
STATEMENT OF DISCIPLINARY ACTION

Introduction

1. The Insurance Authority (“**IA**”) has taken disciplinary action against former insurance agent, Ms. Lau So Ying (“**Agent**”) by prohibiting her from applying to be licensed for 18 months under section 81 of the Insurance Ordinance (“**IO**”). The disciplinary action is taken on the basis that the IA considers that she was not a fit and proper person to be licensed at the time when she was a regulated person by reason of her having fabricated her client’s instructions and forged her client’s signature on two separate occasions between December 2021 and January 2022.

Summary of Facts

2. On 30 November 2021, the Agent received a cheque for HK\$25,306.39 from her client to renew two insurance policies (hereinafter called Policy-1 and Policy-2), payment for which were both due on 12 December 2021. The Agent submitted the cheque to the insurer with a temporary receipt which she had completed. In completing the receipt, the Agent stated the wrong premium amount for each of the insurance policies. This resulted in a premium shortfall for Policy-1 of HK\$473.05 and a premium over-payment on Policy-2 of HK\$473.05 (“**Mistake**”).
3. The Agent realized the Mistake after receiving notification from the insurer on 2 December 2021 and sought to rectify the same directly with the insurer. However, the Agent was told on 8 December 2021 that the client’s written instructions were required before it could rectify the Mistake. In this connection, the Agent fabricated a written instruction dated 8 December 2021 and forged the client’s signature (“**First Forged Letter**”) without the client’s knowledge or consent. The First Forged Letter was submitted to the insurer on 15 December 2021.
4. The First Forged Letter, however, contained certain factual errors which exacerbated the original Mistake, by reallocating premium from Policy-1 to Policy-2 (instead of the other way round) such that the premium shortfall for Policy-1 increased to USD265.99 (equivalent to HK\$2,066.89) (“**Error**”). The Agent discovered the Error on 3 January 2022. Again, in an attempt to rectify the Error, the Agent proceeded to fabricate another written instruction dated 5 January 2022, forging the client’s signature without the client’s knowledge or consent for the second time (“**Second Forged Letter**”).
5. Before the insurer received the Second Forged Letter, it notified the Agent on 12 January 2022 that an Automatic Premium Loan (“**APL**”) had been executed against

Policy-1 (due to the shortfall in premium). At the same time, the insurer issued a Premium Overdue Notice to the client informing the client that the APL would be cancelled if the outstanding premium was settled on or before 28 January 2022 (“**Premium Overdue Notice**”). Despite the Premium Overdue Notice, the Agent submitted the Second Forged Letter to the insurer on 19 January 2022.

6. The daughters of the client contacted the insurer to enquire about the Premium Overdue Notice and it was at this point that the truth about the two forged letters was uncovered (with the insurer reversing the APL on Policy-1 so as to ensure the client suffered no loss).
7. The Agent admitted to the insurer and the IA that she had fabricated (and forged the client’s signature on) both the First Forged Letter and the Second Forged Letter for the purpose of trying rectify and cover up the Mistake and the Error. The Agent explained that the Mistake had been caused by the deterioration of her numeric sensitivity after she had suffered a stroke in February 2020 and that she was fearful of any actions the client’s daughters might take if they discovered the Mistake. Because of this, she fabricated the letters and forged the client’s signature.

Relevant Regulatory Requirements

8. Pursuant to section 81(1)(c) of the IO, the IA may exercise the statutory power to take disciplinary action against a person if the IA is of the opinion that at a time when the person is or was a regulated person, the person is or was not a fit and proper person after taking into account all relevant matters including the present or past conduct of that person.

Summary of Findings and Analysis

9. In the present case, the IA is of the opinion that the Agent was not a fit and proper person during the period between December 2021 and January 2022 when she was a regulated person.
10. The Agent had made the Mistake in completing the temporary receipt. This was a human error and is not the reason the IA has decided to take disciplinary action. Rather it is the conduct of the Agent in attempting to rectify the Mistake that has impugned the Agent’s integrity. Integrity means doing the right thing, even when that is the hard thing to do. Even if coming clean about the Mistake may have resulted in disappointment on the client’s part, this would still have been the right thing to do, the action that a person with integrity and good character would have undertaken and which would have led to the problem being rectified without delay or jeopardizing the client’s interests. By fabricating and forging the client’s signature on the First Forged Letter and the Second Forged letter, however, the Agent demonstrated by her actions a total lack of integrity and an absence of good

character resulting in the client's interests being harmed with the execution of an APL on one of the client's insurance policies.

11. The IA took note that the Agent had been an insurance intermediary for 21 years and had an unblemished disciplinary record up until the events that are the subject of this case. Whilst this is a matter to be taken into account in mitigation, along with the impact of the Agent's stroke, it does not excuse the Agent's actions or change the seriousness of the conduct which go to issues of integrity and character. Given the lack of integrity and character which the Agent's actions displayed, this is conduct which in the IA's view is deserving of disciplinary action.

The Disciplinary Action

12. In determining the level of disciplinary action set out in the paragraph 1 above, the IA has taken account of all relevant circumstances of this case including but not limited to the following: -
 - (a) The Agent had abused her position of trust with the client;
 - (b) The Agent had admitted to fabricating the two letters and forging the client's signature within a period of 1 month;
 - (c) The Agent's conduct was intentional and deliberate;
 - (d) The Agent's health condition;
 - (e) The fact that the client did not sustain any financial loss;
 - (f) The Agent was licensed for approximately 21 years and has a clean disciplinary record; and
 - (g) The need to send a message to deter similar misconduct.

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