

Press release

LCQ8: Office of the Commissioner of Insurance

Wednesday, April 29, 2009

Following is a question by the Hon Chan Kin-por and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (April 29):

Question:

It is learnt that the Government is now conducting a study on the establishment of an Insurance Authority (IA) independent from the government structure to replace the Office of the Commissioner of Insurance (OCI). On the other hand, the workload of OCI in monitoring the insurance industry is increasingly heavy under the impact of the financial tsunami. In this connection, will the Government inform this Council:

- (a) when the insurance sector is expected to be consulted on establishing IA, as well as the specific timetable for establishing IA;
- (b) whether it will freeze the manpower and resources of OCI as it is about to be reformed; and
- (c) how the Government ensures that, before IA is established, OCI has sufficient manpower and resources to cope with the increasingly heavy workload in monitoring the insurance industry, so as to avoid the quality of service from being affected?

Reply:

President,

- (a) For the purpose of establishing an independent Insurance Authority (IA), suitable changes need to be made to the organisational structure, administrative and other operational aspects of the Office of the Commissioner of Insurance (OCI) which is currently a government department. The consultancy study commissioned by the Government earlier will make recommendations on these topics, and the study is near completion.

In view of the latest developments in the international financial market, we will need to review the existing insurance regulatory system with a view to examining further improvement measures when considering the consultant's recommendations. In the coming few months, we will seek the views of stakeholders on matters concerning the insurance regulatory regime, we will take into account their views in formulating a comprehensive proposal for the establishment of an independent IA within this financial year for consultation.

(b) & (c) The Government will ensure that OCI has sufficient resources and manpower to perform its statutory regulatory functions for maintaining stability of market operations. With respect to the 2009-10 Estimates, we have made available an additional provision of about \$7.06 million to OCI for recruiting more staff, including accounting and actuarial professionals, to strengthen its supervisory work having regard to the latest developments in the financial market.

Ends