

Company Name:

Membership No:

Date:

Secretariat Staff:

Objective	Procedure	Objective	Remarks
Checking of compliance	1. Professional indemnity insurance	<p>i) To establish whether the professional indemnity insurance cover meets the Minimum Requirements.</p> <p>ii) To establish whether the policy provides for one automatic reinstatement where the minimum limit is maintained at HK\$2,000,000 (HK\$3,000,000 with effect from 1 January 1997) or, where the limit of indemnity has been determined according to brokerage income, whether the broker has effected a reinstatement of cover up to not less than the minimum determined amount if, as a result of a claim(s) the indemnity available falls below the limit.</p>	
	2. Keeping of separate client accounts	<p>i) To establish whether the broker maintained at least one "client account" designated as such (Practice Note 18*)</p> <p>ii) To establish whether the provisions of section 71 of the insurance Companies Ordinance have been notified to and acknowledged by an authorized institution with which the</p>	

		<p>“client account” is maintained.</p> <p>iii) To establish whether the broker keeps client monies in a separate account from his own monies and whether client monies are used for any purpose other than for the purposes of the client.</p> <p>iv) To establish whether the broker deposits monies received or held on behalf of his clients in relation to insurance broking business into the client account without delay.</p>	
	<p>3. Keeping proper books and accounts</p>	<p>i) To establish whether the broker maintains proper accounting and other records which:</p> <ul style="list-style-type: none"> ● will sufficiently explain the transactions and reflect the financial position of the insurance broking business ● will enable financial statements of such business to be prepared which give a true and fair view of the financial position and results of the broker ● are kept in such a manner as will enable them to be conveniently and 	

		<p>properly audited</p> <ul style="list-style-type: none">• are kept in writing or in such manner as to enable them to be readily accessible and converted into written form and• are in sufficient detail to show separately particulars as set put in paragraph 22(b)(ii) of the Practice Note *. <p>ii) To establish whether the broker retains the books and records for a period of not less than seven years.</p>	
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* Please refer to the Practice Note 180.1