保險業監管局
Insurance Authority

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To: Chief Executives of authorized insurers carrying on long term insurance business

Dear Sirs,

Phase 2 of the temporary facilitative measures to tackle the outbreak of COVID-19

The Insurance Authority ("IA") issued a circular on 21 February 2020 regarding Phase 1 of the temporary facilitative measures ("TFM") to obviate the need to conduct face-to-face ("F2F") meetings to minimize the risk of infection during the sales process of insurance policies. In view of the current pandemic situation and after consultation with the industry, the IA sees the need for rolling out Phase 2 of the TFM with details of implementation set out below.

Scope of products covered

Phase 2 of the TFM will cover the following types of products –

(i) Qualifying Deferred Annuity Policy ("QDAP")
(ii) Voluntary Health Insurance Scheme ("VHIS")
(iii) Term insurance policies
(iv) Refundable insurance policies without substantial savings component, or renewable insurance policies without cash value, that provide insurance protection (e.g. hospital cash, medical, critical illness, personal accident, disability or long-term care cover)

Implementation details

The same principles as laid out in our circular of 21 February 2020 shall continue to apply, which are summed up in the ensuing paragraphs.

(i) All non-F2F distribution methods (e.g. digital, tele-marketing, postal, video-conference or any combination of those methods) for the distribution of products covered in Phase 2 of TFM are allowed.

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(ii) Unless otherwise waived in the Guideline on Financial Needs Analysis ("FNA") (GL30), upfront disclosure[1] must be made by the intermediaries, in lieu of an FNA assessment (which is required when intermediaries provide a recommendation), to ensure that the customers are aware of the nature, features and risks of the insurance products concerned before the customers make a purchase decision. That said, if the intermediaries are aware of any issue of concern about the customer's affordability, the intermediaries should not continue the sales process.

(iii) The same principle of upfront disclosure can be adopted for the relevant supervisory requirements under the respective guidelines[2] for the sale of long term insurance policies. For the avoidance of doubt, insurers and intermediaries should continue to comply with supervisory requirements which are not hindered by non-F2F distribution (e.g. proper disclosure of product features, risk and benefit illustration at the point-of-sale, post-sale confirmation calls for vulnerable customers under GL16 etc).

(iv) Policyholders should be alerted that specific supervisory requirements aimed to protect their interests have been varied under non-F2F distribution due to the current circumstances and they should seek professional advice as they deem fit.

(v) For the signature requirement, insurers and intermediaries can put into place appropriate measures such as electronic signature, onsite recording, personal identification number ("PIN") verification, sign-and-return-mail, one-time-password etc in lieu of wet signature by the customers.

(vi) The cooling-off period should be extended to no less than 30 calendar days for policies sold with the variation of supervisory requirements adopted under Phase 2 of the TFM.

(vii) Insurers and intermediaries should put in place adequate policies and procedures, as well as control and monitoring on transactions where the variation has been adopted.

(viii) Insurers and intermediaries should provide staff training as appropriate for adopting the TFM.

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[1] The upfront disclosure should include, where applicable, objective(s); type and nature of the policy; target benefit period; payment period; level of premiums payable; prominent warning to the customer concerning affordability of the policy during the entire premium payment period; and relevant information highlighting the liquidity risk associated with the product etc.

[2] Including Guideline on Underwriting Long Term Insurance Business (other than Class C Business) (GL16), Guideline on Qualifying Deferred Annuity Policy (GL19), Guideline on Long Term Insurance Policy Replacement (GL27), Guideline on Benefit Illustrations for Long Term Insurance Policies (GL28), and Guideline on Financial Needs Analysis (GL30).

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Effective period

Unless otherwise varied by the IA, Phase 2 of the TFM will take **immediate effect until 30 June 2020** (based on policy application date).

In case of doubt, please contact your case officers accordingly.

Yours faithfully,

Carol Hui
Executive Director, Long Term Business
Insurance Authority