



香港特別行政區
廉政公署

Independent Commission Against Corruption
Hong Kong Special Administrative Region

Press Releases

Joint Press release: IA and ICAC conduct first joint operation against suspected unlicensed selling to Mainland visitors

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The Insurance Authority (IA) and the ICAC have conducted their first joint operation targeting corrupt conduct in the unlicensed sale of insurance policies to Mainland customers. The joint operation was conducted pursuant to the Memorandum of Understanding (MoU) signed by the ICAC and the IA on October 26, 2023.

Search warrants were executed by the IA and the ICAC on two consecutive days (April 10 and 11) at four premises, including the offices of a licensed insurance broker company and a referral company. In the joint operation, the ICAC also arrested an individual broker and a referrer.

The companies and individuals concerned are suspected of having engaged in, or conspired with others to carry on unlicensed regulated activities in contravention of the Insurance Ordinance (Note 1) and also of suspected offences of agent using documents with intent to deceive his principal under the Prevention of Bribery Ordinance. Breaches of the Code of Conduct for Licensed Insurance Brokers are also suspected to have been committed.

The investigation concerns the suspected engagement and incentivisation of referrers by a broker company to carry on regulated activities (advising on and selling of insurance policies) on its behalf, even though such referrers do not have the requisite licence to do this. The broker company offered to pay inordinately high referral fees on successful sales, apparently incentivising its referrers to induce customers from the Mainland to buy long-term insurance policies from authorized insurers in Hong Kong. In some cases, referrers appear to have been paid over 90% of

the commission received by the broker company. Although the broker company submitted the insurance application forms to insurers, the substantial regulated activities were apparently performed by referrers prior to customers having any engagement with the broker company.

In the investigation, the individual broker and the referrer are also suspected of corruptly conspiring to include false information in application forms submitted to the Hong Kong insurers underwriting the policies, including the annual income and amount of assets held by Mainland customers.

Mr Peter Gregoire, Head of Market Conduct and General Counsel of the IA, said:

“Our partnership with the ICAC in carrying out this joint operation demonstrates our shared determination to uphold proper sales practices in the insurance industry, ensure the market is founded on trust and integrity, and thereby provide confidence to all persons who look to the Hong Kong insurance market to meet their insurance needs. This close collaboration will continue not only through joint enforcement measures but also through industry training via the Hong Kong International Academy Against Corruption to enhance corporate governance standards and public education to empower consumers.”

Deputy Commissioner and Head of Operations of the ICAC, Mr Ricky Yau Shu-chun, said: “The MoU signed between the ICAC and the IA last year strengthened our cooperation in referral of cases, joint investigations, training and exchange of information. Last month, IA representatives attended a three-day Training on Joint Operations organised by the ICAC for local regulatory bodies to enhance officers’ capability of combating financial crime and corruption. This joint operation showcases our common goal in upholding the integrity of the insurance industry. The ICAC will continue to closely collaborate with the IA, as well as other financial regulators, to combat corruption, illicit activities and misconduct relating to the financial sector. We will strive to maintain a fair business environment in Hong Kong, to sustain Hong Kong’ s status as a clean international financial centre and to ensure the trust of stakeholders in the financial system.”

No further comment will be made by the IA or the ICAC at this stage as the investigation is ongoing. The IA urges all authorized insurers and licensed insurance intermediaries to comply with the Insurance Ordinance, and undertakes to continue to take swift and firm enforcement actions to curb the abovementioned activities and

/ or any other misconduct.

Notes:

1. Section 64G of the Insurance Ordinance stipulates that “A person must not carry on a regulated activity in the course of the person’s business or employment; or for reward.” It is also stipulated that “A person must not hold out that the person is carrying on a regulated activity in the course of the person’s business or employment; or is carrying on a regulated activity for reward.” A person who, without reasonable excuse, contravenes the above commits an offence and is liable on conviction on indictment to a maximum fine of \$1,000,000 and imprisonment for 2 years.

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