Licensed Insurance Brokers

There are two types of licensed insurance intermediaries in Hong Kong: licensed insurance agents and **licensed insurance brokers**. Both play a pivotal role in Hong Kong's insurance industry, serving as a vital conduit between the public and the insurance sector.

Licensed Insurance Brokers

Licensed insurance brokers include **licensed insurance broker companies** and **licensed technical representatives (broker)**.

Licensed insurance broker companies give advice on insurance policies to clients and act as agents of clients (serving as both the clients' trusted professional advisors and representatives) in the course of dealing with matters relating to insurance policies, including procurement, negotiation and arrangement of insurance policies with insurers, and in some cases, making and settling claims.

Licensed technical representatives (broker) act as representatives of (i.e. on behalf of) the **licensed insurance broker companies** which appoint them. In this capacity, they give advice on insurance policies to clients and represent their appointing **licensed insurance broker companies** to deal with matters relating to insurance policies on behalf of clients.

FAQs for Licensed Insurance Brokers

Is it corruption?

Q1

Is it legal for a licensed insurance broker to accept commission from a medical centre for referral of clients?

A1

According to the Prevention of Bribery Ordinance (POBO), commission or rebate is a kind of advantage. It is an offence for an agent (i.e. the licensed insurance broker), without the permission of his principal (i.e policy holder or potential policy holder), to solicit or accept advantages as an inducement or reward for taking any action in relation to the affairs of his principal.

Licensed insurance brokers should also observe relevant guidelines and the Code of Conduct for Licensed Insurance Brokers issued by the Insurance Authority.

FAQs for Licensed Insurance Brokers

Offering of gifts and or other similar gratuities in business dealings

Q2

Licensed insurance brokers may have business dealings with representatives of corporate clients or individual insurance agents. If these persons demand a rebate, how should licensed insurance brokers protect themselves from committing a corruption under such circumstances?

Q2

Before offering any commission or rebate to an individual appointed or employed by a company in business dealing, licensed insurance brokers must make sure that the individual concerned has the prior permission of his principal to receive the advantage, or the advantage can be directly given to and dealt with by his principal. If this is not feasible, the following points should be considered:

· Whether the advantage requested is stipulated in the contract;
· Whether an official receipt will be issued by the company for accepting the rebate; and
· Whether the recipient demands payment in cash or through the bank account of a third party which seems to be suspicious.

In case of doubt, the matter should be brought to the attention of the company. If corruption is suspected, the best way to do is to report to the ICAC immediately. Corruption reports can be made in person, by phone or by mail.

False documents in application for claims

Q3

If a licensed insurance broker's client colluded with a staff of the claims department of an insurance company to use false documents to facilitate an insurance claim, can it be reported to the ICAC?

Q3

According to Section 9(3) of the Prevention of Bribery Ordinance (POBO), it is an offence for an agent (i.e. staff of the claims department) to use any false document, receipt or account to deceive his principal (i.e. the insurance company).

It is an offence for the staff to deceive his company by using false documents to facilitate the insurance claim. If the staff has accepted a bribe for assisting the broker's client to apply for the claim with false documents, it is a bribery offence under Section 9 of the POBO. The parties involved may even be charged with conspiracy to defraud.

In assisting the client in the claim process, a licensed insurance broker should inform the client that it is the client's responsibility to ensure that the information provided is accurate and complete. He should not submit any such documents to the insurance company concerned if he knows that the documents contain inaccurate information.

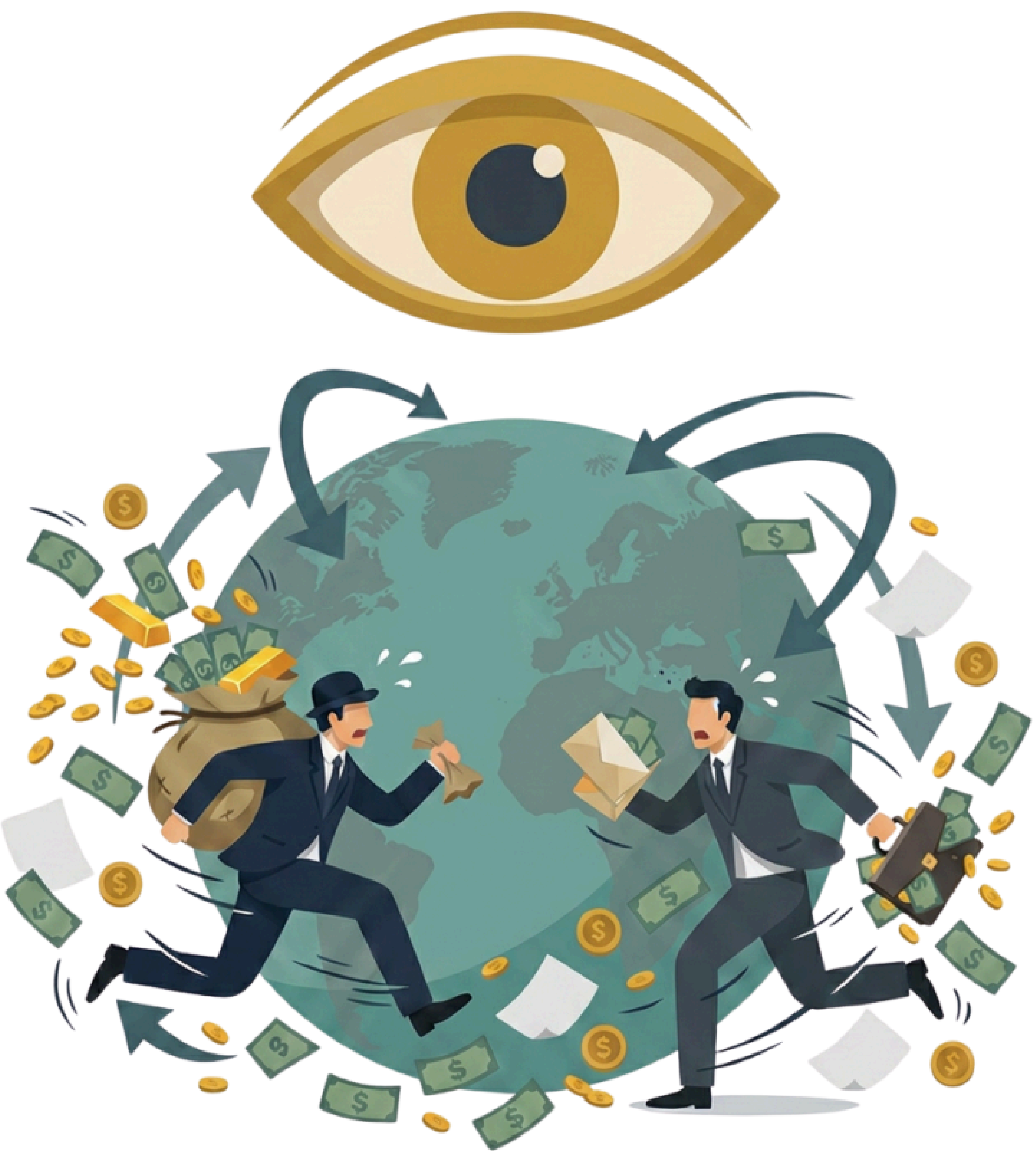
Cross boundary concerns

Q4

Does the ICAC handle cases of cross-boundary corruption?

Q4

If any part of the bribery act, including offering, soliciting or accepting a bribe, agreeing on or processing the illegal deal, takes place in Hong Kong, the case can be pursued under the Prevention of Bribery Ordinance (POBO) and the ICAC is empowered to investigate.



Money laundering

Q5

Some licensed insurance brokers encounter clients who seem to be involving in money laundering activities. What should they do?

Q5

Money laundering is a serious crime. As a result of escalated attention and measures against anti-money laundering and counter-terrorist financing, criminals are willing to tempt licensed insurance brokers with hard-to-resist rewards in order to achieve their illegal ends.

Since the insurance industry is vulnerable to money laundering and terrorist financing, to avoid putting themselves at risk in dealing with such person, licensed insurance brokers should be vigilant and are obliged to report any suspicions of money laundering activities to the management / compliance officer who should be responsible for reporting to the Joint Financial Intelligence Unit. You should make a report to the ICAC if any corruption is suspected.

Conflict of interest situations

Q6

Is it against the law if a licensed insurance broker introduces a medical centre in which he has financial interest to his clients for health check-up?

Q6

It is not against the Prevention of Bribery Ordinance (POBO) if no bribery nor falsified documents are involved in the above situation. However, where a licensed insurance broker has another business or occupation, the licensed insurance broker should avoid any conflict arising between his interests in other business or occupation and the interests of the clients when carrying on regulated activities. In the event the licensed insurance broker is unable to avoid such conflict, he should disclose the conflict to his clients as soon as practicable and, at all times, act fairly in relation to the client, placing the client's interests ahead of his interests in the other business or occupation. Inappropriate handling of conflicts of interest situation may be conducive to or result in fraud, or non-compliance with the Code of Conduct for Licensed Insurance Brokers.