



# C&C

## Summer Legal Roundup

Part II

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# **New Insurance Intermediary Law – What has changed?**

The current Insurance Intermediary Law (Decree-Law No. 38/89/M) was enacted 36 years ago, in 1989. It regulates the activity of insurance intermediaries in Macau. The new Insurance Intermediary Law (Law No. 15/2024) was published in the Official Gazette on August 12, 2024, to become effective on August 1, 2025. Unless otherwise stated, references to law Article numbers herein refer to the new law.

To get an idea of the dimension of the insurance intermediary sector in Macau, by April 30, 2024, there were a total of 7798 licensed insurance intermediaries, 5848 individual insurance agents, 72 corporate insurance agents, 1867 insurance salesmen and 11 insurance brokers.

In the past few years, the Macau government have been engaging in the elaboration and revision of various legislations in the area of financial industry, as a way to further develop the financial sector in Macau.

As a result of these efforts, a proposal for the new Insurance Intermediary Law was submitted to the Legislative Assembly on November 13, 2023, for approval. The final version of this new law was approved on July 31, 2024.

Here is an outline of the main changes to the law that we deem to be more relevant:

### **1. Validity of the license**

The validity of the insurance intermediary license will be changed from the current 1 year of validity, renewable, to two years, renewable for a further 2 years (Article 9, paragraph 3).

When applying for the renewal of the license, the individual insurance agents and insurance salesmen must have completed the minimum hours of the “Continuing Professional Development Program” (Article 17, paragraph 2(1)). This requirement was implemented by the regulator, the Macau Monetary Authority (“AMCM”), on January 1, 2018, through Notice No. 010/2017-AMCM, but now will be expressly stipulated in the new law.

### **2. Pre-approval and notice to AMCM**

Under the new law, a wide range of matters will be subject to (i) AMCM’s pre-approval, for example, the acquisition of a qualified shareholding in an insurance broker’s share capital, or the acquisition of the position of dominant shareholder in a corporate insurance agent (Article 8, paragraph 1), and to (ii) communication to AMCM within 30 days, such as in case of change of director of a corporate insurance agent or any material changes to information that was provided during the licensing process, etc. (Article 8, paragraph 4).

As a result of the above, the change of non-dominant shareholder of a corporate insurance agent is only subject to the 30-day notice to AMCM. However, this does not mean that the new shareholder is not subject to the suitability assessment by AMCM, under Article 16.

### **3. Licensing requirements**

Currently, applicants for an insurance intermediary license are subject to a suitability assessment by AMCM.

Under the new law (Article 16), the scope of application of the suitability assessment will be widened to cover shareholders, directors and senior management of corporate insurance agents and brokers, the risk analyst and other people in charge. Additionally, the new law stipulates a long list of factors that AMCM should take into consideration when conducting a suitability assessment (Article 16, paragraph 4).

Besides this list, AMCM will have powers to announce, through notices, specific means and requirements for the suitability assessment (Article 16, paragraph 7).

Furthermore, individual insurance agents are required to have completed high school (Article 12, paragraph 1(4)), and this requirement will no longer be replaceable by 5 years of work experience as provided in the current law (Article 14, paragraph 1 (g) of current law).

Lastly, besides the licensing requirements that are provided in the new law, AMCM will have the powers to stipulate, through notice, the required documents and procedures for the issuance and renewal of the insurance intermediary licenses (Article 9, paragraph 6).

#### **4. Limit of insurance companies**

Currently, individual insurance agents are allowed to work for a maximum of one life insurance company, and corporate insurance agents are allowed to work for a maximum of two life insurance companies (Article 19 of the current law).

To allow a more flexible solution to adapt to market changes, under the new law, those limits will no longer be fixed in the law. Instead, they will be determined by AMCM through notice or circular (Article 7, paragraph 1). As clarified by the government, this new rule was inspired by the regime in Hong Kong.

#### **5. AMCM's supervisory powers**

Under the new law, the supervisory powers of AMCM will be widened. A new Article has been added (Article 30) which is similar to Article 10 of the Financial System Act, giving powers to AMCM to conduct on-site examinations and confiscation of objects.

Furthermore, AMCM will have powers to shut down establishments that are, for example, engaging in insurance intermediary activity without a license (Article 32).

#### **6. Due diligence responsibilities of insurance companies**

Article 25 of the new law stipulates the obligations of the insurance companies, amongst which, the insurance companies will have the duty to conduct due diligence over their insurance intermediaries.

In practice, AMCM would expect insurance companies to have appropriate procedures for the recruitment of insurance intermediaries, for example, having dedicated staff to verify the reasonableness of the academic records and professional experience of the candidates, and having an appropriate interview system to ensure that the people hired are suitable.

### **7. Application of sanctions and fines**

Under the new law, AMCM will have the powers to apply sanctions and fines (Article 6, paragraph 2(9)), which are powers that used to be vested in the Chief Executive (Article 35 of the current law).

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