance Manuals (contd)

Part III

Section 10 – Prevention of Bribery

10.2 Soliciting advantages (索取利益)

- Policy prohibiting Licensed Persons and Senior Management Staff from soliciting any advantage from clients or any person in connection with the member company's business.

Contents of Compliance Manuals (contd)

Part III

Section 10 – Prevention of Bribery

10.3 Accepting gifts and/or other advantages

- IA's "Guideline on Offering of Gifts" (GL25) (送贈禮品指引 (指引25))
- "Gift" ("禮品")- includes any kind of gift, incentive (獎賞), enticement (誘因) or inducement (利誘), whether financial or non-financial but does **not include** payment of fees / commissions; or expressly stated discount of premiums or charges.
- Situations where gifts may be accepted e.g. business entertainment, festive occasions.
- Other gifts offered - to report to RO/ CO and obtain consent.

Contents of Compliance Manuals (contd)

Part III

Section 10 – Prevention of Bribery

10.4 Offering of gifts and /or other advantages (送贈禮品)

- Licensed Persons to seek authorisation from the RO or the CO before offering specified gifts for marketing or promotion purposes, in respect of different types of insurance products.
- Principles are based on IA's Guideline on Offering of Gifts.

Contents of Compliance Manuals (contd)

Part III

Section 10 – Prevention of Bribery

10.5 Commissions (佣金)

- In respect of long term insurance products, rebates of premiums or commissions (保費回扣或佣金回扣) should not be offered to clients unless they are recorded in the contract of insurance.

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Part III

Section 11 Handling of Complaints (投訴管理)

11.1 Receiving complaints

- Where a licensed person receives a complaint from a client, he he should notify the RO or CO.
- CO responsible for entering details of complaint on complaints record form.
- Appendix 5 – sample complaints record form

Contents of Compliance Manuals (contd)

Part III

Section 11 Handling of Complaints

11.2 Investigation of complaints (投訴調查)

- CO may conduct further interview(s) with other TRs (Broker) or staff members involved or contact the complainant for more details before concluding the case by responding to the complainant.
- If complainant has grievance regarding the reply/decision, the Company may advise the client of any further steps, which may include filing a complaint with the IA.

Contents of Compliance Manuals (contd)

Part III

Section 11 Handling of Complaints

11.3 Dealing with complaints (投訴處理)

- RO or CO responsible, or director of member company (where necessary).
- Suggested process of handling complaint:-
 - Written acknowledgement of complaint;
 - Holding or final response to the complaint depending on status of investigations;
 - Advising the complaint of available options e.g. referral of complaint to IA.

Contents of Compliance Manuals (contd)

Part III

Section 11 Handling of Complaints

11.4 Record keeping and retention

- CO to maintain a complaint file:
 - nature and reason of the complaints;
 - investigation work undertaken in response to the complaints;
 - statements from the relevant persons involved;
 - rationale behind the resolution; and
 - remedial actions, if any.
- Identity of the complainant to be kept confidential.

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Part III

Section 12 Insurance Authority (保監局)

12.1 Overview of the regulatory system (規管架構)

- Functions of the IA – main regulatory body to regulate the insurance intermediaries in Hong Kong.
- IA is empowered by the IO to make rules and issue guidelines to set out detailed regulatory requirements.
- Insurance Advisory Committees (業界諮詢委員會)

Contents of Compliance Manuals (contd)

Part III

Section 12 Insurance Authority

12.2 Inspection Powers (查察權)

- Appointment of inspector by IA
- Inspection powers of the IA:
 - Entering any business premises of the licensed insurance intermediary;
 - Inspecting and making copies of business records;
 - Making inquiries of a person who may have information concerning a business record or transaction

Contents of Compliance Manuals (contd)

Part III

Section 12 Insurance Authority

12.3 Investigation powers (調查權)

- General investigation powers
- Power to apply for warrant (手令)
 - Enter premises, search and seizure of documents
 - Preserve records / documents
- Consequences for non-compliance with inspector/
investigator's requirements – criminal offences and penalties

Offences	Penalty
(1) Without reasonable excuse, fails to comply with a specified requirement	i. On conviction on indictment to a fine of \$200,000 and to imprisonment for 1 year; or ii. On summary conviction to a fine at level 5 (up to \$50,000) and to imprisonment for 6 months
(2) With intent to defraud, fails to comply with a specified requirement (3) With intent to defraud, produces a record or document, gives an answer, explanation or particulars, that are false or misleading in a material particular (4) With intent to defraud:- a. Causes or allows another person to fail to comply with a specified requirement; or b. Causes or allows another person to produce a record or document, give an answer, or give any explanations or particulars, that are false or misleading in a material particular	i. On conviction on indictment to a fine of \$1,000,000 and to imprisonment for 7 years; or ii. On summary conviction to a fine at level 6 (up to \$100,000) and to imprisonment for 6 months
(5) A person produces a record or document, gives an answer, an explanation or particulars that are false or misleading in a material particular, and the person knows that or is reckless as to whether the record or document, the answer, or the explanation or particulars, are false or misleading in the material particular	i. On conviction on indictment to a fine of \$1,000,000 and to imprisonment for 2 years; or ii. On summary conviction to a fine at level 6 (up to \$100,000) and to imprisonment for 6 months

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Part III

Section 12 Insurance Authority

12.4 Disciplinary powers (採取紀律行動)

- Against regulated persons (受規管人士):-
 - broker company, TR, RO; or
 - A person concerned in management of regulated activities.
- IA's disciplinary powers:
 - Revocation or suspension of licence (撤銷·暫時吊銷牌照)
 - Prohibiting a person from applying to be licensed / appointed as RO for a specified period;
 - Reprimanding a person publicly or privately (譴責 (非公開或公開));
 - Pecuniary penalty (罰款)

Contents of Compliance Manuals (contd)

Part III

Section 12 Insurance Authority

12.5 Disciplinary procedures (紀律處分程序)

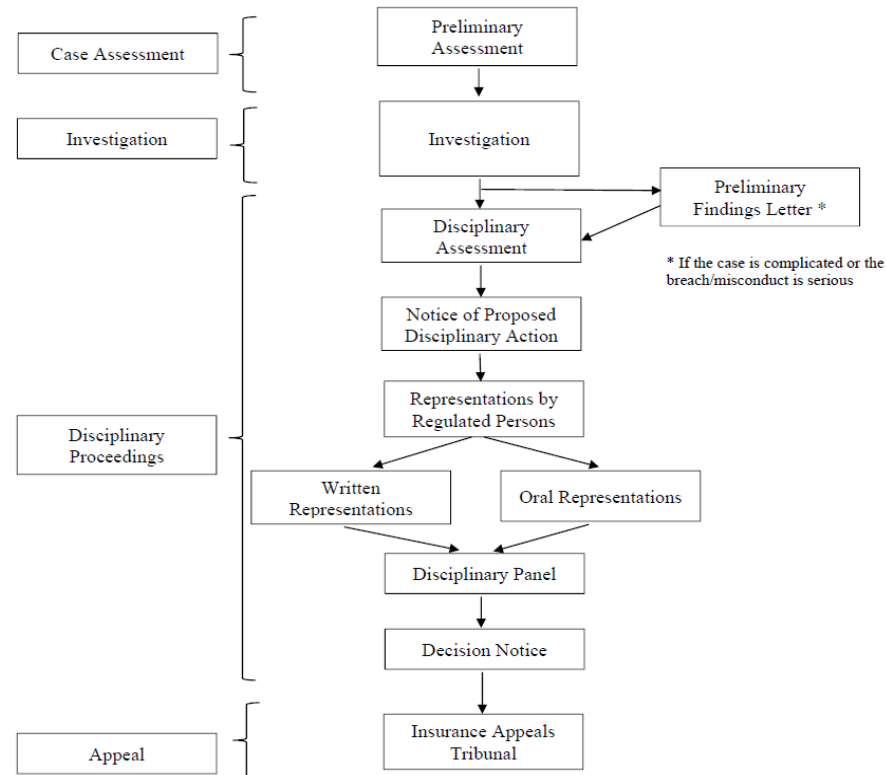
- Investigations
- Disciplinary proceedings
- Appeal proceedings to the Insurance Appeals Tribunal (保險事務上訴審裁處)
- Appeal proceedings to the Court of Appeal (上訴法庭)

Contents of Compliance Manuals (contd)

Part III

Section 12 Insurance Authority

12.5 Disciplinary procedures (紀律處分程序) (contd)



Contents of Compliance Manuals (contd)

Part III

Section 12 Insurance Authority

12.6 Regulatory powers under the MPFSO (《強積金條例》)

- IA as a frontline regulator to monitor compliance of Registered MPF Intermediaries whose core business is in the insurance sector.
- IA may exercise inspection and investigation powers where reasonable belief that a Registered MPF Intermediary has contravened its statutory performance requirements
- Whilst the MPFSO does not empower the IA to exercise disciplinary powers, the Mandatory Provident Fund Schemes Authority may exercise disciplinary powers against the regulated persons.

Contents of Compliance Manuals (contd)

Part IV

Appendices (附錄)

Appendix 1 – CPD / training attendance record

- For reference only, to be modified as necessary.

Appendix 1 – CPD / training attendance record (contd)

Insurance Broker:		
Date:		
Time: _____ to _____		
Duration: _____ hours		
CPD hours: _____ hours		
Course / Training Name:		
Course / Training Details:		
Service Provider:		
CPD Course Code:		
<u>Attendants name</u>	<u>JA License No</u>	<u>Signature</u>
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
Checked by:		
Name: _____		
Signature: _____		

Contents of Compliance Manuals (contd)

Part IV

Appendices

Appendix 2 – Financial Needs Analysis Template (財務需要 分析表格的範本)

- extracted from IA's "*Guideline on Financial Needs Analysis*" (GL30) (財務需要分析指引 (指引30))

Appendix 2 – Financial Needs Analysis Template (財務需要分析表格的範本)

Financial Needs Analysis (“FNA”) Template

The following questions form the basic content of the FNA form, authorized insurers or licensed insurance intermediaries shall, in accordance with the particular circumstances of the customers, add questions or modify the exact wording of the questions in compliance with requirements under paragraph 6.5 of this Guideline.

Notes to customer: This FNA form is to facilitate the identification of suitable insurance product(s) to meet your needs and circumstances. Please answer all questions in this form. Do NOT sign on this form if any questions are unanswered or have been crossed out. Do NOT sign on blank form. You need to inform us (the insurance company) if there is any substantial change of information provided in this form.

1. What are your objectives for seeking to purchase an insurance product? (tick one or more)
 - Financial protection against adversities (e.g. death, accident, disability etc.)
 - Preparation for health care needs (e.g. critical illness, hospitalization etc.)
 - Providing regular income in the future (e.g. retirement income etc.)
 - Saving up for the future (e.g. child education, retirement etc.)
 - Investment
 - Others (Please specify _____)

(The supplementary question to Q1 below is applicable only if “Investment” is chosen as one of the objectives in Q1 above)

To meet your “Investment” objective indicated above, how would you prefer to manage different investment options/investment choices. If available, under the insurance product? (tick one)

- I want to make my own decisions (without any professional advice to be provided by the authorized insurer and/or licensed insurance intermediaries) to choose and manage different investment options/investment choices, if available, under an insurance product, and I am willing to do it throughout the entire duration of the target benefit/protection period of an insurance product
- I want to make my own decisions (with professional advice to be provided by the authorized insurer and/or licensed insurance intermediaries) to choose and manage different investment options/investment choices, if available, under an insurance product, and I am willing to do it throughout the entire duration of the target benefit/protection period of an insurance product
- I do not want to choose or manage different investment options/investment choices, if available, under an insurance product

(For Q2 and Q3, a specific period/amount can be stated instead of ticking one of the boxes)

2. What is your target benefit/protection period/expected timeframe for meeting the target amount for insurance policy? (tick one)
 - Less than 1 year
 - 1-5 years
 - 6-10 years
 - 11-15 years
 - 16-20 years
 - More than 20 Years
 - Whole of life

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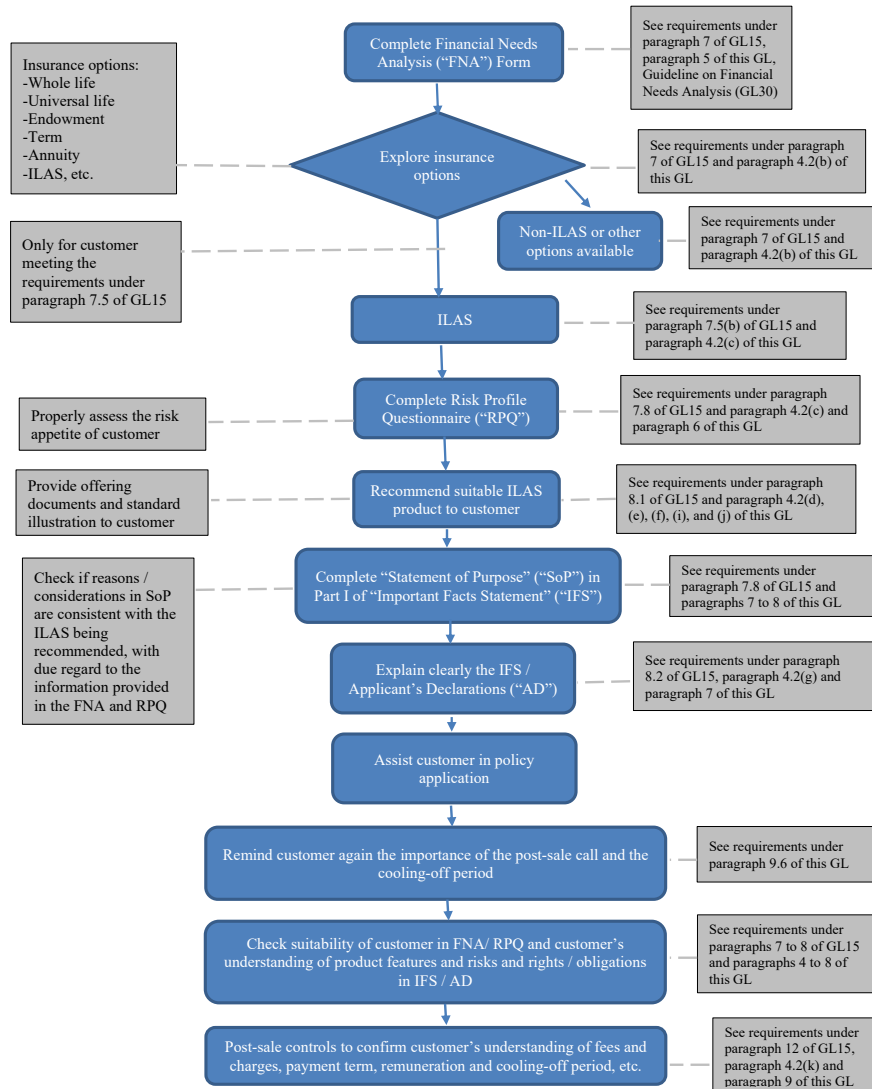
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Appendices

Appendix 3 – Indicative Sale Flow Of Investment-linked Assurance Scheme (投資相連壽險計劃 (投連壽險) 產品的指示性銷售流程)

- extracted from IA's "Guideline on Sale of Investment-Linked Assurance Scheme ("ILAS") Products" ((GL26)) (銷售投資相連壽險計劃 ("投連壽險") 產品指引 (指引26))

Appendix 3 – Indicative Sale Flow Of Investment-linked Assurance Scheme (投資相連壽險計劃 (投連壽險) 產品的指示性銷售流程)



Contents of Compliance Manuals (contd)

Part IV

Appendices

Appendix 4 – Personal Information Collection Statement ((收集個人資料聲明))

- For reference only, to be modified as necessary.

Appendix 4 – Personal Information Collection Statement (收集個人資料聲明)

PERSONAL INFORMATION COLLECTION STATEMENT

1. As a client (the “**Client**”) of the Company, it is necessary from time to time for the Client to supply his personal data (“**Personal Data**”), within the meaning ascribed in the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) (the “**PDPO**”) to the Company during the servicing period.
2. It is voluntary for the Client to supply Personal Data. However, failure to supply Personal Data may result in the Company being unable to process or assist in the Client’s insurance policy application or insurance claim due to lack of information.
3. Personal Data may also be collected in the ordinary course of continuation of the Client’s business relationship with the Company.
4. Subject to the provisions of the PDPO, your Personal Data may be used for the following purposes:
 - (a) processing the Client’s insurance application and arranging a contract of insurance for the Client; the daily operation of the services provided to the Client;
 - (b) managing Client’s policy with the Company and the Insurer;
 - (c) conducting client due diligence checks;
 - (d) assessing Client’s financial needs and risk profile;
 - (e) marketing insurance or related services or products on the basis of the Client’s needs;
 - (f) supporting any statements made in any documents in connection with the services provided by the Company;
 - (g) assisting other relevant parties, professionals, institutions or relevant regulatory authorities to verify certain facts in connection with the services provided by the Company;
 - (h) sending the Client information relating to [insurance or financial products and services] which may be of interest by telephone, post, electronic or other means of communication for direct marketing purposes (subject to the Client’s consent to be provided at the bottom of this statement, with a choice to opt-out at any time);

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Part IV

Appendices

Appendix 5 - Complaints Record Form

- For reference only, to be modified as necessary.

Appendix 5 - Complaints Record Form

COMPLAINTS RECORD FORM

The Company requires all Licensed Persons to notify the Responsible Officer or Compliance Officer of the complaint as soon as it is received.

Prepared by :	
Date :	
Date of receipt of complaint	
Manner of receipt of complaint (e.g. email)	
Nature and summary of complaint	
Name of complainant	<input type="checkbox"/> Client
Complainant background (if applicable)	
Contact details of complainant	
TR concerned (if applicable)	
- Name:	
- IA Licence No.:	
Documents received from Complainant	1.
	2.
	3.
	4.
Date of complaint report made to RO / CO	
Complaint handled by	1.
	2.
Handling process with steps taken	
Investigation result	
Remedial actions (if any)	

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Part IV

Appendices

Appendix 6 – Client Agreement (客戶協議)

- Suggested contents only; to be modified as necessary.
- Remuneration (報酬)
- Referral by third parties (轉介)
- Linked long term business - IA's *“Practice Note supplementing Standard and Practice 5.4 of the Code of Conduct for Licensed Insurance Brokers in relation to Client Agreements which a Licensed Insurance Broker Company enters into with a client for Linked Long Term Business”*. (“就標準及常規5.4項下有關相連長期業務所訂立的客戶協議的應用說明”)

Appendix 6 – Client Agreement (客戶協議)

Service Agreement

This Agreement is made between:-

[Name of insurance broker company] of [address], acting as a licensed insurance broker company (Licence no. []) (“**Company**”); and

[Full name of client] of [address] (“**Client**”)

(collectively, the “**Parties**”).

The Client hereby appoints the Company as an insurance broker for brokerage services as defined hereunder on the basis of the terms set out in this Agreement (“**Services**”).

The Client will be serviced by the licensed technical representative (broker) of the Company whose name and licence number are stated hereinbelow under the section titled “*Technical Representative Declaration*”.

1. The Company

The Company is a licensed insurance broker company with the Hong Kong Insurance Authority (“**IA**”) (Licence No.: []) for the following lines of business:-

- [General Business]
- [Long Term Business (excluding Linked Long Term Business)]
- [Long Term Business (including Linked Long Term Business)]

As a licensed insurance broker company, the Company acts as an agent of the Client in relation to the Services. The Company is not an insurer or an underwriter, nor an agent of an insurer or underwriter. Where there are circumstances which give rise to a conflict of interest and as a result of which the Company cannot continue to act on the Client’s behalf, the Company will inform the Client as soon as practicable.

2. The Services

The scope of the Services include the following:-

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Appendix 7 - Referral Agreement (轉介協議)

- Suggested contents only; to be modified as necessary.
- No relationship of employment, principal / agent, or partnership shall be created between Company and Referrer.
- Member company to disclaim liability and indemnify company in respect of any representation / advice given by Referrer to client.
- Referrer to undertake to comply with all applicable laws and requirements of the appointing insurer(s) and any other principal(s) (including any potential clients) of the Referrer which are relevant to the referral and payment of remuneration.
- Referrer to acknowledge that acceptance of the Referral fee amounts to a representation by the Referrer that it/he has obtained the consent of its/his appointing insurer(s) and any other principal(s) (including any potential clients).

Appendix 7 - Referral Agreement (轉介協議)

Referral Agreement

This Agreement is executed on [date] by and between:-

[Name of insurance broker company] of [address] (“Company”); and

[Name of referrer] of [address] (“Referrer”)

(collectively, the “Parties” and each a “Party”).

The Parties agree as follows:-

1. Referral

- 1.1 The Referrer may from time to time at its/his option refer potential clients to the Company for its insurance brokerage business and services.
- 1.2 The Company may in its sole discretion have the option to enter into, or decide to enter into, an agreement with any potential client referred by the Referrer.
- 1.3 The Parties agree that no relationship of employment, principal / agent, partnership or joint venture shall be created by this Agreement and that:-
 - (a) The Referrer shall not itself / himself purport to provide the Company's services to any person or purport to act as a representative, agent, employee, partner or joint venture partner of the Company.
 - (b) Neither the Referrer nor anyone employed by or acting for or on behalf of the Referrer shall ever be construed as an employee of the Company;
 - (c) The Referrer shall have no authority to enter into any agreement or commitment or incur any expenses on the Company's behalf, or to negotiate the terms of any potential clients' agreements with the Company; and
- 1.4 The Company disclaims all liability in respect of any representation, advice or recommendation given by the Referrer to any person (including potential clients). The Referrer further agrees to indemnify, defend and hold the Company harmless from any claim, action, lawsuit, damage, award or judgment arising out of or in connection with (i) any such representation, advice or recommendation given by the Referrer to any person (including potential clients) and/or (ii) any breach of this Agreement by the Referrer.



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Part IV

Appendices

Appendix 8 – AML Checking Workflow And Template

Appendix 8 – AML Checking Workflow And Template

1.	Client identification and verification	CDD involves (i) client identification and (ii) client identity verification. Identification refers to obtaining basic information and records about the client to know who they are, e.g. names, addresses, telephone numbers, occupation, etc. Verification refers to obtaining information to confirm that the client is who they say they are.
2.	Client due diligence and timing	<p>Timing:</p> <ul style="list-style-type: none"> - at the outset of a business relationship; - when it is suspected that the client or the client's policy is involved in money laundering / terrorist financing; or - when the veracity or adequacy of any information previously obtained for identifying or verifying the client's identity is in doubt. <p>How:</p> <ul style="list-style-type: none"> - Identify the client and verify its identity using documents, data or information provided by a reliable and independent source, e.g. a governmental bodies, the IA, etc. - Identify the ultimate beneficial owner of the client (where applicable) and its ownership and control structure - Obtain information on the purpose and intended nature of the business relationship; - If a person purports to act on behalf of the client, identify him and take reasonable measures to verify the identity and authority of that person
3.	Simplified due diligence	<p>SDD is applicable where there is a lower risk factor, for example when the client is a:</p> <ul style="list-style-type: none"> - Government entity or a public body in Hong Kong or an equivalent jurisdiction as defined in the AMLO; - Public companies that are subject to regulatory disclosure requirements; - Financial institutions as defined in the AMLO or other financial institutions established in an equivalent jurisdiction; or

Appendix 8 – AML Checking Workflow And Template (contd)

AML Checking Template

Particulars of Client:

Name of Client:

Residential / Correspondence Address:

Product Type:

Source of Funds:

Person purporting to act on behalf of the client (if applicable)

Full Name:

Nationality:

Occupation:

Business Address:

Telephone no. (office and mobile):

Fax no.:

Email Address:

Particulars of Beneficial Ownership and Control Structure of the Client which is not a Natural Person

Are you a public company listed on an internationally recognised stock exchange? Please specify the stock exchange, stock code, and, as appropriate, group chart or latest audited financial statements to show relationship.

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Are you an entity currently supervised by any financial services regulators (e.g. SFC, HKMA, CSRC, FSA, SEC) and holding a license issued by or supervised by those regulators? Please specify name and type of licence, licence number, particulars and country of regulator.



Thank you

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Q&A