

Application Requirements for Hong Kong
Insurance Broker Company License

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Introduction

Any individual engaged in regulated activities (“RA”) as an insurance broker in the Hong Kong insurance market under the definition of the Insurance Ordinance (the “IO”) is required to obtain a license from the Insurance Authority (“IA”) and to be registered in the Register of Licensed Insurance Intermediaries.

Regulated activity

According to section 3A(a) of the IO, an individual is deemed to engage in a regulated activity if the person performed any of the following acts (Part 1 of Schedule 1A to the IO):-

- (i) Negotiating or arranging a contract of insurance;
- (ii) Inviting or inducing, or attempting to invite or induce, a person to enter into a contract of insurance;
- (iii) Inviting or inducing, or attempting to invite or induce, a person to make a material decision;
- (iv) Giving regulated advice.

Requirements for a Licensed Insurance Broker

Requirements for a Licensed Insurance Broker Company:-

Place of incorporation:	Hong Kong incorporated company or an overseas company registered with the Hong Kong Companies Registry
Competence:	Implementation of a clear business model, adequate and effective internal control procedures and fit and proper personnels to appropriately manage its risk exposure as well as capable of carrying out regulated activities competently and impartially
Responsible Officer (“RO”):	Appointment of not less than one RO
Share capital and Net assets:	Paid-up capital must not be less than HK\$500,000; and Net assets must not be less than HK\$500,000

Professional indemnity insurance:

	First 12 months of operation	After 12 months of operation
The limit of indemnity for any one claim and in any one policy period of 12 months	Not less than HK\$3,000,000	Not less than the Income in the 12 consecutive months immediately before the commencement date of the policy period under its professional indemnity insurance policy, up to a maximum of HK\$75,000,000; or HK\$3,000,000
Deductible amount	Not more than 50 % of the paid-up share capital at the end of its financial year	Not be more than 50 % of the net assets at the end of its financial year
Professional indemnity insurance must include a provision for at least one automatic reinstatement		

Keeping of proper books and accounts: Keeping of separate client accounts and proper books and accounts

Independent Assurance Report (IAR): When an authorized institution (as defined in the Banking Ordinance (Cap. 155 Laws of Hong Kong)) (e.g. banks) intends to conduct RA and applies for an insurance intermediary licence or applies for a variation of a line of business in its existing license, an IAR may be required by the Monetary Authority (“MA”). The IAR should:-

- assess the applicant's fitness, propriety, and competency regarding the proposed RA;
- be prepared by an external professional firm which is acceptable to the MA

Requirements for a Responsible Officer or a Licensed Technical Representative (Broker):-

Conditions of stay	Hong Kong permanent resident; or A person holding an appropriate entry visa or permit without relevant restrictions
Competence	Capable of carrying out RAs competently and impartially without conflicts of interest
Qualifications	Meeting the requirements for designated academic or professional qualifications, including passing five subjects in the Hong Kong Public Examination, which includes Mathematics and one language, of which Chinese or English; or Passing the relevant papers of the Insurance Intermediaries Qualifying Examination according to business needs
Financial position or solvency:	No bankruptcy records or involvement in bankruptcy proceedings and no court judgment debts
Additional qualifications for a RO of a Licensed Insurance Broker Company	Meeting additional designated academic or professional qualification requirements, including a bachelor's degree from a recognized university or higher education institution or other academic qualifications recognized by the IA; At least five years of experience in the insurance industry, including at least two years of management experience (including experience obtained outside Hong Kong); and Receiving sufficient authority, resources and support to fulfill its responsibilities

Our service scope

We provide a one-stop solution for applying for an insurance broker license to meet the needs of our clients. Our regulatory expert group provides the following services: -

i. Conduct feasibility study

We assist our clients in evaluating whether the business and operational structure or plan proposed by the clients constitutes RAs under the IO. Additionally, we provide advice on the ongoing regulatory responsibilities of the insurance brokerage license, and support compliance with the general suitability and competency requirements set by the IA.

ii. Prepare and submit license application

We assist our clients in preparing and drafting application forms and related documents, include:-

- (i) drafting a business proposal for the clients, detailing the insurance products to be marketed, the scope of services to be provided, target market customers, and business sources;
- (ii) assisting the clients in preparing reference letters issued by insurers (3 reference letters for each proposed line of business are required) to demonstrate the expected business relationship between the clients and the relevant insurers; and
- (iii) assisting in drafting internal control policies and procedures (e.g. operational manual, compliance manual and manual on Anti-Money Laundering).

iii. Follow-up work after the submission of license application

Upon submission of an application to the IA, we will assist our clients in addressing any inquiries raised by the IA.

iv. Continuous support after obtaining the license

Supporting our clients in maintaining ongoing compliance with applicable regulations, rules, and the Code of Conduct for Licensed Insurance Brokers issued by the IA throughout the validity period of the insurance broker license.