

Press release

LCQ1: Travel insurance agents

Wednesday, April 23, 2008

Following is a question by the Hon Howard Young and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (April 23):

Question:

I have learnt that since the Travel Insurance Agents Examination was introduced on May 15, 2006, as at January 31, 2008, a total of 6,568 candidates have attempted the examination with a passing rate of 45%. However, of the 2,943 candidates who passed the examination, only 1,914 have registered with the Insurance Agents Registration Board. In this connection, will the Government inform this Council:

- (a) whether it has collected any statistics about the increase in the total amount of travel insurance premium since the implementation of the Travel Insurance Agents Registration System; if it has, of the relevant details;
- (b) whether it has conducted any study on the low passing rate of the above examination; if it has, of the outcome of the study and the measures taken by the Government to raise the passing rate of the examination;
- (c) of the measures it has taken to encourage more candidates who have passed the above examination to register as travel insurance agents; and
- (d) given that at present travel insurance agents are only allowed to sell travel insurance for the tour or travel package which they are arranging for the clients but not other forms of insurance, including annual travel insurance policy, and it is quite common nowadays for people to travel abroad several times each year, insurance companies have accordingly launched annual travel insurance plans to save people from the hassle of having to take out an insurance policy each time they travel, and such companies also offer premium discounts, whether the authorities will consider allowing travel insurance agents to sell annual travel insurance policy as well; if they will, when the authorities will

implement the new arrangement; if not, of the reasons for that?

Reply:

(a) Currently, the Government does not keep separate statistics on travel insurance premium figures. However, according to the information obtained from insurance companies by the Office of the Commissioner of Insurance (OCI), the travel insurance business has grown by about 10% in 2007 compared to that of 2006.

(b) The passing rate of Travel Insurance Agents Examination is similar to those of other Insurance Intermediaries Qualifying Examinations. OCI would from time to time discuss with the industry about practicable measures to enhance the quality of insurance intermediaries.

(c) According to OCI's understanding from the Travel Industry Council of Hong Kong, the main reason for some people to have passed the Travel Insurance Agents Examination but have not registered as travel insurance agents is that some experienced practitioners could not satisfy the requirement of having attained Form 5 education. In view of this, the Insurance Intermediaries Quality Assurance Scheme Steering Committee endorsed the one-off waiver of such requirement for practitioners who already have ample experience before the introduction of the registration system. The insurance and travel industries have also worked together to strengthen publicity to remind eligible travel agents and their staff to promptly register as travel insurance agents.

(d) The main objective of introducing the travel insurance agents registration system is to provide an effective regulatory system to facilitate the public to purchase designated travel insurance products before setting off and to ensure relevant marketing practices comply with professional code. Given the fact that the insurance industry already provides adequate channels for the public to purchase annual travel insurance, and allowing travel insurance agents to sell annual travel insurance would give rise to the problem of how to provide satisfactory after-sale service, the Government has no plan to change the existing arrangement.