Reference Checking Scheme for Insurance Intermediaries

1. Introduction and objective

1.1 The reference checking scheme ("**the Scheme**") is an industry-led measure jointly launched by The Hong Kong Federation of Insurers ("**HKFI**"), The Hong Kong Confederation of Insurance Brokers ("**HKCIB**") and Professional Insurance Brokers Association ("**PIBA**"), and endorsed by the Insurance Authority ("**IA**") to assist in reducing the risks associated with "rolling bad apples" in the insurance sector.

1.2 A "rolling bad apple" refers to an individual insurance intermediary whose conduct and fitness and properness is called into question by findings made by his/her appointing principal, who then resigns in order to avoid any adverse consequences, and then takes up an appointment with a new principal without disclosing the problematic conduct arising during the previous appointment. If these "bad apples" are able to avoid accountability for their misconduct by simply "rolling on" to another principal, not only does this undermine the trust and integrity on which the insurance market must be founded, it also increases conduct risk (and hence risk to policy holder interests) across the insurance sector.

1.3 The Scheme was first launched by the HKFI in September 2024 where it was only applicable to the appointment of the individual insurance agents (excluding staff member agents[1]) carrying on regulated activities in long term business by authorized insurers in Hong Kong ("**Phase 1**"). With the accumulation of operational experience and in view of its positive outcome, the HKFI, HKCIB and PIBA unanimously believe that the scope of the Scheme should be expanded to cover all types of long term individual licensed insurance intermediaries (i.e. licensed individual insurance agents, licensed technical representatives (agent) and licensed technical representatives (broker)) (**"Phase 2**") to better protect policy holder interests, maintain public confidence in the market, and stop "the few bad apples spoiling the whole barrel". Phase 2 of the Scheme commenced in January 2026.

1.4 Given authorized institutions (which are licensed insurance agencies) are subject to a similar reference checking scheme promulgated by The Hong Kong Association of Banks ("**HKAB**") and the DTC Association, and endorsed by the Hong Kong Monetary Authority ("**HKMA**"), the two regulators recognise the benefits of introducing a cross-sector reference checking arrangement to mitigate the risk of individuals with history of misconduct moving from one sector to another within the broader financial services industry. The cross-sector arrangement ("**Phase 3A**") allows insurance entities (which are long term insurers, long term insurance agencies and long term insurance broker companies) and authorized institutions (which are long term insurance agencies) to obtain and share conduct-related reference information of in-scope prospective individuals who were previously or have been appointed by insurance entities and/or authorized institutions which are long term insurance agencies, supporting more informed hiring decisions.

[1] This means individuals who are to be employed as internal staff members of the recruiting insurer but need to be licensed as individual insurance agents because of their job duties.

2. Interpretation

2.1 In this document, unless the context otherwise specifies:

"**long term authorized institution**" means a licensed bank, a restricted licence bank or a deposit-taking company as defined under the Banking Ordinance (Cap. 155) that is also an insurance agency licensed by the IA to carry on regulated activities in long term business under the Insurance Ordinance (Cap. 41) ("**IO**");

"**long term insurer**" means an authorized insurer carrying on long term business under the IO;

"**long term insurance agency**" means a licensed insurance agency carrying on regulated activities in long term business under the IO, but excludes any licensed insurance agency that is also an authorized institution as defined under the Banking Ordinance (Cap. 155);

"**long term insurance broker company**" means a licensed insurance broker company carrying on regulated activities in long term business under the IO;

"**MRC Scheme**" means the Mandatory Reference Checking Scheme promulgated by the HKAB the DTC Association, and endorsed by the HKMA;

"**prospective intermediary**" means an individual who was previously / has been appointed by a responding principal or a responding authorized institution as a licensed insurance intermediary to carry on regulated activities in long term insurance business and who is seeking to be appointed by a recruiting principal or a recruiting authorized institution as a licensed insurance intermediary to carry on regulated activities in long term insurance business;

"**recruiting authorized institution**" means a long term authorized institution which is considering to appoint a prospective intermediary to carry on regulated activities in long term insurance business on its behalf;

"**recruiting principal**" means a long term insurer, a long term insurance agency or a long term insurance broker company which is considering to appoint a prospective intermediary to carry on regulated activities in long term insurance business on its behalf;

"**responding authorized institution**" means a long term authorized institution which previously appointed (or currently appoints) the prospective intermediary as a licensed insurance intermediary to carry on regulated activities in long term insurance business on its behalf and which is expected to provide a reference to the recruiting principal or recruiting authorized institution; and

"**responding principal**" means a long term insurer, a long term insurance agency or a long term insurance broker company which previously appointed (or currently appoints) the prospective intermediary as a licensed insurance intermediary to carry on regulated activities in long term insurance business on its behalf and which is expected to provide a reference to the recruiting principal or recruiting authorized institution.

3. Scope and application

3.1 The Scheme covers the appointment of every prospective intermediary by a long term insurer, a long term insurance agency, a long term authorized institution and a long term insurance broker company, as their intermediaries make up the largest portion of licensed insurance intermediaries in the Hong Kong insurance market. To be clear, the Scheme does not apply to licensed insurance intermediaries who are solely carrying on regulated activities in general insurance business. Also, unless otherwise specified in the Scheme, long term authorized institutions are expected to follow the requirements stipulated under the MRC for conducting their reference checking process.

3.2 In broad terms, the Scheme operates as follows:

(a) If a recruiting principal is seeking to appoint a prospective intermediary (including seeking to expand line of business of the prospective intermediary to long term insurance business) and is aware that the prospective intermediary was previously appointed by (or has currently been appointed by) any responding principal(s) and/or responding authorized institution(s) in the last 7 years, the recruiting principal must seek references from (i) each responding principal and responding authorized institution by whom the prospective intermediary was/has been appointed in the last 7 years or (ii) if the prospective intermediary was/has been appointed by more than three responding principals and/or responding authorized institutions in the last 7 years, at least from the previous (and current) three entities by whom the prospective intermediary was/has been most recently appointed, before making a decision on the appointment of the prospective intermediary (as detailed in section 4).

(b) The responding principal must provide such information as requested by the recruiting principal and/or recruiting authorized institution within a specified timeframe and protocol (as detailed in section 5).

(c) The responding authorized institution should follow the reference checking mechanism stipulated under the MRC Scheme when providing a reference response. As such, for the purpose of seeking reference from a responding authorized institution as mentioned in section 3.2 (a) above, a recruiting principal would use the templates specified by the MRC Scheme (as detailed in section 4.3) to facilitate the responding authorized institution to provide its response pursuant to the MRC Scheme. On the other hand, if a recruiting authorized institution is going to request a reference from a responding principal, it should submit reference check request using templates specified under the Scheme to the responding principal, who would then handle the request in accordance with the Scheme (as detailed in section 5).

(d) On receipt of the reference(s) from the responding principal(s) and responding authorized institution(s), the recruiting principal must consider and take account of the information in those reference(s) before deciding whether or not the prospective intermediary is a fit and proper person to be appointed as its licensed insurance intermediary to carry on regulated activities in long term insurance business (as detailed in section 6).

(e) As for the recruiting authorized institution, it should conduct its reference checking process as well as the fitness and properness assessment on the prospective intermediary in accordance with the MRC Scheme.

3.3 As stated in the circulars dated 5 July 2024,20 November 2025 and 13 May 2026 issued by the IA, the Scheme has the support and endorsement of the IA.

4. Making a reference checking request

4.1 Before appointing a prospective intermediary to carry on regulated activities in long term insurance business, a recruiting principal should carry out reference checking on the prospective intermediary for the purpose of assessing his/her (continued) fitness and properness.

4.2 The reference checking should cover every previous and current appointment to carry on regulated activities in long term business of the prospective intermediary by any long term insurer(s), long term insurance agency(ies), long term insurance broker company(ies) and/or long term authorized institution(s) in Hong Kong in the past 7 years; or if there were (or are) more than three such appointments in the last 7 years, at least from the previous (or current) three responding principals and/or responding authorized institutions by whom the prospective intermediary was/has been most recently appointed. The 7-year checking period ("**checking period**") refers to the period commencing 7 years prior to the date of the relevant reference checking.

4.3 To carry out the required reference check, the recruiting principal should send a reference checking request to every responding principal and/or responding authorized institution in relation to the prospective intermediary as follows:

(a) When raising reference checking request with a responding principal, the recruiting principal should use the reference checking information template at Annex 1 (Ins) to request the responding principal(s) to provide a reference in relation to the prospective intermediary; and

(b) When raising reference checking request with a responding authorized institution, the recruiting principal should use the reference checking information template at Annex 1 (Bank) (which is the Reference Checking Information Form Template set out in Annex 1A of the MRC Scheme) to request the responding authorized institution(s) to provide a reference in relation to the prospective intermediary.

The recruiting principal should note that responding principals are expected to handle its reference checking request according to section 5, whereas responding authorized institutions would handle the request pursuant to the MRC Scheme. Recruiting principals may refer to Q34-37 in the Q&A to better understand operations and the interactions between the Scheme and the MRC Scheme.

4.4 Before sending a reference checking request to any responding principal(s), the recruiting principal must obtain and record written consent from the prospective intermediary for the collection and use of their personal data for the purpose of the Scheme, using the template consent form at Annex 2 (Ins):

(a) authorizing the recruiting principal to conduct reference checking with the prospective intermediary's current and former appointing responding principals within the checking period;

(b) authorizing the responding principal(s) to disclose the information being requested in the reference checking request to the recruiting principal; and

(c) exempting the responding principal(s) from any contractual obligations which may otherwise limit their abilities to disclose the information being requested in the reference checking request.

4.5 Before sending a reference checking request to any responding authorized institution(s), the recruiting principal must obtain and record written consent from the prospective intermediary for the collection and use of their personal data for the purpose of the Scheme and the MRC Scheme, using the template consent form at Annex 2 (Bank) (which is the Consent Form set out in Annex 1B of the MRC Scheme).

4.6 In case a prospective intermediary refuses to provide consent for the reference checking, the recruiting principal should not appoint the prospective intermediary as its licensed insurance intermediary. For the avoidance of doubt, if the prospective intermediary provides consent but then subsequently withdraws that consent for the reference checking, the recruiting principal should not appoint the prospective intermediary as its licensed insurance intermediary.

4.7 Where a prospective intermediary is to be appointed by two recruiting principals, both entities are required to conduct reference checking on the prospective intermediary separately as part of their onboarding measures. If, however, both entities are in the same group of companies, it is acceptable for these entities to enter into an arrangement, whereby one of these entities (the primary entity) conducts the reference checking which both entities then rely on. For the avoidance of doubt, such arrangement does not diminish the other entity's ultimate accountability for its obligation to ensure it has in place adequate internal control measures for onboarding of prospective intermediaries. It is also crucial that the other entity has access and control to the prospective intermediary's reference checking results performed by the primary entity.

5. Responding to a reference checking request

5.1 On receipt of a reference checking request from a recruiting principal or a recruiting authorized institution, a responding principal should complete and return the reference information requested to the recruiting principal or the recruiting authorized institution in accordance with the following timeframes:

(a) within **15 calendar days** starting from the date of reference checking request; or

(b) if the responding principal considers it will not be able to respond within 15 calendar days, it must send an interim reply within the above prescribed timeframe, stating the reason for the expected delay and the expected time for the final reply. Such final reply, however, must be provided within 2 months from the date of reference request.

To ensure the effectiveness of the Scheme, the responding principal should endeavour to adhere to the 15-calendar days timeframe in (a); and the alternative in (b) should only be used on an exceptional basis with justification which is approved by its key person in control

function for intermediary management ("**KPIM**") or its responsible officer ("**RO**"), as applicable[2].

5.2 When providing a reference, the responding principal should adhere to the following guiding principles:

(a) The reference provided should be true, accurate, fair, complete and capable of substantiation (e.g. based on the compliance records maintained by the responding principal rather than the comments from the upline managers or team leaders of the prospective intermediary);

(b) subject to the legal or regulatory disclosure restriction, the responding principal should not withhold any information which may render the reference unfair, incomplete or inaccurate; and

(c) the responding principal is not obliged to provide information which is beyond the scope of the reference checking request (based on the template in Annex 1 (Ins))[3].

Accordingly, the responding principal should establish and maintain appropriate controls and procedures for ensuring its adherence to the above guiding principles. To avoid conflict of interest and ensure fairness, the reference to be provided by the responding principal should not be prepared by a person who has economic relationship with the prospective intermediary (e.g. upline managers or team leaders).

5.3 In respect of any internal investigation being carried out by the responding principal in relation to the prospective intermediary which is ongoing at the time the reference checking request is received, the responding principal should use its own judgement on whether or not to share any information in relation to (or even the existence of) the investigation with the recruiting principal or recruiting authorized institution based on the following factors:

(a) applicable legal and regulatory requirements;

(b) the status of investigation (e.g. preliminary assessment where fact-finding has not yet been completed, or the prospective intermediary has yet to be offered an opportunity to explain etc.); and

(c) the risk of jeopardizing an investigation (for example, do the circumstances suggest any risk of the prospective intermediary tipping off others under investigation if the investigation is not kept confidential; or would disclosure risk the information gathering exercise).

5.4 For the avoidance of doubt and without prejudice to section 6, a recruiting principal has full discretion to consider whether or not to seek further information/clarification from/with the responding principal or responding authorized institution based on the information provided

[2] The approval or endorsement can also be performed by an authorized person delegated by KPIM or RO (as applicable). However, such arrangement does not diminish the ultimate responsibility and accountability of KPIM or RO in the relevant approval and endorsement process.

[3] If, however, the responding principal believes that additional information is of material relevance to the assessment of the fitness and properness of the prospective intermediary, it may disclose further facts to the recruiting principal or recruiting authorized institution on a voluntary basis if it wishes to do so.

by the responding principal or responding authorized institution. The responding principal also has full discretion as to whether to respond to such a request, whereas the responding authorized institution would handle such further request in accordance with the MRC Scheme. Any response from the responding principal should be made within 15 calendar days from the date of the request. If no response is received within 15 calendar days, the recruiting principal may presume that no further information/clarification is to be provided by the responding principal or responding authorized institution (despite a different timeframe being stipulated under the MRC Scheme for a responding authorized institution to respond to a further information request[4]).

6. Assessment by the recruiting principal

6.1 A recruiting principal has full discretion in deciding whether or not to proceed with the appointment of a prospective intermediary after making its internal assessment and based on all relevant information available to it including information received in response to the reference checking requests it has made. Where adverse information in relation to a prospective intermediary has been disclosed by a responding principal or responding authorized institution, the recruiting principal should still exercise its discretion on whether or not to appoint the prospective intermediary after taking into consideration of all relevant matters such as the nature and timing of the conduct giving rise to the adverse information, any explanation obtained from the prospective intermediary (see 6.2 below) and the likelihood of the prospective intermediary repeating the same or similar conduct.

6.2 To ensure transparent and fair treatment to the prospective intermediary, if the recruiting principal is considering not to appoint the prospective intermediary (based on any adverse information disclosed by a responding principal or responding authorized institution in relation to the prospective intermediary), the recruiting principal should generally provide the prospective intermediary with an opportunity to be heard (i.e. giving the prospective intermediary the opportunity to make written or oral representations). Under such circumstances, the recruiting principal should provide the prospective intermediary with a copy of reference result it obtained from the responding principal and/or responding authorized institution for representation upon the prospective intermediary's request. Nonetheless, an opportunity to be heard does not, however, mean that the responding principal has to re-open any previous investigation. Furthermore, the recruiting principal is not obliged to seek further information/clarification from the responding principal(s) and/or responding authorized institution(s).

6.3 If a recruiting principal decides to proceed with the appointment of a prospective intermediary despite the prospective intermediary having any adverse records disclosed in the reference checking process, the recruiting principal should document its assessment and justification for proceeding with the appointment. Such assessment and justification must be endorsed by the KPIM or RO, as applicable[2].

6.4 In general, the recruiting principal should complete the reference checking process before appointing a prospective intermediary. However, in case where the recruiting principal would

[4] Under the MRC Scheme, a responding authorized institution has full discretion as to whether to respond to a request for further information, and if it intends to do so, such further information must be provided withing 15 working days.

like to advance the appointment decision before the completion of the reference checking, it may exercise flexibility to make the appointment if:

(a) all the reference checking requests have been sent out and have been outstanding for at least 15 calendar days (despite a different timeframe being stipulated under the MRC Scheme for a responding authorized institution to respond to a reference check request[5]);

(b) the prospective intermediary has made a self-declaration that there is no adverse record known to him/her; and

(c) the recruiting principal, at the time of making appointment, is not aware of any other information that casts serious doubt on the fitness and properness of the prospective intermediary to be a licensed insurance intermediary.

6.5 Where the recruiting principal receives information from a responding principal or responding authorized institution about an ongoing investigation in respect of the prospective intermediary, the reference checking process is deemed to be completed at the time the recruiting principal finishes its internal assessment and makes a decision on whether or not to proceed with the appointment based on the information available to it at that time. In such case, the recruiting principal would have full discretion as to whether to make its own appointment decision before obtaining any further update/clarification from the responding principal or responding authorized institution concerned. The justification of the appointing decision should be documented with endorsement by the KPIM or RO, as applicable[2].

6.6 If the recruiting principal receives any further information from the responding principal or responding authorized institution subsequent to the appointment of the prospective intermediary, it is up to the recruiting principal to decide how to make use of such information to evaluate the prospective intermediary (now appointed) and whether any further actions should be taken (e.g. to terminate the appointment subsequently).

7. Records and Communications

7.1 A long term insurer, long term insurance agency and long term insurance broker company should maintain sufficient records of the licensed insurance intermediaries who have ceased to be appointed by it, for the purpose of adhering to the standards expected in the Scheme (i.e. at least 7 years). As for the exact (or maximum) retention period of intermediaries' records, the entity should follow its internal data retention policy after taking into account its own circumstances with a general principle that personal data is not kept longer than is necessary for the fulfilment of the purpose for which the data is used.

7.2 A recruiting principal should keep proper records of its arrangement (e.g. section 4.7), assessment and justification for the appointment (e.g. section 6.3 and 6.5) for audit trail purpose. Similarly, a responding principal should also maintain proper records of the

[5] Under the MRC Scheme, a responding authorized institution should provide the completed MRC information template within 1 month from the date of reference check request. If extra time is needed, the responding authorized institution would provide an interim reply with reason of delay, and an estimated timeframe within which the information requested would be available, which must be within 3 months.

relevant documents justifying the information provided in the reference checking though it is not obliged to provide the supporting documents to the recruiting principal or recruiting authorized institution. All the aforesaid records and documents should be made available to the IA upon request.

7.3 A long term authorized institution should keep proper records in respect of prospective intermediary in accordance with MRC Scheme. All the relevant records and documents should be made available to the IA upon request.

7.4 If a recruiting principal decides not to appoint the prospective intermediary after going through the reference checking process ("**unsuccessful application**"), it should follow its internal data retention policy to discard the relevant records. However, the recruiting principal, in general, should not retain the data relating to an unsuccessful application for a period longer than 2 years from the date of the decision not to recruit unless there is a subsisting reason that obliges the recruiting principal to retain the data for a longer period or the prospective intermediary have given his/her express consent.

7.5 To facilitate exchange of information and ensure proper record keeping, long term insurers, long term insurance agencies, long term authorized institutions and long term insurance broker companies should set up a designated email for sending and receiving the reference checking request in a secured manner. Such designated email, along with the relevant contact information of designated personnel, would be made available in the e-portal of the IA (i.e. Insurance Intermediaries Connect). The contact details are strictly for use by the principals participating in the Scheme (including long term insurance agencies (which are authorised institutions) participating in the MRC Scheme) for the reference checking purpose, and must not be disclosed to other parties, including the prospective intermediary, without the prior consent of the relevant parties.

7.6 To support the communication mentioned in 7.5 above, the IA will maintain a centralized contact database of participating principals on its e-Portal. This database will enable principals to reliably identify and communicate with the appropriate contact persons responsible for handling reference check requests. As a safeguard, under this Scheme, responding principals are not required to respond to reference check requests unless the request is sent from a designated email address validly recorded in the contact database. This protocol helps ensure that all communications under the Scheme are properly channeled through authorized personnel, thereby maintaining the integrity of the reference checking process.

7.7 Long term insurers, long term insurance agencies, long term insurance broker companies and long term authorized institutions should uphold the principles of accountability and data ethics when collecting and using personal data obtained under the Scheme. They should explain the purposes and the processes involved to the relevant stakeholders and ensure they are treated in a fair and respectful manner. In addition, they should put in place adequate controls and procedures to safeguard the integrity and confidentiality of information obtained and to comply with the requirements of Personal Data (Privacy) Ordinance (Cap. 486) ("**PDPO**"). For example, particular attention should be given to the following aspects:

(a) long term insurers, long term insurance agencies, long term insurance broker companies and long term authorized institutions should take all practicable steps to ensure that prospective intermediaries are informed of matters relating to the

collection of their personal data, such as the purpose for which the data is to be used and the classes of persons to whom the data may be transferred. Hence, these entities should inform their appointed intermediaries of the type of data that will be collected, how they will use the data and how they will transfer the data to recruiting principals and recruiting authorized institutions (and any designated third parties) for reference checking under the Scheme and the MRC Scheme. When requesting for a reference checking, a recruiting principal and a recruiting authorized institution should ensure its Personal Information Collection Statement provided to the prospective intermediaries complies with the data protection principles set out in the PDPO.

(b) since the personal information relating to the reference checking is relatively sensitive, it is important for the long term insurers, long term insurance agencies, long term insurance broker companies and long term authorized institutions to put in place adequate security measures to ensure that the data is securely kept and transmitted (e.g. with encryption), and to prevent unauthorised access by any other third parties.

(c) if long term insurers, long term insurance agencies, long term insurance broker companies and long term authorized institutions outsource the relevant reference checking process to external service providers, then such designated third parties would be processing the prospective intermediaries' personal data as data processors. In this context, the long term insurers, long term insurance agencies, long term insurance broker companies and long term authorized institutions should adopt contractual or other means to prevent any personal data transferred to the data processor from being kept longer than is necessary for processing of the data, as well as to prevent unauthorised or accidental access, processing, erasure, loss or use of the data transferred to the data processor for processing. For the avoidance of doubt, the long term insurers, long term insurance agencies, long term insurance broker companies and long term authorized institutions bear the ultimate responsibility for the outsourced activity to the service provider.

8. Commencement

8.1 Phase 1 of the Scheme came into effect from 1 September 2024 and Phase 2 of the Scheme came into effect from 1 January 2026. Phase 3A of the Scheme shall take effect from 1 July 2026.