Process Review Panel for the Insurance Authority

2024 Annual Report

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Message from the Chairman

The Process Review Panel for the Insurance Authority ("PRP") was established in 2019 to review and advise the Insurance Authority ("IA") on the adequacy of the IA's internal procedures and operational guidelines governing the actions taken and operational decisions made by the IA and its staff in the performance of the IA's regulatory functions. I present to you the fourth Annual Report of the PRP, covering the review period between 1 January and 31 December 2023. Over the past year, the PRP has continued to discharge its mandate of reviewing the operational procedures of the IA to ensure efficiency, transparency, and fairness in its regulatory processes.

For this review cycle, the PRP conducted an in-depth examination of cases across several key areas, including licensing, complaint handling, and disciplinary actions. We commend the IA for its commitment to enhancing its operational effectiveness and embracing feedback from the PRP. Notable achievements include streamlining processes for handling Continuing Professional Development ("CPD") non-compliance cases, implementing the Disciplinary Executive Process ("DEP") for straightforward cases, and maintaining strong collaboration with other regulators and stakeholders. These initiatives demonstrate the IA's dedication to continuous improvement and its proactive response to the evolving needs of the insurance sector.

Our discussions this year have highlighted several opportunities for further progress. Major recommendations include establishing clearer timelines and Key Performance Indicators ("KPI") for case handling, developing a standardised framework for disciplinary actions, and conducting regular reviews of operational guidelines. These measures will help the IA maintain its high standards of regulatory oversight while ensuring its processes remain relevant and responsive to emerging challenges.

The PRP was particularly encouraged by the IA's efforts to strengthen its cooperation with the Panel, including the provision of well-organised case summaries, which facilitated productive discussions during our case review sessions. This positive working relationship has been instrumental in enabling the PRP to fulfil its advisory role effectively.

Looking ahead, we are confident that the IA will continue to build its progress and address the areas identified for enhancement. By doing so, the IA will further solidify its reputation as a world-class regulator, fostering a fair, competitive, and sustainable insurance market in Hong Kong.

I would like to extend my heartfelt gratitude to my fellow PRP members for their invaluable contributions and dedications throughout the year. I also wish to thank the IA for its professionalism, transparency, and responsiveness in supporting the PRP's work. Together we have made meaningful strides in ensuring the robustness

and accountability of the IA's regulatory framework.

It is with great anticipation that we look forward to another year of productive collaboration in 2025.

Mr Eugene Fung, SC
Chairman
April 2025

CHAPTER 1: BACKGROUND

Overview

1.1 The PRP is an independent panel established by the Chief Executive on 1 November 2019.

1.2 The PRP is tasked to review and advise the IA on the adequacy of the IA's internal procedures and operational guidelines governing the actions taken and operational decisions made by the IA and its staff in the performance of the IA's regulatory functions.

Functions

1.3 The Terms of Reference of the PRP are as follows –

(a) To review and advise the IA upon the adequacy of the IA's internal procedures and operational guidelines governing the actions taken and operational decisions made by the IA and its staff in the performance of the IA's regulatory functions in relation to the following areas –

(i) receipt and handling of complaints;

(ii) authorisation of insurers and associated matters;

(iii) licensing of intermediaries and associated matters;

(iv) co-ordination and follow-up with the Hong Kong Monetary Authority ("HKMA") in relation to the inspection and investigation of banks' insurance intermediary activities; and

(v) exercise of statutory powers of inspection, investigation, imposing disciplinary sanctions and prosecution.

(b) To receive and consider periodic reports from the IA on all completed or discontinued cases in the above-mentioned areas, including reports on the results of prosecutions of offences within the IA's jurisdiction and of any subsequent appeals.

(c) To receive and consider periodic reports from the IA in respect of the manner in which complaints against the IA or its staff have been considered and dealt with.

(d) To call for and review the IA's files relating to any case or complaint referred to in the periodic reports mentioned in paragraphs (b) and (c) above for the purpose of verifying that the actions taken and decisions made in relation to that case or complaint adhered to and are consistent with the relevant internal procedures and operational guidelines and to advise the IA accordingly.

(e) To receive and consider periodic reports from the IA on all investigations and inquiries lasting more than one year.

(f) To advise the IA on such other matters as the IA may refer to the Panel or on which the Panel may wish to advise.

(g) To submit annual reports and, if appropriate, special reports (including reports on problems encountered by the Panel) to the Financial Secretary which, subject to applicable statutory secrecy provisions and other confidentiality requirements, should be published.

(h) The above terms of reference do not apply to committees, panels or other bodies set up under the IA, the majority of which members are independent of the IA.

1.4 The PRP does not judge the merits of the IA's decisions and actions, instead focusing on the procedural propriety of the regulatory regime.

Membership

1.5 The PRP comprises a Chairman and Members from various sectors including academic, accounting, insurance, legal, real estate development and social services. The Chairman of the IA and the Secretary for Justice (or his representative) are ex-officio members of the PRP.

1.6 Membership of the PRP from 1 November 2023 to 31 October 2025 is as follows –

Chairman
Mr Eugene Fung Ting-sek, SC

Members
Miss Grace Chan Man-yee
Mr Paul Cheung Lap
Mr Wilson Chow Wai-shun
Mrs Agnes Koon Woo Kam-oi, MH
Mr Mike Lee Siu-chuen
Dr James C Lin
Mr Martin Tam Chi-wai
Mr Jeff Wong Kwan-kit
Professor Raymond Wong Man-kong
Ms Alice Yip Ka-ming
Ms Fion Yip Yan-ting

Ex-officio Members
Mr Stephen Yiu Kin-wah, JP
(in the capacity as the Chairman of the IA)

Dr Boyce Yung Kin-chung (until 2 February 2025)
Ms Quinnci Wong (since 3 February 2025)
(in the capacity as the representative of the Secretary for Justice)

Secretariat
Financial Services and the Treasury Bureau

CHAPTER 2: WORK OF THE PRP

Modus operandi

2.1 For the PRP to perform functions set out in its Terms of Reference, the IA provides lists of completed or discontinued cases in the review period from which the PRP selects cases for review. Based on the PRP's selection, the IA provides case summaries, together with the relevant internal procedures and operational guidelines, for the perusal of the Members.

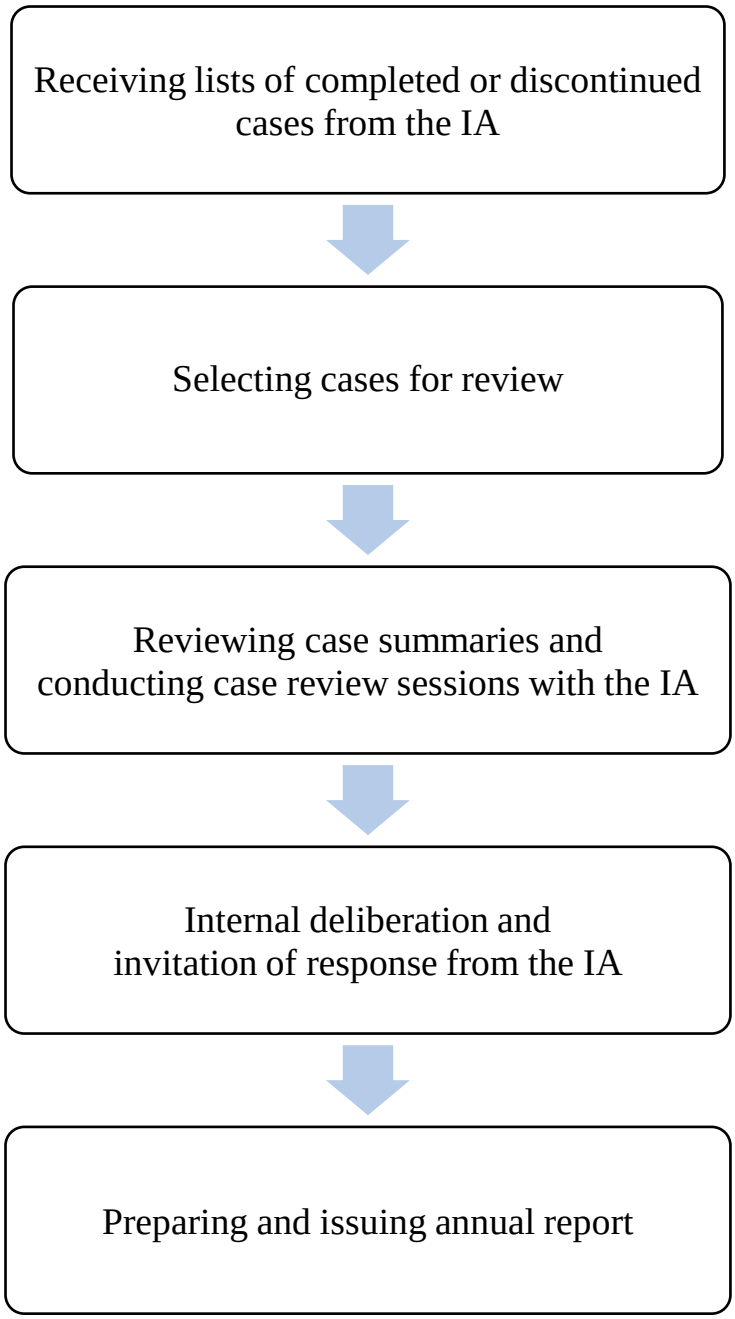
2.2 Case review sessions are held at which representatives of the IA respond to any questions PRP Members may have on the process of the selected cases and make available the relevant case files for Members' review.

2.3 The PRP discusses and endorses observations and recommendations with respect to the internal procedures and operational guidelines of the cases reviewed and invites the IA to respond and follow up.

2.4 The PRP issues an annual report setting out the observations and recommendations of the PRP having regard to the response of the IA.

2.5 Members of the PRP are obliged to preserve secrecy in relation to information furnished to them in the course of the PRP's work. To maintain the independence and impartiality of the PRP, all Members are required to make a declaration of interest upon appointment to the PRP and when any potential conflict of interest arises.

2.6 The workflow of the PRP is summarised in the flowchart below –



Work of the PRP in the current review cycle

2.7 Similar to the 2023 Annual Report adopting a 12-month review cycle, the PRP selected the period between 1 January and 31 December 2023 ("current review period") for preparation of the 2024 Annual Report.

2.8 In the current review period, the IA completed or discontinued a total of 37 112 cases (over 12 months). This was fewer than the preceding review cycle (47 558 cases in the 12 months between 1 January and 31 December 2022). The proportion of case count across different areas of the IA's regulatory functions was similar to previous years, notable though was an increase in the number of cases under the category of "Exercise of statutory powers of inspection, investigation, imposing disciplinary sanctions and prosecution (including subsequent appeals)", mainly attributed by the long-tail nature of CPD non-compliance cases brought forward from the Combined Assessment Period (i.e. 23 September 2019 to 31 July 2021), coupled with the addition of such cases reported for the Assessment Period of 2021/2022 (i.e. 1 August 2021 to 31 July 2022). The IA's Enforcement Division received over 3 500 cases of CPD non-compliance cases in relation to the Combined Assessment Period. All of these cases have been handled by March 2024.

2.9 Based on the lists of 37 112 completed or discontinued cases in the current review period as provided by the IA, the PRP selected 20 cases which covered a wide range of categories involving various aspects of the IA's work. This was fewer than the 22 cases selected in previous review cycles, having considered the length of the review period, volume of total cases and experience with examining the IA's regulatory functions from previous reviews. Distribution of the 20 selected cases is set out in the table below –

Category of cases selected for review	Number of cases
Receipt and handling of complaints (excluding complaints against the IA or its staff)	2
Receipt and handling of complaints – Complaints against the IA or its staff	2
Authorisation of insurers and related matters	-[1]
Licensing of intermediaries and associated matters	4
Co-ordination and follow-up with the HKMA in relation to the inspection and investigation of banks' insurance intermediary activities	2

[1] There was no case under such category during the current review period.

Category of cases selected for review	Number of cases
Exercise of statutory powers of inspection, investigation, imposing disciplinary sanctions and prosecution (including subsequent appeals)	10
Total number of selected cases	**20**

2.10 The PRP formed two sub-groups, each allocated 10 cases across different categories, to review the process with reference to case summaries as well as relevant internal procedures and operational guidelines provided by the IA. Each sub-group held a case review session with the IA, where IA's case officers presented their files and responded to enquiries by PRP Members.

2.11 Follow-up actions taken by the IA on the PRP's recommendations in 2023 Annual Report are set out in Chapter 3. Observations and recommendations of the PRP in respect of selected cases of the current review period are set out in Chapter 4.

CHAPTER 3: FOLLOW-UP ACTIONS TAKEN BY THE IA ON RECOMMENDATIONS OF THE PRP IN THE 2023 ANNUAL REPORT

3.1 The IA has taken a number of follow-up actions in light of the recommendations by the PRP in its 2023 Annual Report as summarised in the table below –

	Recommendations	Follow-up actions taken by the IA
Streamlining of certain procedures		
1	The PRP suggested that the IA should only conduct interviews where necessary, while relatively straightforward cases may be processed through written correspondence, and take proactive follow-up action if any complainant or respondent was unresponsive in the investigation process.	In March 2022, the Enforcement Division implemented a fast-track approach aims at conducting investigation by written correspondence for straightforward cases, followed by the promulgation of an internal guideline in April 2024 to support case officers in handling situations where a party fails, refuses or is unresponsive to a notice issued by the IA during its investigation or disciplinary process. The IA is also planning to roll out a tariff framework in 2025 that caters for minor or voluminous disciplinary cases against licensed insurance intermediaries and is working closely with other regulators to avoid double-jeopardy.
2	The PRP opined that the IA should give due consideration on imposing appropriate sanctions targeting specific aspect of misconduct in regulated insurance activities to avoid double jeopardy and preserve sufficient deterrence.	
3	The PRP suggested that the IA may further streamline procedures by allowing the relevant IA officers to impose disciplinary sanction for more common and straightforward cases without having to go through a disciplinary panel ("DP"), by way of establishing standardised assessment and penalty schedules for specific types and severity of misconduct.	The DEP was introduced in January 2024 to enable the CEO, the Head of Enforcement and the Head of Conduct Supervision to adjudicate on more

	Recommendations	Follow-up actions taken by the IA
		common and straightforward cases [2] without going through DP, while preserving the right for the subject person to make representations. In parallel, 20 additional members with requisite professional expertise have been appointed to the DP Pool in October 2023 to increase its capacity.
4	The PRP suggested that the IA may consider (i) taking action at an early stage to help identify and, where appropriate, clarify any difficulty or misunderstanding; and (ii) closely following up such complaints referred to the relevant insurers to ensure timely responses and providing complainants with well-reasoned conclusion of the IA's assessment.	The IA has articulated clearly to insurers and insurance intermediaries the principles of best practice on complaints handling so that customers are treated fairly. The IA will closely monitor the insurers' responses.
5	The PRP invited the IA to ensure smooth operation and further promote utilisation of its online platforms, exploring ways to benefit more aspects of the IA's work with IT systems.	From 23 September 2024, licensing applications or notifications in paper form for individual insurance intermediaries are no longer accepted by the IA and should be submitted via the Insurance Intermediaries Connect ("IIC"). Electronic submissions will be extended to agencies and broker companies in 2025. On the other hand, CPD Non-Compliance Reporting Platform was launched in August 2024 to facilitate electronic submission of related

[2] These cases cover -
(a) matters where the proposed disciplinary action is a private reprimand;
(b) matters concerning non-compliance of CPD requirements;
(c) matters arising from the disciplinary action taken by another regulator that impugns the fitness and properness of a regulated person;
(d) contraventions that occurred before 23 September 2019; and
(e) disciplinary action taken by way of an agreement under section 41S or section 84 of the Insurance Ordinance (Cap.41).

	Recommendations	Follow-up actions taken by the IA
		enforcement agreements and payment of disciplinary fines.
Manpower issues		
6	Recognising the challenges faced by the IA at initial stages of commencing its enforcement operations and emphasising on the need for IA to process enforcement cases in a timely manner, the PRP opined that it remained the PRP's concern that proper process was upheld in the work of the IA, and the IA should address any issue in recruiting and retaining staff to secure the necessary manpower for adequate performance of regulatory functions.	The IA will step up vigilance and ensure that adequate and competent manpower resources are available to perform its regulatory functions.
Positive attitude of the IA staff		
7	The PRP expressed appreciation for relevant officers of the IA going beyond standard procedures towards ensuring prudent supervision of insurance intermediaries, demonstrating the IA's commitment to its regulatory functions. The PRP also recognised constructive internal co-operation between officers in different teams, which the IA should continue to foster for effective processing of multi-faceted cases.	The IA will encourage staff to walk the extra mile in safeguarding policy holders without hampering market development.
Processing time issues		
8	The PRP opined that as the IA staff became more experienced, they should be able to handle various types of cases more efficiently.	Functionalities of the IIC are being progressively expanded to automate applications for licence renewal, reporting of CPD attainment and applications for appointment of responsible officers. This should serve to determine a pragmatic
9	The PRP suggested the IA to evaluate whether the duration of processing	

	Recommendations	Follow-up actions taken by the IA
	licence applications was shortened by the new arrangement and further establish a suitable and comprehensive target timeframe for completing applications for intermediary licences.	timeframe for completing applications for intermediary licences. Furthermore, the operating procedures have been streamlined since August 2023 so that a complaint case may be closed after issuance of final reply to the respondent(s) or for the Policy of Persistent Complainants [3] to be invoked, where appropriate.
10	The PRP suggested that the IA may consider further contingency for persistent complainants and review the optimal window for response to set out a comprehensive target timeframe for completing complaint cases.	
11	The PRP suggested that the IA should differentiate between straightforward and complex cases to assign corresponding timeframe KPIs and provide flexibility in procedures. This process could be assisted and fine-tuned with the collection and analysis of operational data.	The IA agrees that more operational data should be collected and analysed to inform the setting of optimal timeframe indicators and pave way for accurate classification of complaints. Meanwhile, the IA published in September 2023 a target to complete 80% of complaint cases within six months (excluding those cases referred to other authorities and cases related to conduct which will be referred to the Enforcement Division for follow-up action).
Prioritising cases		
12	The PRP opined that cases with immediate and substantial impact should be expedited, for instance presented to DP for decision ahead of regular cases, such that timely sanction may be imposed.	As cases concerning provision of false information and mishandling of premiums reflect dishonesty and lack of integrity, they will be accorded with priority. Sanctions are calibrated to achieve the desired deterrent effect, press releases are issued to enhance visibility of the disciplinary actions taken, and worthy lessons drawn from selected cases are publicised through articles in the "Conduct in Focus" periodical.
13	The PRP also suggested that the IA should appropriately publicise significant regulatory actions taken, with a view to boosting public confidence in prudent regulation of the	

[3] For more information, please see https://www.ia.org.hk/en/consumer/lodge_a_complaint.html

	Recommendations	Follow-up actions taken by the IA
	insurance industry.	To strengthen the IA's internal capability on investigation and prosecution of cases involving criminal activities, selected staff have attended training courses delivered by law enforcement agencies and the Department of Justice. Riding on a Memorandum of Understanding signed by the IA and the Independent Commission Against Corruption in October 2023, the first joint operation took place in April 2024 targeted at unlicensed selling to Mainland China visitors. In the same month, the Enforcement Division finished drafting a set of standard prosecutorial procedures.
14	The PRP stressed that the IA should take appropriate disciplinary action which commensurate with the protection of policy holders, and that imposing sanction against cases involving criminal activities should be a matter of priority and should achieve sufficient deterrent effect to combat similar criminal activities.	
15	With the Insurance Ordinance (Cap. 41) empowering the IA to prosecute specified offences for cases initiated after the transition, pending the first of such prosecution case to transpire, the PRP recommended that the IA should make early preparation and formulate standard procedures to prosecute future cases readily.	

3.2 The PRP welcomed the above follow-up actions and looked forward to the IA's continuous efforts to ensure procedural propriety of the regulatory regime.

CHAPTER 4: OBSERVATIONS AND RECOMMENDATIONS ON CASES REVIEWED

Overview

4.1 Based on the modus operandi set out in Chapter 2 above, the PRP considered 20 cases in the current review cycle. These cases covered five areas of the IA's main duties as set out in the Terms of Reference of the PRP, including –

(a) two complaint cases against insurers and/or their intermediaries and both cases took around 24 months to complete;

(b) two complaint cases against the IA or its staff, both completed in about two to three months;

(c) four cases in relation to licensing of intermediaries, covering new and renewal licence applications submitted by individuals or business entities, and these cases consisted of applications approved or returned, with the case processing time ranging from around four to 16 months;

(d) two cases on the IA's co-ordination with the HKMA to regulate insurance intermediary activities by banks, both being regular meetings; and

(e) ten cases relating to the exercise of statutory powers such as investigation and imposing disciplinary sanctions (including subsequent appeals), and these cases concerned different issues of alleged misconduct by individuals and business entities subject to the IA's regulation, with processing time ranging from 16 to 41 months.

4.2 After reviewing the various cases processed by the IA, the PRP has identified the following matters which it wishes to feature in this Annual Report –

(a) Establishing clear timelines and KPIs;

(b) Identifying and addressing problems causing delays;

(c) Establishing a standardised framework for disciplinary cases and streamlining disciplinary process;

(d) Expanding the pool of DP Members;

(e) Conducting regular review of procedures; and

(f) Praising positive improvements in the IA's disciplinary processes and operation.

4.3 Overall, the PRP found that the reviewed cases did not give any impression of significant deficiency on the part of the IA. Detailed observations and recommendations made by the PRP in relation to the six matters identified across different types of cases are set out in the ensuing paragraphs.

(a) Establishing clear timelines and KPIs

4.4 Efficient case handling is a cornerstone of effective regulatory oversight. During the case review sessions, the PRP identified that the lack of clear timelines and KPIs for various processes, including complaint resolution, licensing applications, and disciplinary cases, contributing to inconsistencies and inefficiencies.

4.5 In several discussions[4], members highlighted the need for enhanced procedural clarity. The PRP observed that while the IA has established timelines or KPIs for certain areas, such as a published goal of completing 80% of complaint cases within six months, there are no corresponding benchmarks for certain types of cases. For example, in licensing and disciplinary cases, internal timelines are either undefined or inconsistently applied, making it difficult to measure progress or manage resources effectively. Members also highlighted that having a timeframe, even if flexible, would help maintain a clear expectation for various processes.

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[4] Specific examples included –

(a) Case 1: A complex complaint involving unauthorised insurance policies and AML elements faced delay due to unclear internal benchmarks. While the IA aimed to resolve 80% of cases within six months, this specific case highlighted the need for more detailed guidelines to manage complex investigations.

(b) Case 7: It took around 10 months to process a broker license application involving multiple rounds of follow-up to clarify financial projections and business details. PRP members observed that establishing specific timelines would encourage proactive case management and avoid delay in approvals.

(c) Case 13: It took around 17 months to resolve a disciplinary case involving two agents, partly due to pandemic-related disruption and lack of procedural timelines for investigation. PRP members stressed the importance of establishing target timeline for each stage of the disciplinary process to enhance efficiency.

4.6 To address these issues, the PRP suggested the IA to –

(a) **Develop and publish target timelines**: Clear timelines for case processing should be defined for all types of cases, including complaint handling, licensing, investigations and disciplinary process. For example, simple licensing applications could aim for completion within a certain number of months, while flexibility should be provided for more complex investigations and disciplinary cases under exceptional circumstances; and

(b) **Establish KPIs for case management**: KPIs should be set to measure performance of case management, such as the percentage of cases resolved within target timelines.

Response from the IA

4.7 We have chosen to adopt a progressive approach in developing target timelines and establishing KPIs for case management, drawing the benefit from actual experience as much as possible. A set of target timelines for licensing functions will soon be ready for publication, but the efficiency of investigation and disciplinary process will be monitored through KPIs for the time being due to their complex nature.

(b) Identifying and addressing problems causing delays

4.8 The PRP noted that delays in case handling stemmed from several systemic challenges faced by the IA during its operations from 2020 to end-2023.[5]

[5] Specific examples included –

(a) Case 5: An applicant for license renewal faced prolonged process due to a CPD shortfall. Despite submitting some documentation, the application was delayed as IA had to verify the outstanding CPD hours through multiple rounds of follow-up. The PRP noted that promptly returning incomplete applications could have expedited the process;

(b) Case 15: A disciplinary case involving a falsified client signature faced significant delay due to pandemic-related office closure, other ongoing investigations handled by the Disciplinary Unit with a heavy caseload of over 300 CPD non-compliance cases, etc. These factors extended the process from August 2021 to the final decision taking effect in August 2023, highlighting systemic challenges in case management and resource allocation; and

Among the key issues were manpower shortage, with Enforcement Division staff managing heavy caseload while responding to procedural demands. This resource constraint was compounded by the lingering impacts of COVID-19, which disrupted operations and slowed down the progress of investigative and disciplinary activities.

4.9 In addition to resource limitations, there were over 2 600 CPD non-compliance cases, which was beyond the capacity of the Enforcement Division. Such case volume underscored the need for more streamlined and scalable processes. Furthermore, complex regulatory challenges, such as large-scale anti-money laundering and insurer misconduct investigations, required substantial time and effort from the IA's staff, further straining resources and lengthening case handling time.

4.10 While COVID-19 is no longer a concern during the case review period, the IA has made progress in addressing these challenges by implementing new procedures and automating routine tasks. Notably, the automation of CPD case handling has reduced the administrative burden and expedited routine processes. The IA also reallocated resources and introduced measures to streamline workflows, reflecting its commitment to improving efficiency and ensuring timely resolutions. However, it is necessary to further enhance efficiency and reduce delays. The IA should focus on further streamlining processes and addressing internal challenges. For instance, promptly returning incomplete applications for license renewals could significantly reduce the case handling time.

4.11 To address these issues, the PRP suggested the IA to –

(a) **Identify and address problems causing delays**: There were specific issues contributing to delays in case handling, particularly in licensing renewals and investigations. These included manpower constraints and disruptions caused by the COVID-19 pandemic. While the latter was no longer a concern during this review cycle, the IA should monitor and review problems causing delays on an ongoing basis and address internal challenges to enhance efficiency; and

(b) **Streamline processes for licensing applications**: The IA should consider promptly returning incomplete applications for license renewals to reduce

(c) Case 17: This case concerns inadequate client service by a licensed intermediary, including failure to meet insurance needs and explain policy terms. The preparation of the Notice of Proposed Disciplinary Action was delayed due to manpower shortage and competing priorities, including handling other high-volume case types like CPD non-compliance. This case underscored the importance of optimising resources and addressing systemic inefficiencies.

the time taken to complete case handling and improve overall operational efficiency.

Response from the IA

4.12 The staff turnover and vacancy position have stabilised. Cooperation with law enforcement agencies on training and joint operations also brought relief to manpower shortage. Completion of licence renewal cases is expedited by regulatory actions to prevent non-compliance with CPD requirements, and we will examine the technical feasibility of configuring the system to return incomplete applications for licence renewal.

(c) Establishing a standardised framework for disciplinary cases and streamlining disciplinary process

4.13 The PRP acknowledged the IA's efforts in developing a standardised framework[6] for handling CPD non-compliance cases, which has significantly improved the efficiency of resolving these high-volume yet homogeneous matters. This framework has proven effective in streamlining the disciplinary process and reducing delays.

4.14 The PRP suggested that similar arrangements could be explored for other cases of a comparable nature, such as those involving false qualifications or minor compliance breaches.[7] These cases often follow predictable patterns and procedural requirements, making them suitable for standardised processes. Adopting a structured framework for these types of cases would further streamline operations, ensure consistency in handling, and expedite case resolution.

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[6] More details about the standardised framework are accessible from the IA website at https://www.ia.org.hk/en/legislative_framework/circulars/reg_matters/files/23072021_CPD_Penalty_Framework_Eng_NoS.pdf

[7] Specific examples included –

(a) Case 16: This case involved an individual submitting a falsified academic certificate for licensing. The investigation faced delay due to the time-consuming process of verifying the certificate with the relevant educational institution. The PRP noted that the absence of clear guidelines for addressing false qualification cases led to inconsistencies in handling and prolonged time for resolution; and

(b) Case 18: An applicant presented a counterfeit academic credential to meet licensing requirements. The investigation was delayed as the IA had to seek verification from multiple institutions. PRP members highlighted that introducing a standardised framework for similar cases could expedite the process by providing clear protocols for evidence collection and decision-making.

4.15 By standardising the handling of straightforward cases, the IA would free up resources to focus on more complex and resource-intensive disciplinary matters, such as those involving anti-money laundering elements. This targeted allocation of resources would enhance the IA's overall ability to address a wide range of regulatory challenges more effectively.

4.16 To address these issues, the PRP suggested the IA to –

(a) **Develop a standardised framework for disciplinary cases of similar nature:** The IA should consider introducing basic guidelines for handling specific types of cases, such as those involving false qualifications. The framework should also include well-defined levels of penalties to ensure consistency and fairness in disciplinary actions; and

(b) **Further streamline the disciplinary process for straightforward cases**: The IA should also consider introducing measures to streamline the disciplinary process, particularly for straightforward cases. Setting deadlines for responses from respondents can help mitigate delays and enhance overall efficiency.

Response from the IA

4.17 We will continue to streamline the disciplinary process while ensuring that procedural fairness and the chance for respondents to be heard are not affected. Besides, the DEP was recently enhanced by incorporating senior executives of the IA as additional members to boost the capacity for handling straightforward cases, to be followed later this year by the promulgation of a tariff framework to speed up determination of penalties for common offences.

(d) Expanding the pool of DP Members

4.18 The PRP noted that the IA has taken steps to expand the pool of DP members, enhancing the efficiency of the empanelment process. These efforts have improved the IA's ability to form panels and manage an increasing volume of disciplinary cases. Further expanding the DP pool could be helpful in expediting the empanelment process, particularly for complex or specialised cases.[8]

4.19 Besides, the current composition requirements can create challenges in forming

[8] As a general observation during the review of disciplinary cases, the PRP members opined that increasing the diversity and number of members in DP to include individuals from varied professional backgrounds would enrich perspectives and potentially expedite the DP empanelment process.

panels efficiently. In particular, requiring panels to include members with certain industry experience, e.g. legal or insurance can lead to delays, especially when the available pool is limited. While experience in the insurance industry is advantageous for certain cases, incorporating members with a wider range of expertise – such as risk management, compliance, or corporate governance – for other types of cases would provide additional flexibility. A more flexible DP composition would help panels to be formed more quickly and allow the IA to manage disciplinary cases more efficiently, without compromising fairness or procedural integrity.

4.20 To address these issues, the PRP suggested the IA to –

(a) **Further expand the pool of DP members**: The IA should continue to expand the size of the DP pool, ensuring a sufficient number of members to handle the current and projected caseload; and

(b) **Reassess composition requirements**: The IA should consider further strengthening DP's capacity by assessing whether additional structural changes are needed, such as providing more flexibility for selecting members from various sectors and backgrounds, particularly for cases that do not require insurance knowledge. The IA should research and reference practices from other regulatory bodies regarding the formation and operation of disciplinary panels.

Response from the IA

4.21 The current pool of 47 DP members with backgrounds spanning across banking, finance, education, consultancy, legal, corporate governance and health care is adequate to cope with anticipated caseload. An initiative has been taken to match availability of the Chairman and members in advance and set a goal for decision to be reached as soon as possible preferably within six weeks after the DP meeting is held.

(e) Conducting regular review of procedures

4.22 The PRP observed that while the IA has made significant advancement in improving operational procedures, including those related to disciplinary processes, there is currently no formal mechanism in place for regularly reviewing and updating these guidelines. Without a systemic review or update process, there is risk that procedures may become outdated or misaligned with evolving regulatory requirements and industry practices.

4.23 Regular updates to these guidelines would help ensure that frameworks stay current, effective, and aligned with best practices. By implementing a regular

review process, the IA can proactively identify and address any procedural inefficiencies or gaps, adapt to new regulatory developments, and maintain the robustness of its operational processes.

4.24 To address these issues, the PRP suggested the IA to **establish a review cycle**. The IA should consider implementing a structured process for reviewing all key procedures on a regular basis.

Response from the IA

4.25 The suggestion is in line with our general practice of requiring individual divisions or sections in the IA to review regulatory instruments and standard operating procedures once every two years.

(f) Praising positive improvements in the IA's disciplinary processes and operation

4.26 The PRP commended the IA for significant strides in enhancing its disciplinary processes and overall cooperation with the PRP. Specific improvements include:

(a) **Streamlined disciplinary workflows**: The IA's Enforcement Division has introduced new measures to improve efficiency, such as establishing the DEP for handling straightforward cases. These enhancements have allowed the DP to focus on complex cases, reducing bottlenecks in the review process; and

(b) **Enhanced document preparation**: The IA has improved the quality and organisation of documents prepared for PRP case review. This has facilitated more productive discussions and enabled the PRP to provide meaningful feedback on procedural improvements.

4.27 The PRP encourages the IA to keep up its good work in enhancing operational efficiency and maintaining collaboration with stakeholders. By continuing to build on these positive developments, the IA can further strengthen its role as a proactive and effective regulator, setting a benchmark for regulatory excellence in the insurance industry.

Response from the IA

4.28 We are grateful to the PRP for recognising our efforts and will strive to sustain the momentum for improvement.

CHAPTER 5: WAY FORWARD

5.1 The PRP is pleased to receive the IA's positive response to the PRP's recommendations. Going forward, the PRP will continue its review work to ensure the adequacy of the IA's internal procedures and operational guidelines.

5.2 The PRP welcomes the views of the public and market participants on the work of the PRP. Comments relating to the PRP's work can be referred to the Secretariat of the PRP as follows[9] –

By post : Secretariat of the Process Review Panel for the Insurance Authority

24th Floor, Central Government Offices
2 Tim Mei Avenue
Tamar

By email : prpia@fstb.gov.hk

[9] Inquiries or comments on work of the IA, not relating to process review, should be made directly to the IA –

By post : Insurance Authority, 19/F, 41 Heung Yip Road, Wong Chuk Hang, Hong Kong
By telephone : (852) 3899 9983
By fax : (852) 3899 9993
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CHAPTER 6: ACKNOWLEDGEMENT

6.1 The PRP would like to express its gratitude to the IA for its assistance in facilitating the review work, and its co-operation in responding to the PRP's enquiries and recommendations.

Process Review Panel for the Insurance Authority
April 2025