

**Updates on the Implementation of
the Insurance Companies (Amendment) Ordinance 2015**

A. Overall progress

- The Insurance Companies (Amendment) Ordinance 2015 (“the Amendment Ordinance”) was enacted on 10 July 2015. To allow for a smooth transition from the existing regulatory regime to the new one, we will commence the Amendment Ordinance in three stages.
- On 14 October 2015, the Insurance Companies (Amendment) Ordinance 2015 (Commencement) Notice 2015 (“the Notice”) was tabled in the Legislative Council. The Notice aims to bring into effect from 7 December 2015 provisions of the Amendment Ordinance necessary for the establishment of the Provisional Insurance Authority (“PIA”) (i.e. Stage 1). Specifically, the Notice covers those provisions in relation to –
 - (a) the establishment of PIA and its constitution;
 - (b) PIA’s powers;
 - (c) checks and balances on PIA; and
 - (d) the appointment of Industry Advisory Committees.
- In Stage 1, PIA will be given certain administrative powers to undertake essential preparatory work, such as recruiting key personnel, leasing office premises and procuring office and IT equipment. PIA will not be vested with any regulatory powers before taking over the duties of the Office of the Commissioner of Insurance (“OCI”).
- Meanwhile, we are working on the draft legislation for the collection of levy and various fees. We are also taking stock of any necessary amendments to existing subsidiary legislation, guidance notes, guidelines, and circulars, etc. that need to be made upon the commencement of Stage 2. We will consult members of the WG as necessary.

B. Next step

- The indicative timeline of the phased commencement of the Amendment Ordinance is as follows –

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| Stage 1: To establish PIA (without regulatory functions and co-exists with OCI) | By end 2015 |
| Stage 2: PIA becomes the independent Insurance Authority (“IIA”) to replace OCI by taking over its regulatory functions (the self-regulatory regime for insurance intermediaries remains unchanged) | About one year after the commencement of Stage 1 |
| Stage 3: IIA to implement the statutory licensing regime and take over the regulation of insurance intermediaries from the three Self-regulatory Organizations | Two to three years after the commencement of Stage 1 |

**Financial Services and the Treasury Bureau
19 October 2015**