

28 June 2024

Our Ref: CDD/CPD/CIR

By email only

To : Responsible Officers of All Licensed Insurance Broker Companies

Dear Sir/Madam,

Pilot Scheme for Continuing Professional Development Training for Responsible Officers of Licensed Broker Companies during the Assessment Period 2024/2025

A Responsible Officer (“RO”) of a Licensed Insurance Broker Company essentially performs a dual role. Each RO is a technical representative (broker) (“TRB”) and, like any TRB, is responsible for performing regulated activities on behalf of the broker company in accordance with the insurance regulatory framework. An RO, however, has an additional (and some may say more important) management responsibility of using best endeavours to ensure that the broker company of which he or she is RO has established and maintains proper controls and procedures for securing compliance with the conduct requirements in the Insurance Ordinance (Cap. 41) by the broker company and its TRBs and securing observance by the TRBs of the broker company with these controls and procedures.

As with any TRB, an RO of a broker company has to comply with the Continuing Professional Development (“CPD”) requirements set out in the Guideline on Continuing Professional Development for Licensed Insurance Intermediaries (“GL24”). This requires completion, during each annual CPD Assessment Period (which runs from 1 August to 31 July), of 15 CPD hours, including 3 compulsory CPD hours in “Ethics or Regulations”. The CPD requirement in GL24 is currently focused on the carrying on of regulated activities at the individual intermediary (e.g. TRB) level, without there being any additional CPD training for ROs to complete that focuses on the RO’s additional management responsibilities. This, in our view, is a gap which needs to be addressed in a practical manner, given the importance of the role that an RO performs.

To address this, for the forthcoming CPD Assessment Period (1 August 2024 to 31 July 2025), the IA is rolling out a pilot scheme for ROs of broker companies to complete an RO specific CPD (“RO-CPD”) course of 2 hours. The RO-CPD course will be rolled out through the two broker industry bodies, the Professional Insurance Brokers Association (“PIBA”) and the Confederation of Insurance Brokers (“CIB”). To be clear, this will not be an additional 2 CPD hours, but part of the 15 hour CPD requirement that an RO has to do anyway, and completion of the 2 hour RO-CPD course will also count towards completion of 2 of the 3 CPD hours that need to be completed on “Ethics and Regulations”.

Every RO of a broker company will be expected to attend any session of the RO-CPD course run by PIBA or the CIB during the 2024/2025 CPD Assessment Period. As it is a pilot scheme, attendance of the RO-CPD course is encouraged as best practice rather than being made compulsory, albeit records will be taken as to which ROs have attended (and, by their absence, which have not). Those who have not attended may be asked to provide explanation and non-attendance may be taken into account by the IA as one factor (out of many factors) in our assessing the conduct risk profile of the broker company (which is used to decide, for example, whether the IA will target a broker company for formal inspection and how in-depth that inspection needs to be).

Even though it is a pilot scheme, the IA would encourage all ROs to attend the RO-CPD training (as part of their 15 CPD hours). The fact that the IA is introducing this pilot scheme is a demonstration of the importance it places on the role of RO. Every RO must serve as a role model for the “treating customers fairly” principle and also has a pivotal role in ensuring business conducted by broker companies aligns with this principle, which is vital to reinforce the insurance market with confidence.

If the pilot scheme is well-received and proves successful, the IA will consider formalizing the RO-CPD requirement by updating GL24 to include the requirement for future CPD Assessment Periods.

Details of the RO-CPD pilot training scheme will be announced by the IA (and PIBA and the CIB) in due course. If you have any questions concerning the information contained in this circular or the pilot RO-CPD training scheme, please send your enquiries by email to cpd@ia.org.hk.

Yours faithfully,

Peter Gregoire
Head of Conduct Supervision
General Counsel
Insurance Authority

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