

19 December 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 brokers companies

Dear Sirs,

**Continuing Professional Development (“CPD”) requirements
Disciplinary actions for Combined Assessment Period 2019/21**

On 16 December 2022, we issued our circular publishing our latest edition of Conduct In Focus which included the “CPD Non-Compliance League Table” by principal for the 2021/22 CPD Assessment Period. We are following this up to notify you of the progress on the enforcement actions being taken for the previous Combined Assessment Period from 23 September 2019 to 31 July 2021 (“**Combined Assessment Period 2019/21**”).

The Combined Assessment Period 2019/21, the first since the IA took on the regulation of insurance intermediaries, included a number of concessions due to the impact of COVID-19. These concessions included combining the two assessment periods of 2019/2020 and 2020/21 into one and allowing a three-month lee-way after the end of the period up to 31 October 2021 for individual licensees to make good any shortfall in CPD hours either to avoid any pecuniary penalty altogether (if the shortfall was less than 50% of CPD hours) or to avoid the penalty escalating to suspension and revocation (if the shortfall was more than 50% of CPD hours). Despite these concessions, the number of CPD non-compliances for the Combined Assessment Period (although not as many as for the subsequent 2021/22 year), was still significant and this is reflected in the enforcement actions being taken.

For the Combined Assessment Period 2019/21:

- 879 Notices of Proposed Disciplinary Action have been issued against individual licensees who reported a failure to attain the required CPD hours.
- 930 individual licensees have been formally investigated by the Insurance Authority (“IA”) for failing to submit or late submission of their CPD Declaration Form. So far, 239 Notices of Proposed Disciplinary Actions have been issued against these individual licensees following investigation, with more to come.

- 281 disciplinary actions have been taken so far. Due to their volume, disciplinary actions are being taken in batches. A second batch of disciplinary actions will be taken in the coming weeks.
- \$2,022,900 in pecuniary penalties have been imposed so far by way of the disciplinary action against individual licensees, with suspensions also being imposed in line with the [CPD Penalty Framework](#) issued in our circular of 23 July 2021. The CPD Penalty Framework provides for disciplinary actions which escalate from pecuniary penalty to suspension and revocation based on the number of CPD hours missed and length of time taken to make good the shortfall or pay the pecuniary penalty.
- All individuals who were licensed as individual licensees during a CPD Assessment Period are required to complete CPD hours during the period. Resigning (and ceasing to be licensed) after the Assessment Period will not avoid (and is no defence to) disciplinary action. The individual concerned will be prohibited from making a new licence application until the shortfall in hours is rectified and requisite pecuniary penalty is paid (and the IA will take account of the failure to complete CPD in assessing fitness and properness at the time of the licensing application). Further the IA is empowered to seek to register an order to pay the pecuniary penalty with the Court of First Instance in order to enforce payment.
- More than 102,000 individual licensees did complete their CPD hours during the Combined Assessment Period 2019/21, thereby displaying their responsibility for fulfilling this most basic requirement of professionalism. Those who failed to do this, undermine the achievement of those who did comply and the image of professionalism across the insurance industry.

We will therefore continue to process all disciplinary actions for the Combined Assessment Period 2019/21. Shortly thereafter, we will move onto the 2021/22 CPD Assessment Period, where the number of non-compliances (even with COVID related concessions having been made) have significantly increased.

We have already emphasized on multiple occasions the responsibilities of principal insurers, broker companies and insurance agencies to have in place adequate controls to ensure their appointed individual licensees comply with CPD requirements. This must include robust controls to ensure individual licensees submit a completed CPD Declaration Form (as failure to submit attracts disciplinary action). For the Combined Assessment Period 2019/21, of the 930 licensed insurance intermediaries who failed to submit a completed CPD Declaration Form, our investigations revealed that 49 had in fact complied with the CPD requirements. Principals could have assisted in easing the administrative burden of uncovering this by taking steps to ensure the CPD Declarations were submitted in the first place.

Details of the disciplinary actions and the individual licensees concerned may be searched on the [Register of Licensed Insurance Intermediaries](#) on our website (using the search function for the date of the disciplinary actions). For further information on the IA's enforcement work, please see the "Enforcement News" section of the IA's website.

Should you have any enquiries on the above, please contact us by email at cpd-enf@ia.org.hk.

Yours faithfully,

Peter Gregoire
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General Counsel
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c.c. The Hong Kong Federation of Insurers
Professional Insurance Brokers Association
The Hong Kong Confederation of Insurance Brokers