

LEGAL UPDATE

New Regulatory Requirements for Life Insurance Referral Business in Macau

The Macau insurance market is undergoing a dynamic period of change, characterized by rapid growth and introduction/modification of significant regulatory changes.

On 20 November 2025, AMCM issued **Circular no. 022/B/2025-DSG/AMCM** on the **Regulatory Requirements for Life Insurance Referral Business**. The circular came into effect on the same day, with little advance notice, signaling the regulator's heightened concern over the risks/ precautions associated with referral arrangements.

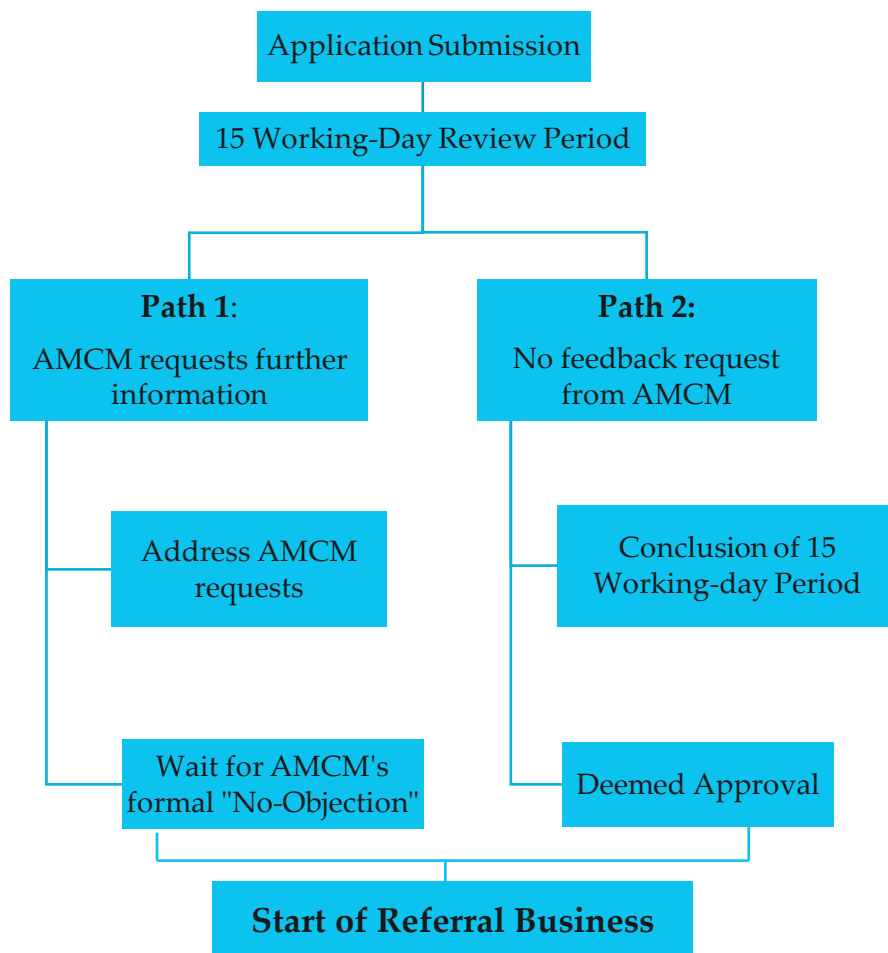
Key Highlights and Immediate Implications

1. Prior Notification for Referral Business

- Insurers and intermediaries (“Regulated Entities”) wishing to adopt a client referral model must first notify and submit relevant documentation to the AMCM, before commencing any client referral business.
- The submission can be in the form of a **business plan**, detailing the business operational model, the identity of the referrers and their records of regulatory violations, the expected business scale and any measures taken to comply with the regulatory requirements.

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- Regulated entities must submit the documents and wait for a **15-working-day** review period. If AMCM raises objections or requests supplementary information during the 15-working-day period, then Regulated Entities can only proceed upon formal no objection from AMCM.



- AMCM is granted powers to regularly request information from the Regulated Entities, and to conduct on-site or document verification to assess the control measures applicable to the insurer's distribution channel and the referral business in general.

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2. Strict Control and Due Diligence on Referrers

- Regulated Entities are required to conduct comprehensive due diligence on referrers' backgrounds, business models, and client sources both before and during the contractual period.
- The referrer's role must be explicitly defined and limited, ensuring that the referrer does not participate in any regulated insurance intermediary activities, and is not perceived as a licensed intermediary.
- Regulated Entities are responsible for ensuring that the referrers will not engage in irregular sales activities, and would be held liable for any such acts.
- Regulated Entities are also required to establish "red flag" detection measures to identify potential misconduct (e.g., a spike in complaints or high lapse rates among referred clients) and must immediately report any illegal activities (e.g., unlicensed or cross-border sales) to the AMCM.
- Insurers are responsible to ensure that their appointed intermediaries understand and comply with the circular.

3. New Requirements on Sales Process for Life Policies

- Sales of life insurance policies (especially those with non-guaranteed returns and bonuses) must be conducted on a "one-on-one" basis.
- Each policy sale must last at least 45 minutes to one hour to ensure the client has sufficient time to understand the product.

4. Stringent Post-Sale Verification

- For policies generated through referrals, insurers **must** implement a **post-sale confirmation** procedure. An independent staff member must conduct a recorded call to confirm:
 - The client knows the identity/name and limited role of the referrer and the intermediary.
 - The referrer did not provide product advice or handle policy/ premium arrangements or other regulated activities.
 - The client understands the product's features, risks, fees, and their own rights and responsibilities, etc.

5. Strict Limitations to Premium Financing

- All policies generated from referral business model are subject to an absolute assignment or collateral assignment prohibition, with limited exceptions. The transferee accepting the policy assignment (when possible) shall be treated as a new client, and the insurance company must comply with all applicable due diligence requirements for new clients.

6. Policies Must Be Macau-Based

- Policies generated through referrals **must be issued in Macau and governed by Macau law**.
- The guideline includes an **explicit prohibition** on converting these Macau policies into policies from other jurisdictions.

Conclusion

The Circular considerably tightens the rules for Macau's life insurance business. Insurers and intermediaries must implement more controls, conduct thorough due diligence, and take full responsibility for their referral partners. While these requirements introduce new operational complexities, they ultimately aim to foster a more robust, transparent and trustworthy market.

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