



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
C2/5C

12 June 2024

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Circular issued by the Insurance Authority (“IA”) on action against (and correction of) non-compliant business models that incentivize unlicensed selling of long term insurance policies to Mainland China Visitors

I am writing to draw your attention to the circular “Action against (and correction of) non-compliant business models that incentivize unlicensed selling of long term insurance policies to Mainland China Visitors” issued by the IA on 22 May 2024 (“IA Circular”).

The IA Circular reinforces the licensing requirements and the insurance regulatory framework for the Hong Kong life insurance market, with a particular focus on business models engaged by licensed insurance intermediaries to rely on or have arrangements with unlicensed persons who source and refer clients to the licensed insurance intermediaries (“unlicensed referrers”). Further guidance is set out in the Annex to the IA Circular, including the limits that unlicensed referrers must stay within and the obligations on licensed insurance intermediaries when engaging unlicensed referrers.

As authorized institutions (“AIs”) play different roles in the Hong Kong life insurance market, AIs should assess, based on their own circumstances, the impact of the IA Circular on them, and ensure compliance with the requirements set out in the IA Circular. In particular, AIs that are not licensed insurance intermediaries and are engaged in insurance referrals are reminded to refrain from carrying on any regulated activities under the Insurance Ordinance. AIs

are also reminded to put in place adequate policies, procedures and controls, as well as provide sufficient staff training, to ensure compliance with all applicable requirements.

If you have any questions on this circular, please contact Mr Banny Yu at 2878-8272 or Ms Tiffany Ng at 2597-0663.

Yours faithfully,

Alan Au
Executive Director (Banking Conduct)

c.c. Insurance Authority
(Attn: Mr Peter Gregoire, Head of Conduct Supervision and General Counsel)