

DRAFT FORMS OF LETTERS FOR REFERENCE

**(Applicable to cases involving referrals
from non-insurance brokers)**

(A) For New Clients

[Letterhead of Broker Company]

To: [Client]

Date:

Dear Sirs,

Re: Brokerage Services

1. We thank you for your interest in our company through [Name of Referrer] (“Referrer”). We are pleased to provide our services and set out in this letter the nature of our services and our terms of engagement.
2. We are a licensed insurance broker company and a member of the Professional Insurance Brokers Association, which is a self-regulatory body authorized by the Insurance Authority to approve licences to insurance brokers under the *Insurance Companies Ordinance* (“Ordinance”). As an insurance broker, our services include taking client’s instructions on possible insurance products that they require or may require, negotiating and/or arranging insurance policies for clients and advising clients on different aspects related to insurance.
3. Under the Ordinance, we act as your agent. Once we are engaged, we will help you analyse your insurance needs and identify suitable insurance products to fit such needs. During this process, on the basis of your instructions, we will make enquiries and liaise with insurance companies in order to obtain insurance quotations and terms of available insurance products for your consideration.
4. We will not be charging you any additional brokerage commission on top of what will be payable to us out of the premium charged by the insurance company for the insurance policy that you select.

For general insurance policies, the usual brokerage commission which will be payable to us by the insurance company out of the premium will [range from ___% to ___% (per policy) / be a fixed sum ranging from HK\$___ to HK\$___ (per policy)]

depending upon the amount of the premium and whether the premium is an initial premium, subsequent premium or renewal premium (as may be appropriate).

With regard to life insurance policies (including investment-linked insurance policies), the usual brokerage commission will range from ____% to ____ % (per annum) depending upon whether the premium is a lump sum premium, monthly / yearly premium, first year's premium or subsequent premium (as may be appropriate).

5. Likewise, the Referrer will not be charging you any fees apart from what will be payable by us to the Referrer out of the above payment by the insurance company to us [*ranging from ____ % to ____ % / in a fixed sum ranging from HK\$____ to HK\$____ (per policy)*].
6. Please note that the Referrer is not an insurance broker under the Ordinance and has not been, and will not be, involved in negotiating or arranging insurance contracts as your agent or advising you on matters related to insurance. If you have any questions about insurance products or other insurance matters, please feel free to contact us.
7. We trust the above is helpful. Should you have any queries or require any further explanation, please let us know. If the above terms of engagement are acceptable to you, please sign your name at the space below to confirm your agreement and return this letter to us. We look forward to providing you with quality insurance service.

Yours faithfully,

[*Broker Company*]

c.c. [Referrer]

We confirm our agreement to the above.

[*Client*]

Date:

(B) For Existing Clients (Applicable to renewal of policies for the first time after implementation of the proposal in the PIBA Position Paper)

[Letterhead of Broker Company]

To: [Client]

Date:

Dear Sirs,

Re: Brokerage Services

1. We refer to [details of the existing insurance policy to be renewed], which was referred by [Name of Referrer] (“Referrer”) and arranged by us on your behalf and is due to expire shortly.
2. As you are aware, we are a licensed insurance broker company and a member of the Professional Insurance Brokers Association, which is a self-regulatory body authorized by the Insurance Authority to approve licences to insurance brokers under the *Insurance Companies Ordinance* (“Ordinance”).
3. Under the Ordinance, we act as your agent. Once we are engaged to work for you in respect of renewal of the aforesaid policy, we will make enquiries and liaise with insurance companies in order to obtain renewal quotations for your consideration.
4. We will not be charging you any additional brokerage commission on top of what will be payable to us out of the premium charged by the insurance company for the insurance policy that you select.

For general insurance policies, the usual brokerage commission which will be payable to us by the insurance company out of the premium will [range from ___% to ___% (per policy) / be a fixed sum ranging from HK\$___ to HK\$___ (per policy)] depending upon the amount of the premium and whether the premium is an initial premium, subsequent premium or renewal premium (as may be appropriate).

With regard to life insurance policies (including investment-linked insurance policies), the usual brokerage commission will range from ___% to ___% (per annum) depending upon whether the premium is a first year’s premium or subsequent premium (as may be appropriate).

5. Likewise, the Referrer will not be charging you any fees apart from what will be payable by us to the Referrer out of the above payment by the insurance company to

us [*ranging from ____ % to ____ % / in a fixed sum ranging from HK\$____ to HK\$____ (per policy)*].

6. Please note that the Referrer is not an insurance broker under the Ordinance and has not been, and will not be, involved in negotiating or arranging insurance contracts as your agent or advising you on matters related to insurance. If you have any questions about insurance products or other insurance matters, please feel free to contact us.
7. We trust the above is helpful. Should you have any queries or require any further explanation, please let us know. If the above terms are acceptable to you, please sign your name at the space below to confirm your agreement and return this letter to us. We look forward to continue providing you with quality insurance service.

Yours faithfully,

[*Broker Company*]

c.c. [*Referrer*]

We confirm our agreement to the above.

[*Client*]

Date: