

27 September 2022

Our Ref: MC/CPD/CIR

By email only

To: Chief Executives of all authorized insurers, Responsible Officers of all licensed insurance agencies and licensed insurance broker companies

Dear Sirs,

CPD (“Continuing Professional Development”) Penalty Framework and CPD Compliance Reporting for the Assessment Period 2021/2022

By circulars dated 25 March and 31 May 2022, the Insurance Authority (“IA”) announced that for the CPD Assessment Period 2021/2022, individual licensees would only be required to complete 12 CPD hours¹, rather than 15 (with travel agents licensed to carry on regulated activities in restricted scope travel insurance business only, being excused altogether from the CPD requirement for that Assessment Period).

To reflect the reduction, the IA has adjusted the CPD Penalty Framework (originally issued on 23 July 2021) as it applies for the Assessment Period 2021/2022. The amended CPD Penalty Framework for the Assessment Period 2021/2022 is summarized in the Annex to this circular.

The deadline for individual licensees (i.e. licensed individual insurance agents, technical representatives (agent) and technical representatives (broker)) to complete their CPD hours for the Assessment Period 2021/2022 expired on 31 July 2022. In line with the CPD Penalty Framework, we take this opportunity to remind individual licensees who had a shortfall of 6 CPD hours or less as at 31 July 2022, that they have until **31 October 2022** to rectify the shortfall in order to avoid any licence suspension (albeit they still face a fine of HK\$600 per hour of shortfall as at 31 July 2022).

Further, individual licensees are reminded that they must submit their CPD Declaration Forms to their appointing principals or directly to the IA by 30 September 2022, even if they have a shortfall as at 31 July 2022, but intend to make good the shortfall by 31 October 2022. If, after submitting the CPD Declaration Form, such individual licensees proceed to make good the shortfall prior to 31 October 2022, then:

¹ As a one-off facilitative measure announced in the circular issued on 25 March 2022, the number of CPD hours which an individual licensee (except travel agents) is required to complete for the Assessment Period 2021/2022 (i.e. by 31 July 2022) is reduced by 3 CPD hours from 15 CPD hours to 12 CPD hours, but the 3 compulsory CPD hours on “Ethics or Regulation” remains unchanged, while travel agents are not required to earn any CPD hours for the Assessment Period 2021/2022.

- In the case of individual licensees with an appointing principal, they must report to their appointing principal by **7 November 2022** that they have made good the shortfall (together with supporting documents to show their attendance of the requisite CPD courses). Appointing principals are then required, by 21 November 2022, to submit a list to the IA, detailing the updated position of these individual licensees together with the relevant supporting documents. The list (in the following format) and supporting documents should be submitted by email to cpdreporting@ia.org.hk.

Licence Number	Name of Licensee	Shortfall of CPD hours as of 31 Jul 2022	Shortfall of CPD hours as of 31 Oct 2022

- In the case of individual licensees without an appointing principal, they must report that they have made good their shortfall directly to the IA (together with relevant supporting documents showing attendance at the requisite CPD courses) by email to cpdreporting@ia.org.hk on or before **7 November 2022**.

A failure to report will be taken to mean that the individual licensee has not made good his/her shortfall by 31 October 2022 (and it is likely that suspension of licence would follow).

For further details on the proposed penalties for non-compliance of the CPD requirements, please refer to the CPD Penalty Framework and if you have any queries, please e-mail us at cpd-enf@ia.org.hk.

Yours faithfully,

Peter Gregoire
Head of Market Conduct
General Counsel
Insurance Authority

c.c. The Hong Kong Federation of Insurers
Professional Insurance Brokers Association
The Hong Kong Confederation of Insurance Brokers

ANNEX

Summary of Penalty Framework for CPD breaches for the Assessment Period 2021/2022

Shortfall of CPD hours	Penalties		
Shortfall is <u>6</u> hours or less	A fine of \$600 per hour of shortfall will be imposed, plus the shortfall must still be rectified by 31 October 2022.	Failure to rectify the shortfall by 31 October 2022 and/or pay the fine will lead to a minimum suspension of 3 months (to continue thereafter until the shortfall is rectified and/or the fine is paid).	If the shortfall is still not rectified and/or the fine remains unpaid after the 3-month suspension, the licence may be revoked.
Shortfall is more than <u>6</u> hours	A fine of \$600 per hour of shortfall will be imposed as well as a minimum suspension of 3 months (which will continue until the shortfall is rectified or the fine is paid).	If the shortfall is still not rectified and/or the fine remains unpaid after the suspension of 3 months, the licence may be revoked.	

If an individual licensee, without reasonable excuse, fails to submit the CPD Declaration in the manner prescribed by the IA by 30 September 2022, the IA will consider this reasonable cause to believe that the individual licensee is not fit and proper to be licensed as an insurance intermediary. This may result in an investigation by the IA against the individual licensee. Further, provision of false information in a CPD Declaration may result in revocation of licence and prohibition to apply for a new licence for 12 months.

As for the Penalty Framework for CPD breaches for the Assessment Periods after 31 July 2022, please refer to [the circular issued on 23 July 2021](#).