

**Consultation Paper on Draft Guidelines on
the**

**(1) Fit and Proper Criteria for Licensed
Insurance Intermediaries under the
Insurance Ordinance (Cap. 41) and**

**(2) Continuing Professional Development
for Licensed Insurance Intermediaries**

FOREWORD

- 1 This paper is published by the Insurance Authority (“IA”) to consult the public on two guidelines to be issued under section 133 of the Insurance Ordinance (Cap. 41) namely the (i) Guideline on “Fit and Proper” Criteria for Licensed Insurance Intermediaries under the Insurance Ordinance (Cap. 41); and (ii) Guideline on Continuing Professional Development for Licensed Insurance Intermediaries. The enclosed drafts which are being consulted on have been prepared in anticipation of the IA taking over regulation of insurance intermediaries from the three existing self-regulatory organizations in mid-2019.
- 2 The IA welcomes written submissions on or before 30 November 2018 by any of the following means:

Mail: Insurance Authority
19/F, 41 Heung Yip Road
Wong Chuk Hang
Hong Kong
Fax: (852) 3899 9993
Email: comment_codeandguideline@ia.org.hk
- 3 Any person making a submission on behalf of an organization is requested to provide details of such organization.
- 4 Submissions will be received on the basis that the IA may freely reproduce and publish them, in whole or in part, in any form, and use, adapt or develop any proposal put forward without seeking permission or providing acknowledgement of the party making such proposal.
- 5 Please note that name(s) of respondent(s), their affiliation(s) and the contents of their submissions may be referred to in any forms of documentation the IA may publish or release. If you do not wish your name, affiliation and/ or submission to be disclosed, please expressly state so when you make your submission.
- 6 Any personal data submitted will only be used for consultation and its related purposes. For access to or correction of any personal data contained in your submission, please contact –

Personal Data Privacy Officer
Insurance Authority
19/F, 41 Heung Yip Road
Wong Chuk Hang
Hong Kong

CONTENTS

		Page
	EXECUTIVE SUMMARY	4
CHAPTER 1	INTRODUCTION	6
CHAPTER 2	FIT AND PROPER REQUIREMENTS	9
CHAPTER 3	PROPOSED FIT AND PROPER CRITERIA	11
CHAPTER 4	PROPOSED CPD REQUIREMENTS	19
CHAPTER 5	TRANSITIONAL ARRANGEMENTS	23
SCHEDULE 1	New Section 64ZZA of the Ordinance	27
ANNEX A	DRAFT GUIDELINE ON “FIT AND PROPER” CRITERIA FOR LICENSED INSURANCE INTERMEDIARIES UNDER THE INSURANCE ORDINANCE (CAP. 41)	
ANNEX B	DRAFT GUIDELINE ON CONTINUING PROFESSIONAL DEVELOPMENT FOR LICENCED INSURANCE INTERMEDIARIES	

EXECUTIVE SUMMARY

1. The public increasingly expects robust oversight of insurance intermediaries, especially in view of the fact that insurance products have become more sophisticated and diversified¹. The regulatory framework was therefore overhauled in recent years by way of the Insurance Companies (Amendment) Ordinance 2015 (Ord. No. 12 of 2015) (“the Amendment Ordinance”) being passed.
2. The IA was established to *inter alia* modernize the insurance industry regulatory infrastructure, facilitate the development of the industry and provide better protection for policy holders.
3. It is planned that in mid-2019, the IA will take over the regulation of insurance intermediaries from the three Self-Regulatory Organizations (“SROs”), namely Insurance Agents Registration Board (“IARB”) set up by The Hong Kong Federation of Insurers (“HKFI”), The Hong Kong Confederation of Insurance Brokers (“CIB”) and Professional Insurance Brokers Association (“PIBA”). Under the new regime, a person will require a licence granted by the IA to carry on regulated activities. Moreover, the amended Insurance Ordinance (Cap. 41) (“the Ordinance”) will require regulated persons including licensed insurance intermediaries and for firms, their responsible officers, controllers, partners and directors to be fit and proper to carry on regulated activities in the lines of business concerned.
4. Under the Ordinance the fit and proper requirement commences at the licence application stage and applies continuously thereafter as long as the person is a regulated person. The onus is on each person to satisfy the IA that he/she/it is fit and proper to carry on regulated activities. **Chapter 2** explains the new fit and proper requirements set out in the Ordinance and why Continuing Professional Development (“CPD”) is a matter to be considered in determining fitness and properness.
5. The matters which the IA must have regard to when considering whether a person is fit and proper are set out in the new section 64ZZA of the Ordinance and can be grouped into three categories: (i) professional competence; (ii) reputation, character, reliability and integrity of the person; and (iii) financial status or solvency. The Guideline on “Fit and Proper” Criteria for Licensed Insurance Intermediaries under the Insurance Ordinance (Cap. 41) (**ANNEX A**) outlines the non-exhaustive criteria and matters that the IA will normally consider in determining whether a person is fit and proper. **Chapter 3** is intended to be read alongside the Guideline.
6. On professional competence, the IA proposes to specify the minimum education requirements for individual licensees by referencing the Hong Kong Diploma of Secondary Education Examination (“HKDSE”) which was launched in 2012. Furthermore, to ensure that individual licensees have reached at least secondary education level and have acquired necessary language proficiency and numerical skills, it is proposed that the minimum basic education standard be set as:
 - (1) Level 2 or above in 5 subjects in the HKDSE; and

¹ Legislative Council Brief by Financial Services and the Treasury Bureau dated 16 April 2014 (File Ref: C2/2/50C) – Insurance Companies (Amendment) Bill 2014: online at <https://www.legco.gov.hk/yr13-14/english/bills/brief/b201404251_brf.pdf>.

- (2) Of the 5 subjects, one language (either Chinese or English) and Mathematics are compulsory.

The IA also proposes to accept other education qualifications such as the Diploma Yi Jin, International Baccalaureate Diploma, and a range of well-established professional qualifications. Since the new law imposes higher levels of responsibility on responsible officers of licensed insurance agencies and licensed insurance broker companies, the IA proposes to require responsible officers to possess at least a bachelor or a higher degree from a recognized university or tertiary education institution. The IA proposes that the current experience requirements for responsible officers be adopted (a minimum of 5 years of industry experience including 2 years of management experience). As regards the professional competence of firms, the IA has spelled out in the Guideline some of the key criteria such as corporate governance and internal control procedures and risk management systems of the firms that it will assess. Finally, the Guideline also elaborates on matters the IA proposes to consider in respect of a person's reputation, character, reliability, integrity, financial status and solvency.

7. The IA proposes to standardize, modernize and update existing CPD requirements applicable to intermediaries in line with the new Ordinance requirements and has prepared a Guideline on Continuing Professional Development for Licensed Insurance Intermediaries (**ANNEX B**). Key proposals include that online/e-learning CPD activities should be recognized and a minimum of 15 CPD hours (including 3 compulsory CPD hours on "Ethics and Regulations") per annum has been proposed (a proposed increase of 5 CPD hours). To allow for a wider range of CPD activities, CPD activities organized by the 3 current SROs and other professional/statutory bodies will be recognized by the IA. Furthermore, the IA proposes to allow events covering a wider range of technical subjects to be accepted as CPD qualified so as to encourage individual licensees to develop their technical knowledge. **Chapter 4** is intended to be read alongside the Guideline.
8. The IA recognizes the need to accommodate a smooth transition to the new regime. Insurance intermediaries who are validly registered with the SROs immediately before the commencement of the statutory licensing regime will be regarded as deemed licensees for three years. The IA also proposes to relax the minimum education qualification requirements for deemed licensees applying to be licensed as individual licensees or for approval as responsible officers. Furthermore, the application process for deemed licensee firms will be streamlined. Details of the proposed transitional arrangements are to be found in **Chapter 5**.
9. Both Guidelines were carefully developed after taking into account the current requirements, similar guidelines issued by local and overseas regulatory authorities and the feedback provided by the industry. The IA would like to express its gratitude to the industry, in particular, to members of the Working and Discussion Groups for their valuable advice.
10. For ease of reference, references to section numbers in this consultation paper are made to the Ordinance as if the Ordinance incorporates the entire Amendment Ordinance unless otherwise specified.

CHAPTER 1 INTRODUCTION

Background

1. With 161 authorized insurers (including 13 of the world's top 20 insurers) in Hong Kong as at 17 August 2018, Hong Kong is a major international insurance hub. Insurance penetration rates (being premium income as a percentage of Gross Domestic Product ("GDP")) in 2017 were approximately 1.8% for general business and 16.6% for long term business adding up to 18.4% of GDP in total and premium volumes have enjoyed strong growth in recent years. Insurance intermediaries play a key role in the insurance market.
2. To strengthen public confidence in the insurance industry, the Amendment Ordinance was passed in 2015 to, *inter alia*, establish an independent regulatory regime for insurance intermediaries. It is planned that in around mid-2019 the provisions of the Amendment Ordinance in relation to the new regime will come into operation. The IA will then take over the regulation of insurance intermediaries from the three SROs with which currently almost 100,000 intermediaries are registered and will administer the licensing regime prescribed by the Ordinance.
3. According to the statistics provided by the SROs, as at 30 June 2018, there were 2,410 insurance agencies, 63,931 individual agents, 25,668 responsible officers/technical representatives of insurance agencies, 774 insurance brokers (all were members of CIB and PIBA) and 8,964 chief executives/technical representatives of insurance brokers.

New licensing regime, mirrored licence categories and deemed licensees

4. Under the new regime, a person requires a licence granted by the IA to carry on "regulated activities"², which cover a range of activities such as giving advice on insurance policies and sale of insurance policies, in the course of their business or employment or for reward, unless otherwise exempted.
5. The categorization of licences under the new regime will be similar to the current regime. There will be five types of "licensees" namely: licensed individual insurance agents, licensed technical representatives (agent); licensed technical representatives (broker); licensed insurance agencies and licensed insurance broker companies. Each licensed insurance agency and licensed insurance broker company must have at least one responsible officer who must be a licensed technical representative (agent) or licensed technical representative (broker) (as the case may be). Appointment of a responsible officer requires the IA's prior approval.
6. In view of the large number of insurance intermediaries currently registered with the three SROs, for a smooth transition to minimize possible disruption to insurance intermediaries' business and service to existing policy holders, there will be exemptions and transitional arrangements for deemed licensees (i.e. existing insurance intermediaries validly registered with the SROs immediately before the commencement of the new regime). In view of the importance of such exemptions and transitional arrangements, an entire chapter of this paper is dedicated to this topic (namely **Chapter 5**).

The IA's functions

² New Schedule 1A to the Ordinance sets out the acts that are regarded as "regulated activities" and the matters that are regarded as "material decisions" and "regulated advice".

7. The IA's statutory functions (section 4A of the Ordinance including new sections) include that the IA shall:
- a. be responsible for supervising an insurance intermediary's compliance with the provisions of the Ordinance;
 - b. promote and encourage the adoption of proper standards of conduct by insurance intermediaries;
 - c. review and, if necessary, propose reforms of the systems for regulating insurance intermediaries;
 - d. regulate the conduct of insurance intermediaries through a licensing regime;
 - e. promote the understanding by policy holders and potential policy holders of insurance products and the insurance industry;
 - f. formulate effective regulatory strategies and facilitate the sustainable market development of the insurance industry, and promote the competitiveness of the insurance industry in the global insurance market; and
 - g. perform functions imposed or conferred on the IA by the Ordinance or any other ordinance.

Consultation

8. This paper is published by the IA, in preparation for taking over full regulation of insurance intermediaries, to consult the public on two guidelines to be issued under section 133 of the Ordinance, namely (i) Guideline on "Fit and Proper" Criteria for Licensed Insurance Intermediaries under the Insurance Ordinance (Cap. 41) ("F&P Guideline"), and (ii) Guideline on Continuing Professional Development for Licensed Insurance Intermediaries ("CPD Guideline") (referred to collectively as the "Guidelines").
9. The Guidelines have been prepared by the IA on the basis of the following:
- a. the Ordinance, the Amendment Ordinance and guidelines/regulatory instruments issued by IA;
 - b. the existing codes and guidelines relating to "fit and proper" and CPD requirements for insurance intermediaries;
 - c. the Guideline on "Fit and Proper" Criteria under the Insurance Ordinance (Cap. 41) (GL4) issued by the IA in relation to insurers³; and
 - d. relevant guidelines issued by local and overseas regulatory authorities and their practices.
10. Furthermore, in preparing the Guidelines, the IA has engaged with the Working Group on Direct Licensing Regime for Insurance Intermediaries (comprising the SROs); the Discussion Group (Insurance Agents) (comprising representative bodies for insurance agents) and the Discussion Group (Insurance Brokers) (comprising the CIB and PIBA).

³ https://www.ia.org.hk/en/legislative_framework/files/GL4.pdf

11. The Guidelines will be finalized after taking into account the feedback collected during this consultation and will then be published in the Gazette. The Guidelines will take effect upon commencement of regulation by the IA of insurance intermediaries.

CHAPTER 2 FIT AND PROPER REQUIREMENTS

The Ordinance and the fit and proper requirement

12. All provisions of the Ordinance under which licensed insurance intermediary licences can be granted⁴ as well as all provisions relating to the approval of responsible officers⁵ require applicants and responsible officers to be fit and proper persons to carry on regulated activities in the lines of business concerned. The provision relating to the renewal of licences⁶ contains the same requirements.
13. As regards firms (i.e. sole proprietorships, partnerships and companies), all of their controllers, partners and directors (where applicable) must also be fit and proper persons to be associated with the carrying on of regulated activities in the lines of business concerned. The Ordinance requires every licensed insurance agency and licensed insurance broker company to appoint at least one responsible officer who should ensure that internal control systems and procedures are in place to promote compliance with conduct requirements. The appointment of a responsible officer is also subject to the IA's approval based on the fit and proper criteria.
14. The fit and proper requirement is ongoing (it does not just apply at the time of licensing or approval) and under new section 81 of the Ordinance the IA may exercise various disciplinary powers (such as revoking or suspending licences for licensed insurance intermediaries or approvals for responsible officers or prohibiting regulated persons from becoming licensed or from being appointed as a responsible officer) in the event that it is of the opinion that at the time when a person is/was a regulated person, the person is/was not a fit and proper person.
15. The onus is on each person to satisfy the IA that he/she/it is fit and proper to carry on, or to be associated with the carrying on of, regulated activities and it is not for the IA to show otherwise.
16. New section 64ZZA of the Ordinance entitled "Determination of Fit and Proper" is set out in full in **SCHEDULE 1**. Broadly these requirements can be grouped into three categories: (i) professional competence; (ii) reputation, character, reliability and integrity of the person; and (iii) financial status or solvency.
17. The F&P Guideline (see **ANNEX A**) outlines the criteria and matters that the IA will normally consider in determining whether a person is fit and proper. These criteria and matters are not intended to be exhaustive and do not constitute legal advice.

⁴ New sections 64U; 64W; 64Y; 64ZA and 64ZC of the Ordinance.

⁵ New sections 64ZE and 64ZF of the Ordinance.

⁶ New section 64ZV of the Ordinance.

Continuing professional development is part of the fit & proper requirement

18. In determining whether a person is a fit and proper person matters the IA must have regard to under section 64ZZA of the Ordinance include the education or other qualifications or experience of the person; and the person's ability to carry on a regulated activity competently, honestly and fairly (i.e. their professional competence)⁷. For individual licensees, as well as for any principal(s) who appoints them, CPD is highly relevant to these matters.
19. Failure by an individual licensee to comply with applicable CPD requirements will impact on their fitness and properness. Each principal is required to ensure that any individual licensee appointed by it complies with applicable CPD requirements. Failure by a principal to do so may impact on their fitness and properness.

⁷ Please see new sections 64ZZA(1)(a) and (b) of the Ordinance which are reproduced in SCHEDULE 1.

CHAPTER 3 PROPOSED FIT AND PROPER CRITERIA (SEE ANNEX A)

Who the F&P Guideline applies to

20. Under the Ordinance all licensed insurance intermediaries and, where applicable, their responsible officers, controllers, partners and directors must be fit and proper persons i.e. they must possess suitable (i) professional competence; (ii) reputation, character, reliability and integrity of the person; and (iii) financial status or solvency where applicable.
21. The F&P Guideline separates requirements for (i) individuals (i.e. natural persons who are individual licensees, responsible officers, controllers, partners and directors) and (ii) firms (i.e. firms which are licensed insurance intermediaries or directors, controllers and partners⁸).
22. Since the fit and proper requirement is ongoing, the criteria apply both to applicants for licences or approvals as well as to persons who are already licensed or approved under the Ordinance.

Professional Competence

23. New sections 64ZZA(1)(a)-(b) (set out in **SCHEDULE 1**) require the IA to have regard to the education or other qualifications or experience of the person; and the person's ability to carry on a regulated activity competently, honestly and fairly in determining whether a person is a fit and proper person.
24. Broadly the IA's proposals in respect of the professional competence requirements can be grouped into:
 - a. education and professional qualifications for all individual licensees;
 - b. education and professional qualifications for responsible officers;
 - c. experience requirements for responsible officers;
 - d. continuing professional development for all individual licensees;
 - e. professional competence requirements for licensed insurance agencies and licensed insurance broker companies.
25. The IA proposes that there will be relaxations in respect of deemed licensees. Please see **Chapter 5 Transitional Arrangements** for details.
26. Both individuals and (to some extent their principals) are already subject to professional competence requirements under the SRO regime. However, as there are several sets of requirements (issued by the IA and the various SROs) and since the requirements were set many decades ago, it is necessary to consolidate the requirements and to update and modernize them in line with the Ordinance and the IA's relevant statutory requirements (set out in paragraph 7 above).

⁸ Under Hong Kong law it is possible, for example, for partnerships and companies to have corporate partners, controllers and directors.

a. education and professional qualifications for all individual licensees

27. Under the current regime, individual insurance agents and insurance brokers are required to comply with a minimum education requirement, namely completion of Form 5 level or its equivalent⁹. This education requirement was set a long time ago and does not specify the minimum number of passes required.
28. In addition, since the year 2000, individual insurance agents and insurance brokers are required to pass the Insurance Intermediaries Qualifying Examination.
29. The IA proposes to update the minimum education requirement for individual licensees for reasons including the following:
- a. The Hong Kong Diploma of Secondary Education Examination (“HKDSE”) has been launched by the Hong Kong Examinations and Assessment Authority in 2012 to replace both the Hong Kong Certificate of Education Examination (“HKCEE”) and the Hong Kong Advanced Level Examination (“HKALE”) as the public examination to be taken by students under the new 6-year secondary school education structure in Hong Kong.
 - b. New section 90 of the Ordinance includes the requirements on licensed insurance intermediaries to exercise a level of care, skill and diligence that may reasonably be expected of a prudent person who is carrying on a regulated activity; advise only on matters for which the intermediary is competent to advise; and have regard to the particular circumstances of the policy holder or the potential policy holder that are necessary for ensuring that the regulated activity is appropriate to the policy holder or the potential policy holder.
 - c. Insurance products have become more sophisticated and it is important that licensed insurance intermediaries understand them.
 - d. To facilitate the sustainable market development of the insurance industry, and promote the competitiveness of the insurance industry in the global insurance market, it is necessary to consider the requirements set by other insurance regulators in the region¹⁰.
30. The IA considers that in order to carry on a regulated activity competently in Hong Kong a person must at least complete secondary school education and possess adequate language proficiency and numerical skills. In Hong Kong the HKDSE is the current secondary education standard. From the commencement date of the new regime, the IA therefore proposes to set the minimum basic education standard for all new applicants as follows:
- level 2 or above in five subjects in the HKDSE; and
 - of these five subjects, the following two subjects are compulsory:
 - 1) one language (being either Chinese or English); and

⁹ The Code of Practice for the Administration of Insurance Agents issued by the HKFI and the Guideline on Minimum Requirements for Insurance Brokers issued by the IA.

¹⁰ For example, since 2014, in relation to the selling of insurance products, financial advisors in Singapore have been required to have achieved a full certificate in GCE ‘A’ Level which is comprised of passes in at least three Higher 2 and two Higher 1 subjects, as evidence of their possession of literacy and numeracy skills.

2) Mathematics.

Where a person completed his/her secondary school education in Hong Kong before the HKDSE was introduced, equivalent results obtained in the HKCEE will also be accepted.

31. Deemed licensees should please refer to **Chapter 5 Transitional Arrangements** for details of the proposed relaxations of the minimum education requirements.
32. Given that there are various paths of education available to young people in Hong Kong, in order to provide sufficient flexibility to the industry (including to enable the industry to recruit sufficient competent talent), the IA also proposes to accept any of the following diplomas as fulfilling the minimum education requirement as set out in paragraph 30:
- International Baccalaureate Diploma;
 - Diploma Yi Jin;
 - a diploma granted by a recognized local degree-awarding higher education institution in relevant disciplines; and
 - a diploma registered or exempted under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493) in relevant disciplines.
33. In addition, in recognition of the value of professional qualifications to the industry, the IA also proposes to accept insurance qualifications awarded by professional bodies such as the Life Office Management Association (LOMA) and the Chartered Insurance Institute (CII) as fulfilling the minimum education requirements. Please refer to Annex 1 of the F&P Guideline for a list of proposed acceptable insurance qualifications.
34. Finally, the IA proposes to retain the existing requirement that individual licensees must pass the relevant papers of the Insurance Intermediaries Qualifying Examination.

Question 1

Do you agree that the proposed new minimum education and professional qualification requirements for individual licensees are appropriate?

b. education and professional qualifications for responsible officers

35. Under the current regime the minimum education requirement for a responsible officer of an insurance agency and for a chief executive of an insurance broker is exactly the same as that of an individual insurance intermediary. However, the IA considers that responsible officers should be subject to higher education requirements for the following reasons:
- a. Under the new regime and as prescribed by the Ordinance, responsible officers must not only be licensed technical representatives (agent) or licensed technical representatives (broker), but must also obtain additional approval from the IA. The Ordinance therefore clearly envisages that responsible officers will be subject to higher requirements.

- b. Furthermore, objectively more is required of responsible officers than of technical representatives. New sections 91 and 92 of the Ordinance require firms and their responsible officers to use best endeavours to ensure that the firms establish and maintain proper controls and procedures for securing compliance with section 90 by both the firms and their appointed technical representatives, and to secure observance with such controls and procedures by those technical representatives. In addition new section 64ZZA(2) requires the IA to have regard to the question as to whether the person has established effective internal control procedures and risk management systems to ensure its compliance with the Ordinance in determining whether a firm is fit and proper.
 - c. Responsible officers are expected to be familiar with all relevant legal and regulatory requirements including but not limited to those relating to data protection, anti-money laundering and prevention of bribery.
36. In view of the additional obligations imposed on responsible officers by the Ordinance, the IA proposes to require a responsible officer to possess at least a bachelor or higher degree from a recognized university or tertiary education institution.
37. Noting that a number of insurance practitioners either already hold recognized professional qualifications or aim to obtain such qualifications as part of their career development, and appreciating the value of such qualifications, the IA also proposes to accept a holder of insurance qualification such as Associate or Fellow of the Chartered Insurance Institute (ACII/FCII) as fulfilling the minimum education requirement as set out in paragraph 36.
38. In order to encourage more experienced technical representatives to become approved responsible officers, the IA proposes to exempt technical representatives with 15 years of experience on the commencement date of the new regime from the requirement of holding a bachelor's degree. Please see **Chapter 5 Transitional Arrangements** for details.

Question 2

Do you agree that the proposed new minimum education and professional qualification requirements for responsible officers are appropriate?

c. experience requirements for responsible officers

39. Under the current Guideline on Minimum Requirements for Insurance Brokers, a person intending to become the chief executive of an insurance broker is required to have a minimum of 5 years of industry experience including 2 years of management experience; and if that person holds an acceptable insurance qualification he is required to have 2 years of industry and management experience only. There is no experience requirement currently imposed on a person intending to become the responsible officer of an insurance agency.

40. The IA considers it necessary for responsible officers (both of licensed insurance agencies and of licensed insurance broker companies) to have adequate experience in the insurance industry and business management for reasons given in paragraph 35. To ensure a level playing field, the IA also considers that the relevant minimum experience requirements should be the same regardless of whether the firm is a licensed insurance agency or a licensed insurance broker company. Having reviewed the market situation, the IA is of the view that the current experience requirements for chief executives of insurance brokers (i.e. a minimum of 5 years' experience in the insurance industry, including a minimum of 2 years' management experience) are adequate and proposes to continue to adopt these as general benchmarks under the new regime (and to extend the application of this benchmark to responsible officers of licensed insurance agencies).
41. In view of the above, the IA proposes to require the responsible officer(s) of a licensed insurance agency or a licensed insurance broker company to possess industry and management experience which is commensurate with the nature, complexity and scale of the business of such firm. Generally speaking, a licensed technical representative (agent) or a licensed technical representative (broker) possessing a minimum 5 years of industry experience and 2 years of management experience will be considered to have met the minimum experience requirements for approval as a responsible officer.

Question 3

Do you agree that the proposed new experience requirements for responsible officers are appropriate?

d. continuing professional development for individual licensees

42. Please see **Chapter 4**.

e. professional competence requirements for licensed insurance agencies and licensed insurance broker companies

43. Under the current regime, the CIB and PIBA require applicant broker firms to submit information about their organizational structure and their business plan as part of their application process.
44. These requirements need to be updated in line with the Ordinance and the IA's statutory functions and in order to promote more transparency. In particular, under new section 64ZZA(2) of the Ordinance in determining whether a firm is a fit and proper person¹¹, the IA must also have regard to any information in its possession relating to:
- (a) any other person who is or is to be employed by, or associated with the firm for the purposes of carrying on regulated activities;
 - (b) any other person who is or will be acting for or on behalf of the firm in relation to carrying on regulated activities; and
 - (c) the question as to whether the firm has established effective internal control procedures and risk management systems to ensure its compliance with the

¹¹ For the purposes of new sections 64U or 64ZA of the Ordinance, or section 64ZV for the renewal of a licence granted under section 64U or 64ZA.

Ordinance.

45. Moreover, as regards firms which are companies in a group of companies, new section 64ZZA(1)(f) of the Ordinance requires the IA to have regard to any information in the possession of the IA relating to any other company in the group of companies; or any controller or director of the firm or of any group company, when determining whether the firm is fit and proper.
46. The IA therefore proposes, as set out in paragraph 6.5 of the F&P Guideline, to assess the professional competence of a firm including whether the firm is in a group or carries on other business, has suitable corporate governance, has effective internal controls and risk management procedures, and has adequate policies and procedures in relation to recruitment, training and supervision of staff. Recognizing that there are many types of firms and the need for proportionate supervision, in conducting its assessment, the IA proposes to take into account the scale of business, nature of insurance services and products and number of licensed technical representatives (agent) or licensed technical representatives (broker). For the reasons set out in paragraph 35 above, a firm needs to have a sufficient number of responsible officers to be able to comply with the increased obligations under the Ordinance.
47. Please also see **Chapter 5 Transitional Arrangements** for details of the streamlined requirements in respect of firms that are deemed licensees.

Question 4

Do you agree that the proposed professional competence requirements for firms are appropriate?

Reputation, character, reliability and integrity of the person and financial status or solvency

48. New sections 64ZZA(1)(c)-(e) of the Ordinance (set out in **SCHEDULE 1**) require the IA to have regard to the reputation, character, reliability and integrity of the person; the person's financial status or solvency; and whether any disciplinary action has been taken against the person in determining whether a person is a fit and proper person. New section 64ZZA requires the IA to also have regard to the state of affairs of any other business which the person carries on or proposes to carry on. Furthermore, new section 64ZZA(3) requires the IA to have regard to any other matter that the IA considers relevant in making the determination.
49. In forming an opinion on whether a person is or was a fit and proper person, in the context of disciplinary action, the IA may take into account the present or past conduct of the person. Moreover, new sections 81(2) and 81(3) of the Ordinance list specific circumstances under which the IA may revoke or suspend an insurance intermediary licence or the approval granted to a responsible officer, or prohibit the application to be licensed or the appointment as a responsible officer. These circumstances relate to (i) liquidation/insolvency and (ii) criminal convictions which in the opinion of the IA impugn the fitness and properness of the person to remain licensed and (iii) mental incapacity which in the opinion of the IA impugn the fitness and properness of the person to remain licensed.

50. The IA's F&P Guideline merges and updates the existing requirements in line with the Ordinance (as briefly outlined above) and the IA's statutory functions. For example, under the current regime the following requirements have long been set:

- a. *reputation, character, reliability and integrity of the person*: IA's Guideline on Minimum Requirements for Insurance Brokers paragraphs 4(A)-(E); IARB's Code of Practice for the Administration of Insurance Agents paragraphs 58(d) and (f); CIB's Membership Regulations paragraphs 4.1.1 and 4.1.2; PIBA's Membership Regulations paragraph 2A(d);
- b. *whether any disciplinary action has been taken against the person*: IA's Guideline on Minimum Requirements for Insurance Brokers paragraphs 4(A)-(E) and 4(F)(d); IARB's Code of Practice for the Administration of Insurance Agents paragraphs 58 (e), (g) and (h), CIB's Membership Regulations paragraph 4.2.6; PIBA's Membership Regulations paragraph 2A(d); and
- c. *the person's financial status or solvency*: IA's Guideline on Minimum Requirements for Insurance Brokers paragraph 4(F)(a); IARB's Code of Practice for the Administration of Insurance Agents paragraphs 58(a) and (b); CIB's Membership Regulations paragraphs 4.1.3; 4.2.3; 4.2.4; 4.2.5; PIBA's Membership Regulations paragraph 2A(d).

51. Since slightly different matters apply depending on whether a person is an individual (i.e. a natural person) or a firm, the F&P Guideline structures the criteria as follows:

ANY INDIVIDUAL	
Para. No.	
5.8	Reputation, character, reliability and integrity
5.9	Financial status or solvency
ANY FIRM	
6.6	Reputation, character, reliability and integrity
6.7	Financial status or solvency

52. In addition the F&P Guideline reflects the additional requirements – contained in the Ordinance and to be further specified by the IA in rules (which the IA will consult on separately) – on licensed insurance broker companies setting out the requirements in relation to the capital and net assets; professional indemnity insurance; keeping of separate client accounts; and keeping of proper books and accounts.

No more minimum age

53. Currently, the minimum age for IARB registrants is 18 years which is also the current minimum age requirement for technical representatives of insurance brokers. Chief executives of insurance brokers under the current regime must be at least 21. However,

the Ordinance does not specify a minimum age for licensed insurance intermediaries. Under the new regime, the IA considers that there is no need to include a minimum age requirement in the F&P Guideline in view of the professional competence requirements and the fact that the age of majority in Hong Kong is 18 years.

Who the CPD Guideline applies to

54. The CPD Guideline applies to both individual licensees and their principals. Principals can be authorized insurers, licensed insurance agencies or licensed insurance broker companies.
55. As explained in detail in paragraphs 18 and 19 above, failure by individual licensees to comply with the applicable CPD requirements will, and failure by their principal(s), if any, to ensure their appointed individual licensee's compliance may, impact on the determination of the fitness and properness of the individual licensees and their principal(s) respectively.

Existing CPD requirements

56. The existing CPD requirements for insurance intermediaries are set out in the CPD Information Sheet (Jun 2017) issued by the IA. Under the Insurance Intermediaries Quality Assurance Scheme ("IIQAS"), insurance intermediaries who are individuals are required to attend a minimum of 10 hours of qualified CPD activities per assessment period, except for responsible officers and technical representatives engaging in restricted scope travel business only who are required to attend a minimum of 3 hours of qualified CPD activities per assessment period. There are no compulsory CPD courses under the current regime.
57. Under the IIQAS CPD programme, qualified CPD activities are limited to structured activities (i.e. activities which require face-to-face interactions such as training courses and seminars) and must be related to topics such as insurance, insurance-related legislation, actuarial science, etc. Online/e-learning courses are not currently recognized as qualified CPD activities.
58. As regards CPD reporting, the IARB, CIB and PIBA all have different CPD assessment periods. The assessment period for insurance intermediaries registered with the IARB runs from 1 August in a year to 31 July of the following year. On the other hand the CIB adopts the calendar year as an assessment period whereas the PIBA's assessment period runs from 1 July to 30 June of the following year. In addition, the IARB, CIB and PIBA adopt different reporting methods. For example whereas the IARB requires insurers and insurance agencies to maintain declarations made by the relevant insurance intermediaries, the CIB and PIBA require such declarations to be submitted to them as part of their annual renewal process.

Need to streamline, standardize and update the CPD regime

59. The existing CPD requirements need to be consolidated and modernized in line with the Ordinance and the IA's statutory requirements (set out in paragraph 7 above) and the following developments:
- a. Minimum CPD requirements for insurance intermediaries in comparable jurisdictions are considerably higher. For example, in Singapore, financial advisers who arrange life insurance business are generally required to attend at

least 30 hours of structured CPD training annually (which must include 6 compulsory hours of ethics or rules and regulations), and insurance intermediaries who advise on general insurance business are required to attend a minimum of 24 hours of CPD training annually for the first two years and a minimum of 15 hours of CPD training annually from the third year onwards. In the United Kingdom, retail investment advisers who give personal recommendations on life policies to retail clients are required to attend 35 hours of CPD training annually.

- b. New sections 64ZZA(1)(b) and (c) of the Ordinance require the IA to have regard to the person's ability to carry on a regulated activity competently, honestly and fairly and the reputation, character, reliability and integrity of the person when determining whether that person is fit and proper. The requirements for honesty, fairness and integrity give rise to the need for training in ethics and regulations.
- c. In view of the increasing sophistication of insurance products and insurance related regulations, it may be appropriate to widen the types of technical courses qualified for CPD hours (at present only engineering is so qualified) so as to encourage licensed insurance intermediaries to develop and maintain the necessary levels of technical expertise. For example, licensed insurance intermediaries engaging in medical and life insurance business are encouraged to be acquainted with technical subject matter knowledge of the products they are selling.
- d. Given the large number of insurance intermediaries in Hong Kong, it is necessary to streamline and standardize CPD assessment periods and reporting requirements.

Proposed annual CPD hour requirement

60. The IA proposes to increase the CPD requirements for individual licensees, except for technical representatives (agent) engaging in restricted scope travel business¹², as follows:

- a. to increase the minimum number of CPD hours from 10 to 15 per annum; and
- b. to introduce compulsory CPD activities of at least 3 hours of training related to a topic which falls under "Ethics or Regulations".

61. The IA proposes that licensed technical representatives (agent) engaging in restricted scope travel business only will continue to be required to attend a minimum of 3 hours of qualified CPD activities annually and they will not be subject to compulsory training on the topics which fall under "Ethics or Regulations" under the new regime.

¹² "Restricted scope travel business" is defined in the new section 64ZZC(6) of the Ordinance.

Question 5

Do you agree that the proposed increase of minimum number of CPD hours from 10 to 15 hours per year is appropriate?

Question 6

Do you agree that the proposed introduction of a minimum number of CPD hours for compulsory topics, i.e. "Ethics or Regulations" is appropriate?

Proposed recognition of online/e-learning activities

62. Online training has become very popular and technological advancement has allowed the development of enhanced controls to prevent abuses. In order to provide options and flexibility to licensees, the IA proposes to recognize online/e-learning courses as qualified CPD activities for up to a maximum of 5 hours annually provided that the design and structure of these activities include robust controls to detect and avoid fraudulent logins or attendance. This will allow individual licensees to attend such activities at a time and place that suits their individual needs and those of their principals (if any).
63. The proposed acceptance of online CPD activities would bring the insurance profession in line with other professions in Hong Kong and elsewhere. For example accountants and lawyers have long been able to enroll in online/e-learning courses in order to fulfill their respective CPD requirements.

Proposed qualification of technical training

64. In recognition of the matters set out in paragraph 59.c and in response to industry demand, the IA proposes to allow additional activities relating to technical subjects to be CPD qualified. The non-exhaustive list set out in paragraph (i) of Schedule I to Annex 1 of the CPD Guideline now reads: "*Other disciplines which are directly related to the work of insurance intermediaries, such as investment, law and legal knowledge, finance, Fintech, business, commerce, management, technical subjects (such as engineering and medical knowledge) or communication skills.*". Through this proposed broadening of CPD accredited activities, the IA hopes to encourage licensed insurance intermediaries to acquire more relevant specialist knowledge.

Proposed recognition of activities organised by the SROs

65. On CPD activities, certain SROs have suggested that in view of their experience, the existing arrangement whereby CPD courses organised by the SROs need not to be assessed by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications ("HKCAAVQ") should continue under the new regime.
66. The IA proposes to accept this suggestion and extend the recognition to courses offered by other professional/ statutory bodies.

Proposed CPD assessment period

67. The IA proposes that the CPD assessment period will run from 1 August of a year to 31 July of the following year for all individual licensees (i.e. licensed technical representatives (agent), licensed technical representatives (broker) and licensed individual insurance agents). This proposal aligns with the assessment period adopted by the IARB. Please see **Chapter 5 Transitional Arrangements** for details of the CPD requirements for deemed licensees during the first Assessment Period.

Question 7

Do you agree that the assessment period should run from 1 August of the relevant year and end on 31 July of the following year?

Proposed uniform reporting requirements

68. Under the new regime, the IA proposes that individual licensees should report to the IA the Qualified CPD Activities (as this term is defined in the CPD Guideline) they attended in each Assessment Period on a CPD Declaration Form in a format and manner prescribed by the IA no later than 2 months after the end of the relevant Assessment Period (i.e. by 30 September).
69. The IA will modernize and streamline the reporting process by allowing the submission of CPD Declaration Forms through its new electronic platform.

CHAPTER 5

TRANSITIONAL ARRANGEMENTS

70. Under the new regulatory regime for intermediaries, the categorization of licences mirrors the existing five categories of registration under the SRO regime. All pre-existing insurance intermediaries validly registered with the SROs immediately before the commencement of the statutory licensing regime will be deemed as licensees under the new regime for a transitional period of three years.
71. A “deemed licensee” is a person who is registered with the IARB (as an individual agent, an insurance agency, a technical representative or a responsible officer) or with the CIB or PIBA (as an insurance broker, a chief executive or a technical representative) immediately before the commencement of the new regime and who is regarded as having been granted a licence (and for responsible officers also the necessary approval) under Schedule 11 to the Ordinance on the commencement date of the new licensing regime. The IA will, staggered over the three-year transitional period, invite deemed licensees (both individual licensees and firms) to submit applications to the IA for granting of formal licences and approvals.

Streamlined application process for deemed licensee firms

72. In respect of applications by deemed licensee firms to the IA for an insurance agency licence or an insurance broker company licence during the transitional period, with a view to streamlining the application process, the IA intends to require such deemed licensee firms to provide only basic business, financial and management information to the IA in support of their application (rather than provide the full information that a firm applicant for a new licence would be required to provide).

Proposed relaxation of minimum education qualification requirements for persons applying to be licensed as individual licensees

73. The IA recognizes the contributions and value of longstanding industry practitioners and proposes to exempt the following two types of persons from the proposed new minimum education requirements (described in paragraphs 30 to 34 above):
- a. deemed licensees (as defined in paragraph 71 above); and
 - b. former individual insurance intermediaries who were validly registered with the IARB, CIB or PIBA at any time during the two-year period immediately before the commencement date of the new licensing regime;

provided they have not ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years or more and they submit the licence application to the IA within the transitional period. Such exemption will apply in respect of renewal of their licences as well as their subsequent applications for licences so long as they have not ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years or more.

Question 8

Do you agree that the proposed relaxations for individual licensees who are deemed licensees are appropriate?

Proposed relaxation of minimum education qualification requirements for persons applying to the IA for approval as responsible officers

74. In recognition of the experience of responsible officers of insurance agencies and chief executives of insurance brokers registered under the SRO regime, the IA proposes to exempt these persons from the proposed new education requirements for becoming a responsible officer of a licensed insurance agency or insurance broker company under the new regime (described in paragraphs 36 to 38 above). The IA proposes that:
- a. a person who was registered with the IARB as a responsible officer of an insurance agency at any time under the SRO regime be exempt from the new education requirements for becoming a responsible officer of a licensed insurance agency; and
 - b. a person who was registered with the CIB or PIBA as a chief executive of an insurance broker at any time under the SRO regime be exempt from the new education requirements for becoming a responsible officer of a licensed insurance broker company.

Proposed alternative path to meet the minimum education qualification requirements when applying to the IA for approval as responsible officers

75. Appreciating the difficulties in recruiting responsible officers holding a bachelor or higher degree that may be faced by small and medium-sized intermediary firms at the commencement of the new regime, the IA also proposes to exempt experienced insurance intermediaries under the SRO regime from the proposed new education requirements for becoming a responsible officer under the new regime. The IA proposes the following criteria for exemption:
- a. a person who (i) was registered with the IARB as an individual agent or a technical representative of an insurance agency at any time under the SRO regime; and (ii) already possesses not less than 15 years' experience in insurance-related work in the insurance industry in Hong Kong on the commencement date of the new licensing regime, be exempt from the new education requirements for becoming a responsible officer of a licensed insurance agency; and
 - b. a person who (i) was registered with the CIB or PIBA as a technical representative of an insurance broker at any time under the SRO regime; and (ii) already possesses not less than 15 years' experience in insurance-related work in the insurance industry in Hong Kong on the commencement date of the new licensing regime, be exempt from the new education requirements for becoming a responsible officer of a licensed insurance broker company.

Proposed transitional CPD requirements for deemed licensees during first Assessment Period

76. As has been explained in paragraph 58 all three SROs currently adopt different CPD assessment periods. Under the new regime, the IA will standardize the assessment period for all individual licensees. The IA proposes to define “Assessment Period” as the period beginning on 1 August of a year and ending on 31 July of the following year (both days inclusive).
77. The IA further proposes to use the first Assessment Period (beginning on the day the statutory licensing regime commences and ending on 31 July which immediately follows the commencement date) to bring the assessment periods of individual licensees who were previously registered with the IARB, CIB and PIBA and are deemed licensees under the new regime into line.
78. To ease the transition, the IA proposes that during the first Assessment Period, deemed licensees will continue to be subject to the prevailing requirement on the minimum number of CPD hours (i.e. 10 CPD hours per annum except for 3 CPD hours for licensed technical representatives (agent) engaging in restricted scope travel business only) as prorated and rounded down. Moreover, during the first Assessment Period, deemed licensees will be not compulsorily required to attend CPD activities related to “Ethics or Regulations”. The IA trusts that this proposal will further help ease the transition to the new regime.
79. Since the exact date of commencement of statutory licensing regime is yet to be announced (and the calculation of pro-rata CPD requirements depends on the exact date), the IA will set out the detailed transitional CPD requirements for deemed licensees for the first Assessment Period in an annex to the CPD Guideline when the commencement date is confirmed.
80. The following paragraphs illustrate the minimum number of CPD hours required for deemed licensees during the first Assessment Period under the proposed transitional arrangements, based on the assumptions that the commencement date of the new licensing regime falls on 30 September 2019 and that the first Assessment Period refers to the period beginning on the commencement date and ending on 31 July 2020 (both days inclusive).
81. **For deemed licensees who are continuously registered with an SRO during the period from the SRO’s last CPD cut-off date to the commencement date**, the minimum number of CPD hours required will be calculated on a monthly pro-rata basis from the SRO’s last CPD cut-off date to the end of the first Assessment Period (i.e. 31 July 2020). Please refer to the table in paragraph 83 (column (A)).
82. **For deemed licensees who are NOT continuously registered with an SRO during the period from the SRO’s last CPD cut-off date to the commencement date**, the minimum number of CPD hours required will be calculated on a monthly pro-rata basis from the calendar month that immediately follows the month of registration with the SRO to the end of the first Assessment Period (i.e. 31 July 2020). Please refer to the table in paragraph 83(column (B)).
83. The table below shows the minimum number of CPD hours required for deemed licensees during the first Assessment Period:

SRO	Last CPD Cut-off Date of the SRO	Deemed licensee who is continuously registered with the SRO from its last CPD cut-off date to the commencement date (A)	Deemed licensee who is NOT continuously registered with the SRO from its last CPD cut-off date to the commencement date (B)
IARB	31 July 2019	10 hours <i>(12 months counting from August 2019 to July 2020)</i>	<p><i>For example, if a deemed licensee is newly registered with IARB/CIB/PIBA in August 2019, the CPD hours required will be (there are 11 months counting from September 2019 (i.e. the calendar month that immediately follows the month of registration with the SRO) to July 2020):</i></p> <p>(i) 9 hours (i.e. $10 \times 11/12 = 9.1$); or</p> <p>(ii) 2 hours (for deemed licensee engaging in restricted scope travel business only) (i.e. $3 \times 11/12 = 2.7$).</p>
		3 hours (for deemed licensee engaging in restricted scope travel business only) <i>(12 months counting from August 2019 to July 2020)</i>	
CIB	31 December 2018	15 hours <i>(19 months counting from January 2019 to July 2020, i.e. $10 \times 19/12 = 15.8$)</i>	
PIBA	30 June 2019	10 hours <i>(13 months counting from July 2019 to July 2020, i.e. $10 \times 13/12 = 10.8$)</i>	

Note: The number of CPD hours required is rounded down to an integer.

Question 9

Do you agree that the proposed transitional CPD requirements for individual licensees who are deemed licensees are appropriate?

New Section 64ZZA of the Ordinance

64ZZA. Determination of fit and proper

(1) In determining whether a person is a fit and proper person for the purposes of this Division, the Authority must have regard to the following matters—

- (a) the education or other qualifications or experience of the person;
- (b) the person's ability to carry on a regulated activity competently, honestly and fairly;
- (c) the reputation, character, reliability and integrity of the person;
- (d) the person's financial status or solvency;
- (e) whether any disciplinary action has been taken against the person by—
 - (i) the Monetary Authority;
 - (ii) the Securities and Futures Commission;
 - (iii) the Mandatory Provident Fund Schemes Authority; or
 - (iv) any other authority or regulatory organization, whether in Hong Kong or elsewhere, which, in the Authority's opinion, performs a function similar to those of the Authority;
- (f) if the person is a company in a group of companies, any information in the possession of the Authority, whether provided by the person or not, relating to—
 - (i) any other company in the group of companies; or
 - (ii) any controller or director of the person or of any company referred to in subparagraph (i);
- (g) the state of affairs of any other business which the person carries on or proposes to carry on.

(2) In determining whether a person is a fit and proper person for the purposes of section 64U or 64ZA, or section 64ZV for the renewal of a licence granted under section 64U or 64ZA, the Authority must also have regard to any information in its possession whether provided by the person or not relating to—

- (a) any other person who is or is to be employed by, or associated with the person for the purposes of carrying on regulated activities;
- (b) any other person who is or will be acting for or on behalf of the person in relation to carrying on regulated activities; and
- (c) the question as to whether the person has established effective internal control procedures and risk management systems to ensure its compliance with this Ordinance.

(3) The obligations imposed on the Authority under subsection (1) or (2) (or both) are in addition to those of the Authority to have regard to any other matter that the Authority considers relevant in making the determination.

DRAFT

**GUIDELINE ON
“FIT AND PROPER” CRITERIA FOR
LICENSED INSURANCE
INTERMEDIARIES UNDER
THE INSURANCE ORDINANCE
(CAP. 41)**

Contents

	Page
1. Introduction	1
2. Interpretation	1
3. Applicability	4
4. Determination of “Fit and Proper”	6
5. Criteria for Individuals	9
6. Criteria for Firms	15
7. Commencement	20
Annex 1 Insurance Qualifications	21
Annex 2 Insurance Intermediaries Qualifying Examination	22
Annex 3 Exemptions	26

1. Introduction

- 1.1 This Guideline is issued pursuant to section 133 of the Insurance Ordinance (Cap. 41) (“the Ordinance”) to outline the criteria and matters that the Insurance Authority (“the IA”) will normally consider in determining the fitness and properness of licensed insurance intermediaries and related persons.
- 1.2 Under the Ordinance, a person who is, or is applying to be, a licensed insurance intermediary is required to satisfy the IA that he/she/it is a fit and proper person. In addition, for a licensed insurance agency or a licensed insurance broker company, its responsible officer(s), controller(s), partner(s) and director(s) (where applicable) are also required to be fit and proper persons. These “fit and proper” requirements aim at ensuring that licensed insurance intermediaries are competent, reliable and financially sound, and have integrity.
- 1.3 This Guideline should be read in conjunction with the relevant provisions of the Ordinance, other relevant Ordinances, and any relevant rule, regulation, code and guideline made or issued under the Ordinance and other relevant Ordinances.
- 1.4 The criteria and matters set out in this Guideline are not intended to be exhaustive and do not constitute legal advice. You should seek professional advice if you have any question relating to the application or interpretation of the relevant provisions of the Ordinance.
- 1.5 This Guideline does not have the force of law and should not be interpreted in a way that would override the provision of any law. The IA reserves the right to review and update this Guideline from time to time as necessary.

2. Interpretation

- 2.1 Unless otherwise specified, words and expressions used in this Guideline shall have the same meanings as given to them in the Ordinance. In this Guideline:
 - (a) “controller” has the meaning given by section 64F of the Ordinance;

- (b) “firm” means a sole proprietorship, a partnership or a company;
- (c) “individual licensee” means a licensed individual insurance agent, a licensed technical representative (agent) or a licensed technical representative (broker);
- (d) “licence” is defined in section 64F of the Ordinance and means:
 - (i) in relation to a licensed insurance agency, an insurance agency licence granted under section 64U or renewed under section 64ZV;
 - (ii) in relation to a licensed individual insurance agent, an individual insurance agent licence granted under section 64W or renewed under section 64ZV;
 - (iii) in relation to a licensed technical representative (agent), a technical representative (agent) licence granted under section 64Y or renewed under section 64ZV;
 - (iv) in relation to a licensed insurance broker company, an insurance broker company licence granted under section 64ZA or renewed under section 64ZV; or
 - (v) in relation to a licensed technical representative (broker), a technical representative (broker) licence granted under section 64ZC or renewed under section 64ZV;
- (e) “licensed individual insurance agent” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64W;
- (f) “licensed insurance agency” is defined in section 2(1) of the Ordinance and means a person who is granted a licence under section 64U;
- (g) “licensed insurance agent” is defined in section 2(1) of the Ordinance and means:

- (i) a licensed insurance agency;
 - (ii) a licensed individual insurance agent; or
 - (iii) a licensed technical representative (agent);
- (h) “licensed insurance broker” is defined in section 2(1) of the Ordinance and means:
- (i) a licensed insurance broker company; or
 - (ii) a licensed technical representative (broker);
- (i) “licensed insurance broker company” is defined in section 2(1) of the Ordinance and means a company which is granted a licence under section 64ZA;
- (j) “licensed insurance intermediary” is defined in section 2(1) of the Ordinance and means:
- (i) a licensed insurance agent; or
 - (ii) a licensed insurance broker;
- (k) “licensed technical representative (agent)” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64Y;
- (l) “licensed technical representative (broker)” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64ZC;
- (m) “regulated person” is defined in section 80(1) of the Ordinance and means:
- (i) a licensed insurance intermediary;
 - (ii) a responsible officer of a licensed insurance agency;

- (iii) a responsible officer of a licensed insurance broker company;
 - (iv) a person concerned in the management of the regulated activities carried on by a licensed insurance agency; or
 - (v) a person concerned in the management of the regulated activities carried on by a licensed insurance broker company; and
- (n) “responsible officer” is defined in section 2(1) of the Ordinance and means:
- (i) in relation to a licensed insurance agency, means an individual who is approved by the IA as a responsible officer of the agency under section 64ZE; or
 - (ii) in relation to a licensed insurance broker company, means an individual who is approved by the IA as a responsible officer of the company under section 64ZF.

3. Applicability

Application for Licence & Approval of Responsible Officer

- 3.1 Any persons applying for a licence under section 64U (insurance agency licence), 64W (individual insurance agent licence), 64Y (technical representative (agent) licence), 64ZA (insurance broker company licence) or 64ZC (technical representative (broker) licence) or renewal of such licence under section 64ZV of the Ordinance must satisfy the IA that they are fit and proper persons to carry on regulated activities in the lines of business concerned.
- 3.2 In respect of an application for an insurance agency licence or an insurance broker company licence or renewal of such licence, the controller(s), partner(s) and director(s) (where applicable) of the applicant concerned must satisfy the IA that they are fit and proper persons under section 64U or 64ZA of the Ordinance (as the case may be). An individual proposed to be a responsible officer of the applicant concerned

under section 64ZE or 64ZF of the Ordinance (as the case may be) must also satisfy the IA that he/she is a fit and proper person to discharge his/her responsibilities as a responsible officer, of the applicant concerned. The IA must not approve an individual as a responsible officer if the individual concerned is not fit and proper.

- 3.3 The IA must not grant or renew a licence if the applicant concerned or any of the persons mentioned in paragraph 3.2 are not fit and proper persons. The onus is on the applicant to satisfy the IA that he/she/it is a fit and proper person to carry on regulated activities.

On-going “Fit and Proper” Requirements

- 3.4 A licensed insurance intermediary and, where it is a licensed insurance agency or a licensed insurance broker company, its responsible officer(s), controller(s), partner(s) and director(s) (where applicable) should continue to be fit and proper. The onus is on the person to satisfy the IA that he/she/it is a fit and proper person to carry on, or to be associated with the carrying on of, regulated activities.

- 3.5 Under section 81(1) of the Ordinance, the IA may exercise disciplinary powers against a person if the IA is of the opinion that, at the time when the person is or was a regulated person, the person is or was not a fit and proper person or is or was guilty of misconduct. Section 81 of the Ordinance also specifies certain circumstances under which the fitness and properness of a person may be impugned. The disciplinary powers available to the IA are provided in section 81(4) of the Ordinance which include:

- (a) revocation or suspension of a licence;
- (b) revocation or suspension of the approval granted to a responsible officer;
- (c) prohibition from applying for a licence or being appointed as a responsible officer;
- (d) public or private reprimand; and

(e) pecuniary penalty.

3.6 Licensed insurance intermediaries are required to comply with the statutory conduct requirements set out in section 90 of the Ordinance, other conduct requirements set out in any rules made under section 94, any codes of conduct issued under section 95 and any relevant codes or guidelines issued under section 133 of the Ordinance. Licensed insurance agencies, licensed insurance broker companies and their responsible officers are additionally required to comply with the statutory conduct requirements set out in sections 91 and 92 of the Ordinance. Under section 95(6) of the Ordinance, a failure by a licensed insurance intermediary to comply with any code of conduct issued under section 95(1) is a matter that the IA may take into account in considering whether the licensed insurance intermediary is a fit and proper person to remain licensed.

4. Determination of “Fit and Proper”

4.1 Section 64ZZA of the Ordinance sets out the following matters that the IA must have regard to in determining whether a person is a fit and proper person:

- (a) the education or other qualifications or experience of the person;
- (b) the person’s ability to carry on a regulated activity competently, honestly and fairly;
- (c) the reputation, character, reliability and integrity of the person;
- (d) the person’s financial status or solvency;
- (e) whether any disciplinary action has been taken against the person by:
 - (i) the Monetary Authority;
 - (ii) the Securities and Futures Commission;
 - (iii) the Mandatory Provident Fund Schemes Authority; or

- (iv) any other authority or regulatory organization¹, whether in Hong Kong or elsewhere, which, in the IA's opinion, performs a function similar to those of the IA;
- (f) if the person is a company in a group of companies, any information in the possession of the IA, whether provided by the person or not, relating to—
 - (i) any other company in the group of companies; or
 - (ii) any controller or director of the person or of any company referred to in subparagraph (i) above;
- (g) the state of affairs of any other business which the person carries on or proposes to carry on;
- (h) in respect of an application to be licensed as a licensed insurance agency or licensed insurance broker company or renewal of such licence, any information in the possession of the IA, whether provided by the person or not, relating to:
 - (i) any other person who is or is to be employed by, or associated with the person for the purposes of carrying on regulated activities;
 - (ii) any other person who is or will be acting for or on behalf of the person in relation to carrying on regulated activities; and
 - (iii) the question as to whether the person has established effective internal control procedures and risk management systems to ensure its compliance with the Ordinance; and
- (i) any other matter that the IA considers relevant in making the determination.

¹ For example, the IA may take into account the disciplinary actions taken by the Insurance Agents Registration Board set up by The Hong Kong Federation of Insurers, The Hong Kong Confederation of Insurance Brokers and Professional Insurance Brokers Association in determining whether a person is a fit and proper person.

- 4.2 The matters listed in paragraph 4.1 must be considered in respect of:
- (a) a person applying for a licence or renewal of a licence;
 - (b) a licensed insurance intermediary;
 - (c) the controller(s), partner(s) and director(s) (where applicable) of a firm which is, or is applying to be, a licensed insurance agency or a licensed insurance broker company; and
 - (d) a responsible officer or a proposed responsible officer of a firm which is, or is applying to be, a licensed insurance agency or a licensed insurance broker company.
- 4.3 In determining the fitness and properness of a person concerned in the management of the regulated activities carried on by a licensed insurance agency or a licensed insurance broker company, the IA may consider the matters listed in paragraph 4.1.
- 4.4 To assess the fitness and properness of a person, the IA may request submission of the relevant information and request interviews with the person. The provision of false or misleading information or omission of material information in connection with an application for a licence or renewal of a licence, or an application for approval of a responsible officer may constitute a criminal offence under section 64ZZE of the Ordinance and might also adversely affect the fitness and properness of the person concerned.
- 4.5 Under section 81(6) of the Ordinance, in forming an opinion on whether a person is or was a fit and proper person, in addition to those matters specified in section 64ZZA of the Ordinance, the IA may, among other things, take into account the present or past conduct of the person.
- 4.6 Without limiting the generality of the matters set out in sections 64ZZA and 81(6) of the Ordinance, paragraphs 5 and 6 below set out the criteria and matters that the IA may consider in determining the fitness and properness of a person. Notwithstanding that a person fails to meet any of the criteria or matters, the IA may nonetheless be satisfied that the person is fit and proper. The IA will evaluate the substance of the

relevant criteria or matters, and the materiality of any failure to meet them based on the information in the possession of the IA (whether provided by the person concerned or not), taking into account the duties and responsibilities of the person.

4.7 The IA has the discretion to relax any of the criteria and matters set out in paragraphs 5 and 6 on a case-by-case basis.

4.8 Under section 64ZG of the Ordinance, the IA may impose, amend or revoke any conditions that it considers appropriate on:

(a) a licence; or

(b) an approval granted to an individual as a responsible officer.

5. Criteria for Individuals

Education or other qualifications or experience

5.1 In considering the education or other qualifications or experience of a person applying to become an individual licensee or a person who is proposed to be appointed as a responsible officer, the IA will take into account the nature of the functions or duties which the person will perform.

Individual Licensee

5.2 To become licensed as an individual licensee, the applicant concerned is expected to both:

(a) have attained any of the following education or professional qualifications:

(i) Level 2 or above in 5 subjects in the Hong Kong Diploma of Secondary Education Examination (“HKDSE”)², including the following two compulsory subjects:

A. a language subject which may either be Chinese Language

² “Attained” in Applied Learning subjects (subject to a maximum of two Applied Learning subjects) in the HKDSE or Grade E in Other Language subjects in the HKDSE is considered as equivalent to Level 2 in Senior Secondary subjects in the HKDSE.

- or English Language; and
- B. Mathematics;
- (ii) Grade E or above in 5 subjects in the Hong Kong Certificate of Education Examination (“HKCEE”), including the following two compulsory subjects:
- A. a language subject which may either be Chinese Language³ or English Language⁴; and
- B. Mathematics;
- (iii) International Baccalaureate Diploma;
- (iv) Diploma Yi Jin;
- (v) a diploma granted by a degree-awarding higher education institution established or registered under an Ordinance of Hong Kong considered acceptable by the IA⁵;
- (vi) a diploma registered or exempt under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493) considered acceptable by the IA⁵;
- (vii) an insurance qualification specified in Annex 1; or
- (viii) any other qualification considered by the IA to be equivalent to or higher than any qualification set out in paragraph 5.2(a)(i) to (vii) above; and
- (b) have obtained a pass mark in the relevant papers of the Insurance Intermediaries Qualifying Examination (unless exempt) (please see Annex 2).

³ For Chinese Language, Grade E or above in Chinese Language in the HKCEE before 2007 and Level 2 or above in Chinese Language in the HKCEE from 2007 onwards are acceptable.

⁴ For English Language, Grade E or above in English Language (Syllabus A) or English Language (Syllabus B) in the HKCEE before 2007 and Level 2 or above in English Language in the HKCEE from 2007 onwards are acceptable.

⁵ A diploma in insurance, business administration, accounting, economics, finance, risk management, medical science, engineering or other similar technical education will generally be considered acceptable by the IA.

- 5.3 An applicant, who meets the conditions set out in paragraph 2 of Annex 3, is exempt from the education criteria set out in paragraph 5.2(a).

Responsible Officer

- 5.4 A proposed responsible officer of a firm which is, or is applying to be, a licensed insurance agency or a licensed insurance broker company should be an individual who is, or is applying to be, a licensed technical representative (agent) or a licensed technical representative (broker) (as the case may be). In relation to an application for approval of an individual as a responsible officer, the proposed responsible officer is expected to both:

- (a) have attained any of the following education or professional qualifications:

(i) a bachelor degree from a recognized university or tertiary education institution;

(ii) an insurance qualification specified in Annex 1; or

(iii) any other qualification considered by the IA to be equivalent to or higher than any qualification set out in paragraph 5.4(a)(i) and (ii) above, and

- (b) possess experience commensurate with the nature and scale of business of the licensed insurance agency or licensed insurance broker company concerned and the level of responsibilities to be carried out (Note: It is generally expected that a responsible officer should possess a minimum of 5 years' experience in the insurance industry, including at least 2 years of management experience. In assessing the relevance of the proposed responsible officer's industry and management experience, the IA will consider the role and functions to be undertaken by the person and whether the person's experience (gained in Hong Kong or elsewhere) will enable him/her to discharge the responsibilities required of a responsible officer.).

- 5.5 A person, who meets the conditions set out in paragraph 3 or 4 (as the case may be) of Annex 3, is exempt from the criteria set out in paragraph 5.4(a).

Ability to carry on a regulated activity competently, honestly and fairly

Individual Licensee

5.6 In considering the competence of a person who is, or is applying to be, an individual licensee, matters relevant to the IA's assessment include, but are not limited to:

- (a) where the person is assuming responsibilities other than that relating to the carrying on of regulated activities, whether such responsibilities would give rise to a conflict of interest or otherwise impair his/her ability to carry on a regulated activity competently, honestly and fairly;
- (b) whether the person has been found by a court to be mentally incapacitated, or is detained in a mental hospital, under the Mental Health Ordinance (Cap. 136); and
- (c) whether there is any evidence showing that the person may be incompetent or negligent, which is indicated by the person having been dismissed or requested to resign from any position or office for incompetence, negligence or mismanagement.

5.7 In respect of an individual licensee, the IA will consider whether he/she has satisfied the continuing professional development ("CPD") requirements set out in the Guideline on Continuing Professional Development for Licensed Insurance Intermediaries. (A failure to comply with the CPD requirements by a licensed insurance intermediary may affect his/her fitness and properness.)

Reputation, character, reliability and integrity

Any Individual

5.8 In respect of any person listed in paragraph 4.2 who is an individual, matters relevant to the IA's assessment of the reputation, character, reliability and integrity of the individual include, but are not limited to, whether the individual concerned:

- (a) has failed to comply with or demonstrated an unwillingness to comply with any requirements in relation to the carrying on of regulated activities in Hong Kong;
- (b) has been found by a court or other competent authority in Hong Kong or elsewhere for fraud, dishonesty or misfeasance;
- (c) has been disqualified by a court in Hong Kong or elsewhere from being a director of a company;
- (d) has been the subject of unresolved criminal charges or convicted of a criminal offence by any court in Hong Kong or elsewhere, which are of relevance to fitness and properness;
- (e) has been refused or restricted from the right to carry on any trade, business or profession by any professional, trade or regulatory body in Hong Kong or elsewhere;
- (f) has been censured, disciplined or publicly criticized by any professional, trade or regulatory body in Hong Kong or elsewhere;
- (g) has been the subject of an investigation conducted by any regulatory authority or law enforcement agency in Hong Kong or elsewhere;
- (h) has been dismissed from any office or employment or refused entry to any profession or occupation in Hong Kong or elsewhere;
- (i) was a controller, director or partner of a firm, in Hong Kong or elsewhere, which has been compulsorily wound up or made any compromise or arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims, either whilst the individual concerned was a controller, director or partner or within one year after the individual concerned ceased to be such a controller, director or partner;
- (j) has, in connection with the formation or management of a firm, been adjudged by a court or other competent authority in Hong Kong or

elsewhere civilly liable for any fraud, misfeasance or other misconduct by the individual concerned towards such a firm or towards any members thereof; or

- (k) has been, in connection with the management of a firm in Hong Kong or elsewhere, a controller, director or partner of the firm, which,
 - (i) with the consent or connivance of, or because of the neglect or omission by the individual concerned, has failed to comply with any requirements under any laws, or any rules, regulations, codes or guidelines made or issued under any laws, or any other regulatory requirements;
 - (ii) has been the subject of unresolved criminal charges or convicted of a criminal offence by any court in Hong Kong or elsewhere, which are of relevance to fitness and properness; or
 - (iii) has been adjudicated by any court or other competent authority in Hong Kong or elsewhere civilly liable for any fraud, misfeasance or misconduct.

Financial status or solvency

Any Individual

5.9 In respect of any person listed in paragraph 4.2 who is an individual, matters relevant to the IA's assessment of the financial status of the individual include, but are not limited to, whether the individual concerned:

- (a) has entered into a voluntary arrangement with creditors or been adjudicated bankrupt by a court, or is currently subject to bankruptcy proceedings, in Hong Kong or elsewhere; or
- (b) has failed to satisfy any judgment debt under an order of a court in Hong Kong or elsewhere.

Other relevant matters

Individual Licensee

5.10 In respect of a person who is, or is applying to be, an individual licensee, he/she is required to be:

- (a) a Hong Kong permanent resident; or
- (b) a person who holds an appropriate immigration visa or permit which does not restrict that person from carrying on regulated activities in Hong Kong.

6. Criteria for Firms

Ability to carry on a regulated activity competently, honestly and fairly

Licensed Insurance Agency

Licensed Insurance Broker Company

6.1 A firm which is, or is applying to be, a licensed insurance agency or a licensed insurance broker company is required to appoint at least one individual as its (proposed) responsible officer. To ensure adequate supervision of the carrying on of regulated activities and compliance with the Ordinance and other applicable regulatory requirements, the IA expects a (proposed) responsible officer of a licensed insurance agency or a licensed insurance broker company to:

- (a) possess appropriate qualifications and experience (see the relevant requirements in paragraph 5); and
- (b) have sufficient authority for discharging his/her responsibilities set out in the Ordinance and any rules, regulations, codes and guidelines made or issued under any Ordinances, and be provided with sufficient resources and support for discharging such responsibilities. (Note: In assessing the sufficiency of authority of the (proposed) responsible officer, the IA will consider the organizational structure, management responsibilities and seniority of the person within the licensed insurance agency or licensed insurance broker company concerned, and the nature and scale of

regulated activities under the (proposed) responsible officer's supervision.)

- 6.2 In determining whether a firm, which is, or is applying to be, a licensed insurance agency or a licensed insurance broker company, is a fit and proper person to carry on regulated activities in a particular line of business, the IA will consider whether the (proposed) responsible officer(s) (as licensed technical representative(s) (agent) or licensed technical representative(s) (broker) as the case may be) are eligible to carry on regulated activities in the relevant line of business.
- 6.3 A licensed insurance agency or a licensed insurance broker company should appoint at least one responsible officer to supervise the carrying on of regulated activities and to ensure proper controls and procedures are in place for the purpose of compliance with the requirements under the Ordinance and other applicable regulatory requirements.
- 6.4 Under certain circumstances, there should be more than one responsible officer. In considering whether there is a sufficient number of responsible officers appointed by a licensed insurance agency or licensed insurance broker company, the IA will take into account, *inter alia*, the scale of business, nature of insurance services and products, and number of licensed technical representatives (agent) or licensed technical representatives (broker) (as the case may be) of the licensed insurance agency or licensed insurance broker company concerned.
- 6.5 The IA will assess the competence of a firm which is, or is applying to be, a licensed insurance agency or a licensed insurance broker company with regard to the following aspects⁶ (where applicable):
- (a) Group companies and firms carrying on other business

⁶ For example, in respect of a small-scale firm in terms of income derived from the carrying on of regulated activities, if the insurance service and products provided by the firm are relatively simple and there is a limited number of licensed technical representatives (agent) or licensed technical representatives (broker) (as the case may be), the IA may, on a case-by-case basis, relax the requirements set out in paragraph 6.5 and allow the firm to use simplified approaches or practices which are commensurate with its scale, to demonstrate its compliance with such requirements.

- (i) (if the firm is a company within a group of companies) any information relating to the group companies and their directors and controllers; and
 - (ii) (if the firm carries on or proposes to carry on business other than the business of carrying on of regulated activities) the nature and state of affairs of such business.
- (b) Corporate governance
- (i) whether the firm has an adequate organizational structure with clear lines of responsibilities and authority;
 - (ii) whether the persons concerned in the management of the regulated activities of the firm are composed of individuals with an appropriate range of knowledge, skills and experience that allow them to properly supervise the carrying on of regulated activities in the firm's (proposed) lines of business; and
 - (iii) whether there is a feasible business strategy in respect of the proposed line(s) of business which includes information on the insurance products to be marketed, services to be provided, target market clientele and source of business.
- (c) Internal controls and risk management
- (i) whether the firm has in place effective policies and procedures concerning compliance with all laws, rules, regulations, codes, guidelines and other regulatory requirements relevant to the carrying on of regulated activities in its lines of business;
 - (ii) whether the firm has identified key risks and has developed strategies to mitigate such risks;
 - (iii) in the case of a firm that also carries on or intends to carry on business other than insurance intermediary business, whether there are effective internal controls to ensure the interests of policy holders and potential policy holders will not be prejudiced; and

- (iv) whether there are adequate policies and procedures in relation to recruitment, training and supervision of staff to ensure that persons who are employed by, or associated with, or act for the firm in relation to the carrying on of regulated activities are and remain fit and proper and suitably qualified for the (proposed) lines of business.

Reputation, character, reliability and integrity

Any Firm

- 6.6 In respect of any person listed in paragraph 4.2 which is a firm, matters relevant to the IA's assessment of the reputation, reliability and integrity of the firm include, but are not limited to, whether the firm concerned:
- (a) has failed to comply with or demonstrated an unwillingness to comply with any requirements in relation to the carrying on of regulated activities in Hong Kong;
 - (b) has been refused or restricted from the right to carry on any trade, business or profession by any professional, trade or regulatory body in Hong Kong or elsewhere;
 - (c) has been censured, disciplined or publicly criticized by any professional, trade or regulatory body in Hong Kong or elsewhere;
 - (d) has been the subject of an investigation conducted by any regulatory authority or law enforcement agency in Hong Kong or elsewhere;
 - (e) was a controller, director or partner of a firm, in Hong Kong or elsewhere, which has been compulsorily wound up or made any compromise or arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims, either whilst the firm concerned was a controller, director or partner or within one year after the firm concerned ceased to be such a controller, director or partner;

- (f) has been, in connection with the management of a firm in Hong Kong or elsewhere, a controller, director or partner of the firm, which
 - (i) with the consent or connivance of, or because of the neglect or omission by, the firm concerned, failed to comply with any requirements under any laws, or any rules, regulations, codes or guidelines made or issued under any laws, or any other regulatory requirements;
 - (ii) has been the subject of unresolved criminal charges or convicted of a criminal offence by any court in Hong Kong or elsewhere, which are of relevance to fitness and properness; or
 - (iii) has been adjudicated by any court or other competent authority in Hong Kong or elsewhere civilly liable for any fraud, misfeasance or misconduct; or
- (g) has a controller, director or partner who fails to meet any criteria set out in paragraphs 5.8 and 5.9 above for individuals, or any criteria set out in paragraphs 6.6 and 6.7 for a firm, as applicable.

Financial status or solvency

Any Firm

- 6.7 In respect of any person listed in paragraph 4.2 which is a firm, matters relevant to the IA's assessment of the financial status or solvency of the firm include, but are not limited to, whether the firm concerned:
- (a) is subject to receivership, administration, liquidation or other similar proceedings;
 - (b) has entered into a scheme of arrangement with its creditors or failed to satisfy any judgment debt under an order of a court in Hong Kong or elsewhere; or
 - (c) has sufficient resources at all times for compliance with the financial requirements (e.g. capital, assets or liquidity requirements) applicable to it.

Other relevant matters

Licensed Insurance Broker Company

- 6.8 In respect of a licensed insurance broker company, the IA must be satisfied that the company concerned is or will be able to comply with the requirements in relation to capital, net assets, professional indemnity insurance, and keeping of separate client accounts and proper books and accounts as set out in the Ordinance and any rules made under section 129 of the Ordinance.
- 6.9 The IA will normally not allow a person to be appointed as a responsible officer of more than one licensed insurance broker company unless the insurance broker companies concerned belong to the same group of companies or have common shareholder(s), or there is any other justification acceptable to the IA. The IA will consider each application on a case-by-case basis.

7. Commencement

- 7.1 This Guideline shall take effect from [DD MM 2019].

[DD MM YYYY]

Insurance Qualifications

The insurance qualifications specified for the purpose of paragraphs 5.2 (individual licensee) and 5.4 (responsible officer) of this Guideline are in the table below.

Insurance Qualification	Individual Licensee	Responsible Officer
The Australian and New Zealand Institute of Insurance and Finance (Senior Associate) (ANZIIF Snr Assoc)	✓	--
The Australian and New Zealand Institute of Insurance and Finance (Fellow) (ANZIIF Fellow)	✓	✓
The Chartered Insurance Institute (Associate) (ACII)	✓	✓
The Chartered Insurance Institute (Fellow) (FCII)	✓	✓
Chartered Life Underwriter (CLU)	✓	✓
Chartered Property Casualty Underwriter (CPCU))	✓	✓
Hong Kong Diploma in Insurance Studies awarded by The Chartered Insurance Institute or the former Insurance Institute of Hong Kong	✓	--
The Institute of Actuaries of Australia (Fellow) (FIAA)	✓	✓
The Institute and Faculty of Actuaries of the United Kingdom (Fellow) (FIA/FFA)	✓	✓
Fellow, Life Management Institute (FLMI)	✓	--
The Society of Actuaries of the United States of America (Fellow) (FSA)	✓	✓

✓ - Acceptable

Insurance Intermediaries Qualifying Examination

1. With reference to paragraph 5.2 of this Guideline, every individual licensee must have passed the relevant papers of the Insurance Intermediaries Qualifying Examination (“IIQE”) conducted by the Vocational Training Council, the appointed examination body for the IIQE, unless otherwise exempt.
2. The pass mark for each paper is 70%.
3. The IIQE consists of the following papers:
 - (a) Basic Examination Paper -
Principles and Practice of Insurance (“P&P Paper”)
 - (b) Qualifying Examination Papers -
 - (i) General Insurance (“GI Paper”)
 - (ii) Long Term Insurance (“LT Paper”)
 - (iii) Investment-linked Long Term Insurance (“IL Paper”)
 - (c) Travel Insurance Agents Examination Paper (“TIA Paper”)
4. Lines of Business
In order to be licensed to carry on regulated activities in the line(s) of business in column 1, any person described in paragraph 1 of this Annex must pass the corresponding paper(s) listed in column 2 below unless otherwise exempt:

Column 1	Column 2
Line of Business	Corresponding Examination Paper(s)
- General Business	- P&P Paper; and - GI Paper
- Long Term Business (excluding Linked Long Term Business)	- P&P Paper; and - LT Paper
- Long Term Business (including Linked Long Term Business)	- P&P Paper; - LT Paper; and - IL Paper
- Restricted Scope Travel Business	- TIA Paper

5. Exemption from the IIQE Papers

- (a) Exemption from the requirement to pass the P&P, GI, LT and TIA Papers of the IIQE is granted to:
- (i) Holders of any of the following insurance qualifications:
 - Associate or Fellow of The Chartered Insurance Institute (ACII/FCII);
 - Senior Associate or Fellow of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF (Snr Assoc)/ANZIIF (Fellow));
 - Fellow, Life Management Institute (FLMI);
 - Chartered Life Underwriter (CLU);
 - Chartered Property Casualty Underwriter (CPCU);
 - Hong Kong Diploma in Insurance Studies of The Chartered Insurance Institute/the former Insurance Institute of Hong Kong;
 or
 - (ii) Holders of any of the following actuarial qualifications:
 - Fellow of the Institute and Faculty of Actuaries of the United Kingdom (FIA/FFA);
 - Fellow of the Institute of Actuaries of Australia (FIAA);
 - Fellow of the Society of Actuaries of the United States of America (FSA).
- (b) Exemption from the requirement to pass the IL Paper of the IIQE is granted to holders of any of the following professional qualifications in insurance, investment or actuarial science:
- (i) Chartered Life Underwriter (CLU) who has passed the elective paper: “HS 328 Investments” of the CLU qualifying examination;
 - (ii) Chartered Financial Consultant (ChFC);
 - (iii) Certified Financial Planner (CFP);
 - (iv) Fellow of the Institute and Faculty of Actuaries of the United Kingdom (FIA/FFA);
 - (v) Fellow of the Institute of Actuaries of Australia (FIAA);
 - (vi) Fellow of the Society of Actuaries of the United States of America (FSA);
 - (vii) person who has passed the Foundation Programme Examination of the Hong Kong Securities and Investment Institute (FPE);
 - (viii) person who has passed the Diploma Programme Examination of the Hong Kong Securities and Investment Institute (DPE);

- (ix) HKSI Practising Certificate of the Hong Kong Securities and Investment Institute;
 - (x) HKSI Specialist Certificate of the Hong Kong Securities and Investment Institute;
 - (xi) HKSI Professional Diploma in Financial Markets of the Hong Kong Securities and Investment Institute.
- (c) Persons (confined to those who were already practising in the insurance intermediary business in Hong Kong immediately before 1 January 2000) who are holders of the Certificate of Proficiency in General Insurance Studies issued by The Hong Kong Federation of Insurers are exempt from the requirement to pass the P&P, GI and TIA Papers of the IIQE.
- (d) Persons (confined to those who were already practising in the insurance intermediary business in Hong Kong immediately before 1 January 2000) in possession of five years' proven experience in insurance business in Hong Kong within the six-year period immediately before 1 January 2000 are exempt from the requirement to pass the P&P Paper as well as the GI, LT and TIA Papers, as appropriate (which relates to the specific experience they have obtained); exemption from the requirement to pass all 4 papers, i.e. the P&P, GI, LT and TIA Papers, is granted only if they possess the specified experience in both General Business and Long Term Business.
- (e) Exemption from the requirement to pass the TIA Paper of the IIQE is granted to those who have passed both the P&P and the GI Papers of the IIQE.
6. A person who applies to carry on regulated activities in Long Term (including Linked Long Term) Business is required, among others, to pass the enhanced version of the IL Paper which was introduced on 1 March 2010 to supersede the previous version ("enhanced IL Paper") unless (i) he/she is exempt under paragraph 5(b) of this Annex; or (ii) he/she completed 20 extra CPD hours dedicated towards the additional modules of the enhanced IL Paper during the transitional period (i.e. 1 March 2010 to 29 February 2012) and has not since ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years. For (ii), the person must either be (a) an insurance intermediary who was registered as engaging in Long Term

(including Linked Long Term) Business immediately before 1 March 2010; or (b) a person who had passed the previous IL Paper and applied for (and subsequently succeeded in) registration for engaging in Long Term (including Linked Long Term) Business within the aforesaid transitional period.

7. Cessation of Insurance Practice and Validity of Examination Result

- (a) A person who has ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years must pass the relevant papers of the IIQE before he/she can be licensed to carry on regulated activities in the relevant line(s) of business, unless he/she is exempt under paragraphs 5(a) and 5(b) of this Annex as appropriate.
- (b) If a person has passed the IIQE but has not been engaged in insurance-related work in the insurance industry in Hong Kong for any two consecutive years (counting from the date of the examination), his/her IIQE examination results will lapse and he/she is required to pass the relevant papers of the IIQE before he/she can be licensed to carry on regulated activities in the relevant line(s) of business, unless he/she is exempt under paragraphs 5(a) and 5(b) of this Annex as appropriate.

Exemptions

1. In this Annex:

“CIB” means The Hong Kong Confederation of Insurance Brokers;

“commencement date” means the date on which section 74 of the Insurance Companies (Amendment) Ordinance 2015 comes into operation [the exact date will be inserted when known];

“IARB” means the Insurance Agents Registration Board set up by The Hong Kong Federation of Insurers;

“PIBA” means the Professional Insurance Brokers Association;

“specified person” means:

- (a) an Individual Agent registered with the IARB;
- (b) a Technical Representative registered with the IARB;
- (c) a Responsible Officer registered with the IARB;
- (d) a Technical Representative registered with the CIB or PIBA; or
- (e) a Chief Executive registered with the CIB or PIBA; and

“transitional period” is defined in section 8 of Schedule 11 to the Ordinance and means the period of 3 years beginning on the commencement date.

Individual Licensee

2. A person who:

- (a) was a specified person immediately before the commencement date and regarded as having been granted a licence under Schedule 11 to the Ordinance on the commencement date; or
- (b) was a specified person at any time within the two-year period before the commencement date,

is exempt from the criteria under paragraph 5.2(a) of this Guideline in relation to his/her application⁷ for an individual insurance agent licence, a technical representative (agent) licence or a technical representative (broker) licence, provided that:

- (a) he/she has not ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years or more; and
- (b) he/she submits the application for such licence within the transitional period.

Responsible Officer of Licensed Insurance Agency

3. A person who:

- (a) was a Responsible Officer registered with the IARB at any time before the commencement date; or
- (b) was an Individual Agent or Technical Representative registered with the IARB at any time before the commencement date and already possessed a minimum of 15 years' experience in insurance-related work in the insurance industry in Hong Kong on the commencement date,

is exempt from the criteria set out in paragraph 5.4(a) of this Guideline in relation to an application for approval of the person to become a responsible officer of a firm which is, or is applying to be, a licensed insurance agency.

Responsible Officer of Licensed Insurance Broker Company

4. A person who:

- (a) was a Chief Executive registered with the CIB or PIBA at any time before the commencement date; or

⁷ The exemption will apply to any subsequent application for a new licence or renewal of any licence provided the person has not ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years or more.

- (b) was a Technical Representative registered with the CIB or PIBA at any time before the commencement date and already possessed a minimum of 15 years' experience in insurance-related work in the insurance industry in Hong Kong on the commencement date,

is exempt from the criteria set out in 5.4(a) of this Guideline in relation to an application for approval of the person to become a responsible officer of a firm which is, or is applying to be, a licensed insurance broker company.

DRAFT

**GUIDELINE ON
CONTINUING PROFESSIONAL
DEVELOPMENT
FOR LICENSED INSURANCE
INTERMEDIARIES**

Contents

	Page
1. Introduction	1
2. Interpretation	2
3. CPD Requirements	4
4. Commencement	6
Annex 1 Qualified CPD Activities	7
Schedule I Topics for Qualified CPD Activities	15
Schedule II Topics for Type 4 Qualified CPD Activities	16
Schedule III Specified Qualifications for Types 5 and 6 Qualified CPD Activities	17
Schedule IV Financial Regulators, Law Enforcement Agencies, Independent Statutory Bodies or Industrial Bodies for Type 7 Qualified CPD Activities	18
Schedule V Examples of Recognized Professional Bodies for Type 8 Qualified CPD Activities	19
Annex 2 CPD Requirements for Individual Licensees Who Are Newly Licensed in an Assessment Period	20
Annex 3 Transitional CPD Arrangements for Deemed Licensees for First Assessment Period	
<i>(Note: Details of the transitional arrangements will be finalized after the commencement date for the new regulatory regime for insurance intermediaries has been fixed. Please refer to Chapter 5 of the Consultation Paper for details of the transitional arrangements. This Annex is therefore not attached to the draft Guideline.)</i>	

1. Introduction

- 1.1 This Guideline is issued pursuant to section 133 of the Insurance Ordinance (Cap. 41) (“the Ordinance”) to outline the continuing professional development (“CPD”) requirements for licensed insurance intermediaries.
- 1.2 Licensed insurance intermediaries are required to be fit and proper persons to carry on regulated activities. Licensed insurance intermediaries who are individuals should continuously update their technical and regulatory knowledge and refresh themselves on the ethical standards through CPD in order to ensure their professional competence in carrying on regulated activities.
- 1.3 This Guideline aims to provide general guidance for the following persons to comply with the CPD requirements.
 - (a) An individual licensee (as defined in paragraph 2.1);
 - (b) An authorized insurer which appoints a licensed individual insurance agent;
 - (c) A licensed insurance agency which appoints a licensed technical representative (agent); and
 - (d) A licensed insurance broker company which appoints a licensed technical representative (broker).
- 1.4 A failure to comply with any CPD requirements set out in this Guideline by a person listed above may adversely affect the fitness and properness of that person and may result in a disciplinary action to be taken by the Insurance Authority (“the IA”) against that person.
- 1.5 This Guideline should be read in conjunction with the relevant provisions of the Ordinance and any relevant rule, regulation, code and guideline made or issued under the Ordinance.
- 1.6 This Guideline is not intended to be exhaustive and does not constitute legal advice. You should seek professional advice if you have any

question relating to the application or interpretation of the relevant provisions of the Ordinance.

- 1.7 This Guideline does not have the force of law and should not be interpreted in a way that would override the provision of any law. The IA reserves the right to review and update this Guideline from time to time as necessary.

2. Interpretation

- 2.1 Unless otherwise specified, words and expressions used in this Guideline shall have the same meanings as given to them in the Ordinance. In this Guideline:

- (a) “Assessment Period” means:
 - (i) the period beginning on the commencement date and ending on 31 July which immediately follows the commencement date (both days inclusive) (“first Assessment Period”); and
 - (ii) the period beginning on 1 August of a year and ending on 31 July of the following year (both days inclusive);
- (b) “commencement date” means the date on which section 74 of the Insurance Companies (Amendment) Ordinance 2015 comes into operation;
- (c) “individual licensee” means a licensed individual insurance agent, a licensed technical representative (agent) or a licensed technical representative (broker);
- (d) “licence” is defined in section 64F of the Ordinance and means:
 - (i) in relation to a licensed insurance agency, an insurance agency licence granted under section 64U or renewed under section 64ZV;
 - (ii) in relation to a licensed individual insurance agent, an individual insurance agent licence granted under section 64W or renewed under section 64ZV;

- (iii) in relation to a licensed technical representative (agent), a technical representative (agent) licence granted under section 64Y or renewed under section 64ZV;
 - (iv) in relation to a licensed insurance broker company, an insurance broker company licence granted under section 64ZA or renewed under section 64ZV; or
 - (v) in relation to a licensed technical representative (broker), a technical representative (broker) licence granted under section 64ZC or renewed under section 64ZV;
- (e) “licensed individual insurance agent” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64W;
 - (f) “licensed insurance agency” is defined in section 2(1) of the Ordinance and means a person who is granted a licence under section 64U;
 - (g) “licensed insurance broker company” is defined in section 2(1) of the Ordinance and means a company which is granted a licence under section 64ZA;
 - (h) “licensed technical representative (agent)” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64Y;
 - (i) “licensed technical representative (broker)” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64ZC;
 - (j) “principal” means:
 - (i) in relation to a licensed individual insurance agent, an authorized insurer which appoints the licensed individual insurance agent;

- (ii) in relation to a licensed technical representative (agent), a licensed insurance agency which appoints the licensed technical representative (agent); and
 - (iii) in relation to a licensed technical representative (broker), a licensed insurance broker company which appoints the licensed technical representative (broker); and
- (k) “Qualified CPD Activities” means activities which fulfil the requirements as specified in Annex 1.

3. CPD Requirements

Individual Licensees

- 3.1 Individual licensees, except for licensed technical representatives (agent) licensed to carry on regulated activities in restricted scope travel business¹ only, are required to attend Qualified CPD Activities to earn not less than 15 CPD hours in each Assessment Period, including a minimum of 3 CPD hours related to a topic which falls under “Ethics or Regulations” as specified in Annex 1.
- 3.2 Licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only are required to attend Qualified CPD Activities to earn not less than 3 CPD hours in each Assessment Period. They are not compulsorily required to attend Qualified CPD Activities related to a topic which falls under “Ethics or Regulations” as specified in Annex 1.
- 3.3 For individual licensees who are newly licensed in an Assessment Period, the number of minimum CPD hours required for the relevant Assessment Period is set out in Annex 2.

¹ Under section 64ZZC(6) of the Ordinance, restricted scope travel business, in relation to a travel agent that is a licensed insurance agency—

- (a) means effecting a travel insurance policy that is tied to a tour, travel package, trip or other travel services arranged by the travel agent for its customers; and
- (b) does not include effecting an annual travel insurance policy.

- 3.4 Individual licensees should comply with the CPD requirements so long as they remain licensed even though their licences are under suspension (for instance, they are not appointed by any principal). Subject to the discretion of the IA, concessions may be granted to individual licensees in special circumstances (such as prolonged illness) which preclude their attendance or completion of Qualified CPD Activities.
- 3.5 Only Qualified CPD Activities attended by individual licensees during the period they are licensed will count towards the minimum hour requirements specified in this Guideline.
- 3.6 Individual licensees should report to the IA the Qualified CPD Activities they attend in each Assessment Period on a CPD Declaration Form in a format and manner prescribed by the IA no later than 2 months after the end of the relevant Assessment Period (i.e. by 30 September). Any CPD hours earned during an Assessment Period in excess of the minimum CPD hours required for that Assessment Period cannot be carried forward and cannot be reported in the CPD Declaration Forms for subsequent Assessment Periods. Individual licensees should also inform their principal(s) of the Qualified CPD Activities reported to the IA by the same deadline.
- 3.7 Individual licensees are required to properly retain sufficient documentary evidence² in support of their attendance or completion of all the Qualified CPD Activities reported to the IA on their CPD Declaration Forms for a minimum of 3 years after the end of the relevant Assessment Period. They should promptly produce such evidence to the IA for compliance check upon request.

Principals

- 3.8 A principal should ensure that each individual licensee appointed by it complies with the CPD requirements applicable to the individual licensee. For the purpose of discharging such obligation, a principal may:
- (a) arrange adequate Qualified CPD Activities for the individual licensees appointed by it;

² Documentary evidence may include the relevant certificate of attendance or graduation, report on examination results and coursework assessment.

- (b) provide adequate facilities such as computers to facilitate the individual licensees appointed by it to attend Qualified CPD Activities which are E-learning Activities (as defined in Annex 1);
- (c) provide sufficient information on Qualified CPD Activities to the individual licensees appointed by it to facilitate their compliance with applicable CPD requirements; or
- (d) liaise with professional bodies to organize Qualified CPD Activities for the individual licensees appointed by it.

3.9 A principal should have in place adequate controls and procedures to monitor and ensure compliance with applicable CPD requirements by the individual licensees appointed by it. In this respect, the principal should request, check and verify the documentary evidence in support of the CPD Declaration Forms submitted to the IA by individual licensees.

4. Commencement

4.1 This Guideline shall take effect from [DD MM 2019].

[DD MM YYYY]

Qualified CPD Activities

Interpretation

1. In this Annex:

“CPD Assessment Authority” refers to the assessment authority as appointed by the IA, i.e. The Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ);

“E-learning Activities” refer to activities in the form of online courses;

“Structured Activities” refer to activities in the form of traditional lecture-based courses; and

“QF” refers to the Qualifications Framework maintained by the Secretary for Education under the Accreditation of Academic and Vocational Qualifications Ordinance (Cap. 592).

8 Types of Qualified CPD Activities

2. Individual licensees may fulfill the CPD requirements by participating in any of the Qualified CPD Activities as set out below:

Type 1: Approved CPD Activities;

Type 2: Degree Programmes;

Type 3: QF Accredited Insurance Programmes;

Type 4: Other QF Accredited Programmes;

Type 5: Studies for Attaining Specified Qualifications;

Type 6: Fulfilment of CPD Requirements of Specified Qualifications;

Type 7: CPD Activities Organized by the IA/Financial Regulators/Law Enforcement Agencies/Independent Statutory Bodies/Industry Bodies; and

Type 8: CPD Activities Organized/Approved by Recognized Professional Bodies for their CPD Programmes.

Ethics or Regulations

3. Individual licensees, except for licensed technical representatives (agent) licensed to carry on regulated activities in restricted scope travel business only, are required to attend Qualified CPD Activities to earn a minimum of 3 CPD hours related to a topic which falls under “Ethics or Regulations” as specified in this Annex in each Assessment Period (except for individual licensees who are newly licensed in an Assessment Period, the number of minimum CPD hours required for the relevant Assessment Period is set out in Annex 2). Qualified CPD Activities for earning CPD hours on “Ethics or Regulations” must:
 - (a) be assessed and approved by the CPD Assessment Authority as such (except for those activities which are recognized as Type 2, 3, 4, 5, 6, 7 or 8 Qualified CPD Activities which are dealt with in paragraph 4 of this Annex); and
 - (b) cover contents under either or both of the following:
 - (i) contents in relation to “Ethics” including but not limited to ethical principles concerning integrity, fairness, due care and diligence, good faith and objectivity, best interests of clients, accurate representation, disclosure of clear, accurate and relevant information to clients, conflict of interest, confidentiality of clients’ information, professional competence, etc. and the application of the relevant principles or concepts;
 - (ii) contents in relation to “Regulations” including but not limited to local regulations directly related to the work of insurance intermediaries, such as guidelines on conduct requirements for insurance intermediaries, protection of personal data, equal opportunities, corruption prevention and prevention of money laundering and terrorist financing.
4. If an individual licensee, as part of a Type 2, 3, 4, 5, 6, 7 or 8 Qualified CPD Activity, attends any activity covering contents relating to “Ethics” or “Regulations” as set out above in a particular Assessment

Period, the individual licensee can earn a corresponding number of compulsory CPD hours on “Ethics or Regulations” for every hour of participation in the activity for that particular Assessment Period.

Type 1: Approved CPD Activities

5. Subject to the requirements set out in paragraphs 31 and 32 below, Structured Activities, E-learning Activities or a combination of both relating to the topics set out in Schedule I to this Annex (other than those recognized as Type 2, 3, 4, 5, 6, 7 or 8 Qualified CPD Activities) can be recognized as Type 1 Qualified CPD Activities if they are assessed and approved by the CPD Assessment Authority.
6. 1 CPD hour can be earned for each hour of participation in Type 1 Qualified CPD Activities.
7. Type 1 Qualified CPD Activities must last for no less than an hour.

Type 2: Degree Programmes

8. Studies for local or overseas bachelor degrees or postgraduate degrees in any disciplines relating to the topics set out in Schedule I to this Annex (“Degree Programmes”) can be recognized as Type 2 Qualified CPD Activities. Overseas bachelor degrees and postgraduate degrees can only be recognized as Type 2 Qualified CPD Activities if they are listed in the register of exempted courses and registered courses maintained by the Registrar of Non-local Higher and Professional Education Courses under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493).
9. Individual licensees can be considered to have satisfied the annual CPD requirements (except for the compulsory CPD hours on “Ethics or Regulations”³) if they undertake a Degree Programme recognized as Type 2 Qualified CPD Activities during the Assessment Period.

³ If the contents of the Degree Programme also cover topics relating to “Ethics or Regulations” as set out in paragraph 3 of this Annex, individual licensee can still earn a corresponding number of compulsory CPD hours on “Ethics or Regulations” for every hour of participation (see paragraph 4 of this Annex).

10. For an individual licensee studying a Degree Programme with a study period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that Degree Programme.

Type 3: QF Accredited Insurance Programmes

11. Programmes accredited and categorized under the industry “Insurance” in the Qualifications Register of the QF (“QF Accredited Insurance Programmes”) can be recognized as Type 3 Qualified CPD Activities.
12. Individual licensees can earn 5 CPD hours in an Assessment Period if they earn 1 QF credit by participating in QF Accredited Insurance Programmes recognized as Type 3 Qualified CPD Activities during that Assessment Period.
13. For an individual licensee studying a programme with a study period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that programme.

Type 4: Other QF Accredited Programmes

14. Programmes accredited under QF but **NOT** categorized under the industry “Insurance” in the Qualifications Register of the QF (“Other QF Accredited Programmes”) can be recognized as Type 4 Qualified CPD Activities if:
 - (a) at least 50% of the course contents are related to the topics set out in Schedule II to this Annex; and
 - (b) they are approved by the CPD Assessment Authority after undergoing a vetting process.
15. Individual licensees can earn 5 CPD hours in an Assessment Period if they earn 1 QF credit by participating in Other QF Accredited Programmes recognized as Type 4 Qualified CPD Activities during that Assessment Period.

16. For an individual licensee studying a programme with a study period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that programme.

Type 5: Studies for Attaining Specified Qualifications

17. Individual licensees can be considered to have satisfied the annual CPD requirements for the Assessment Period (except for the compulsory CPD hours on “Ethics or Regulations”⁴) if they undertake a study for attaining any of the qualifications specified in Schedule III to this Annex (“Specified Qualifications”) during that Assessment Period.
18. For an individual licensee undertaking a study for attaining a Specified Qualification with a period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that qualification. In order to be considered to have satisfied the annual CPD requirements for a particular Assessment Period, the individual licensee should have passed at least one examination paper of the Specified Qualification in that Assessment Period.

Type 6: Fulfilment of CPD Requirements of the Specified Qualifications

19. Individual licensees who are holders of any of the Specified Qualifications during an Assessment Period are considered to have satisfied the annual CPD requirements for the Assessment Period (except for the compulsory CPD hours on “Ethics or Regulations”⁴) if:
 - (a) they have satisfied the CPD (or similar) requirements imposed by the relevant institutes or professional bodies granting such

⁴ If the contents of a Type 5 or Type 6 Qualified CPD Activity also cover topics relating to “Ethics or Regulations” as set out in paragraph 3 of this Annex, individual licensee can still earn a corresponding number of compulsory CPD hours on “Ethics or Regulations” for every hour of participation (see paragraph 4 of this Annex)

Specified Qualifications for the Assessment Period; and

- (b) the CPD (or similar) requirements in (a) should be no less than the annual CPD requirements as set out in paragraph 3.1 of this Guideline.
20. In order to be considered to have satisfied the annual CPD requirements for the Assessment Period, the individual licensee should be a holder of such qualification/title and compliance by the individual licensee with the CPD requirements imposed by the institute or professional body is an essential condition for holding such qualification/title.

Type 7: CPD Activities Organized by the IA/Financial Regulators/Law Enforcement Agencies/Independent Statutory Bodies/Industry Bodies

21. CPD activities organized by the IA, the financial regulators, the law enforcement agencies, the independent statutory bodies or the industry bodies as mentioned in Schedule IV to this Annex, or those activities approved or exempted by the IA, can be recognized as Type 7 Qualified CPD Activities provided that their contents are related to the list of topics in Schedule I to this Annex.
22. These activities are not required to be assessed and/or approved by the CPD Assessment Authority.
23. Subject to the requirements set out in paragraphs 31 and 32 below, these activities could be Structured Activities, E-learning Activities or a combination of both, as the case may be.
24. 1 CPD hour can be earned for each hour of participation in Type 7 Qualified CPD Activities.
25. Type 7 Qualified CPD Activities must last for no less than an hour.

Type 8: CPD Activities Organized/Approved by Recognized Professional Bodies for their CPD Programmes

26. CPD courses organized or formally approved by professional bodies which are established under an Ordinance of Hong Kong or those required to perform statutory duties under an Ordinance of Hong Kong, including but not limited to those mentioned in Schedule V to this Annex, for their own CPD (or similar) programmes can be recognized as Type 8 Qualified CPD Activities, provided that their contents are related to the list of topics in Schedule I to this Annex.
27. These activities are not required to be assessed and/or approved by the CPD Assessment Authority.
28. Subject to the requirements set out in paragraphs 31 and 32 below, these activities could be Structured Activities, E-learning Activities or a combination of both, as the case may be.
29. 1 CPD hour can be earned for each hour of participation in Type 8 Qualified CPD Activities.
30. Type 8 Qualified CPD Activities must last for no less than an hour.

E-Learning

31. Individual licensees cannot earn more than 5 CPD hours for each Assessment Period through participation in E-learning Activities recognized as Type 1, 7 or 8 Qualified CPD Activities (in aggregate).
32. E-learning Activities can only be recognized as Type 1, 7 or 8 Qualified CPD Activities if:
 - (a) they have a proper login and identity-checking system to prevent abuse and unauthorized logins;
 - (b) they provide continual verification and assessment elements;
 - (c) proper audit trail keeping track of participants' login time, idle-time and activities undertaken are embedded; and
 - (d) they can meet the other requirements applicable to E-learning Activities as specified by and posted on the IA's website.

33. The requirements set out in paragraphs 31 and 32 are not applicable to E-learning Activities embedded in any of Types 2, 3, 4, 5 and 6 Qualified CPD Activities.

Speaker CPD Hours

34. An individual licensee who is a speaker at a Qualified CPD Activity can earn CPD hours based upon the actual length of time which he/she has taken part in the activity as a speaker at a rate of 3 CPD hours for each hour. For example, a speaker delivering a 2-hour lecture in a Qualified CPD Activity can generally earn 6 CPD hours.

Schedule I

Topics for Qualified CPD Activities

- (a) Local insurance (or related) legislation;
- (b) Regulatory aspects of insurance practice in Hong Kong (including industry updates);
- (c) Insurance (including topics relating to product knowledge, policy provision, underwriting, policy administration, claims management, Insurtech, information technology or other technical knowledge related to insurance but excluding topics relating to company-specific incentive schemes and promotion strategy);
- (d) Actuarial science;
- (e) Risk management;
- (f) Financial planning;
- (g) Ethics;
- (h) Regulations;
- (i) Other disciplines which are directly related to the work of insurance intermediaries, such as investment, law and legal knowledge, finance, Fintech, business, commerce, management, technical subjects (such as engineering, medical knowledge and health science) or communication skills; or
- (j) Any other topics the IA may add from time to time⁵.

⁵ Any new topic to be added will be published on the IA's website.

Schedule II

Topics for Type 4 Qualified CPD Activities

1. Principles and Practice of Insurance
 - (a) Basic Principles of Insurance
 - (b) Claims Management
 - (c) Insurance Broking
 - (d) Policy Administration
 - (e) Reinsurance
 - (f) Risk Management
 - (g) Underwriting Management
2. Insurance Laws and Regulations
3. Life Insurance
 - (a) Annuity
 - (b) Investment-Linked Long Term Insurance
 - (c) Life and Disability Insurance
 - (d) Provident Fund (Mandatory) and Retirement Schemes
4. General Insurance
 - (a) Accident and Health Insurance
 - (b) Aviation Insurance
 - (c) Cargo Insurance
 - (d) Engineering Insurance
 - (e) Liability Insurance
 - (f) Marine Insurance
 - (g) Medical and Health Insurance
 - (h) Motor Insurance
 - (i) Property and Pecuniary Insurance
5. Ethical and Related Issues
 - (a) Anti-Money Laundering and Counter-Terrorist Financing
 - (b) Data Privacy
 - (c) Professional Ethics
6. Related Topics
 - (a) Accounting
 - (b) Actuarial Science
 - (c) Business Studies/Practice
 - (d) Commerce
 - (e) Communication
 - (f) Company and Contract Law
 - (g) Corporate Governance
 - (h) Customer Services
 - (i) Cybersecurity
 - (j) Economics
 - (k) Financial Planning
 - (l) Human Resources Management
 - (m) Information Technology
 - (n) Insurtech
 - (o) Investment
 - (p) Law and Legal Studies
 - (q) Marketing
 - (r) Organizational Behaviour and Management
 - (s) Quantitative Methods
 - (t) Statistics
 - (u) Strategic Management
7. Any other topics the IA may add from time to time⁶

⁶ Any new topic to be added will be published on the IA's website.

Schedule III

Specified Qualifications for Types 5 and 6 Qualified CPD Activities

- (a) Associate or Fellow of The Chartered Insurance Institute (ACII/FCII)
- (b) Associate, Chartered Financial Planner or Fellow of The Personal Finance Society (APFS/Chartered Financial Planner/FPFS)
- (c) Associate, Senior Associate or Fellow of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF (Assoc)/ANZIIF (Snr Assoc)/ANZIIF (Fellow))
- (d) Associate Financial Planner or Certified Financial Planner (AFP/CFP)
- (e) Chartered Financial Consultant (ChFC)
- (f) Chartered Life Underwriter (CLU)
- (g) Chartered Life Practitioner (ChLP)
- (h) Chartered Property Casualty Underwriter (CPCU)
- (i) Fellow Chartered Financial Practitioner (FChFP) of the Life Underwriters Association of Hong Kong
- (j) Fellow of the Institute and Faculty of Actuaries of the United Kingdom (FIA/FFA)
- (k) Fellow of the Institute of Actuaries of Australia (FIAA)
- (l) Fellow, Life Management Institute (FLMI)
- (m) Fellow of the Society of Actuaries of the United States of America (FSA)
- (n) Hong Kong Insurance Professional Qualification Examination (HKIPQE) of the Hong Kong Society of Certified Insurance Practitioners
- (o) Life Underwriter Training Council Fellow (LUTCF)
- (p) Professional Diploma in Insurance Programme (PDI) of the Vocational Training Council (VTC)
- (q) Postgraduate Diploma in Insurance in Risk Management (PgDIRM) of VTC
- (r) Any other professional qualifications the IA may add from time to time⁷

⁷ For any new qualification to be added, application may be required to be assessed and approved by the CPD Assessment Authority. Any new qualification so added will be published on the IA's website.

Schedule IV

Financial Regulators, Law Enforcement Agencies, Independent Statutory Bodies or Industry Bodies for Type 7 Qualified CPD Activities

- (a) Hong Kong Monetary Authority (HKMA)
- (b) Mandatory Provident Fund Schemes Authority (MPFA)
- (c) Securities and Futures Commission (SFC)
- (d) Equal Opportunities Commission (EOC)
- (e) Independent Commission Against Corruption (ICAC)
- (f) Office of the Privacy Commissioner for Personal Data (PCPD)
- (g) The Hong Kong Federation of Insurers (HKFI)
- (h) The Hong Kong Confederation of Insurance Brokers (CIB)
- (i) Professional Insurance Brokers Association (PIBA)
- (j) Any other organizations the IA may add from time to time⁸

⁸ Any new organization to be added will be published on the IA's website.

Schedule V

Examples of Recognized Professional Bodies for Type 8 Qualified CPD Activities

- (a) Hong Kong Academy of Medicine
- (b) The Hong Kong Institute of Architects
- (c) Hong Kong Institute of Certified Public Accountants
- (d) Hong Kong Institute of Chartered Secretaries
- (e) The Hong Kong Institute of Housing
- (f) The Hong Kong Institute of Landscape Architects
- (g) The Hong Kong Institute of Planners
- (h) The Hong Kong Institute of Surveyors
- (i) The Hong Kong Institution of Engineers
- (j) The Law Society of Hong Kong
- (k) The Medical Council of Hong Kong
- (l) The Nursing Council of Hong Kong

**CPD Requirements for Individual Licensees
Who Are Newly Licensed in an Assessment Period**

1. In respect of individual licensees who are newly licensed in an Assessment Period, the minimum number of CPD hours applicable to them for that Assessment Period is set out below.
2. The CPD requirements for individual licensees (except for licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only) are set out in the table below.

Month in which Relevant Licence is Granted	Minimum Number of CPD Hours	Minimum Number of CPD Hours related to “Ethics or Regulations”
August to October	12	3
November, December and January	6	
February to July	0	0

3. The CPD requirements for licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only are set out in the table below.

Month in which Relevant Licence is Granted	Minimum Number of CPD Hours
August to October	3
November, December and January	2
February to July	0