

21 March 2022

Our Ref: MC/INT/5

By Email Only

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

Dear Sirs,

Applications for new licences by deemed licensees
Cut-off dates for applications

We are writing to update you on the progress made in processing the applications for new licences by deemed licensees. We are also announcing cut-off dates by which all remaining applications by deemed licensees for new licences should be submitted to the Insurance Authority (“IA”), to ensure such applications can be processed in time (and avoid the prospect of any discontinuity in licensing).

By way of recap, a “deemed licensee” is any licensed insurance agency, licensed insurance broker company, licensed individual insurance agent, licensed technical representative (agent), or licensed technical representative (broker), which or who was automatically granted a licence under the new regulatory regime as at 23 September 2019, by reason of their being registered with one of the former self-regulatory organizations immediately prior to that date. Every deemed licensee has a licence which runs from 23 September 2019 to 22 September 2022 (“transitional period”). During this transitional period, every deemed licensee needs to apply for a new licence from the IA if they wish to continue carrying on regulated activities after 22 September 2022.

There are approximately 106,300 deemed licensees, so processing this number of applications has been mammoth logistical task. We started in January 2021 and 14 months down the line (as at end February 2022), we are well over 80% complete and have a number of applications currently under processing. Indeed, only around 11% of deemed licensees have yet to submit their applications (or inform us of their intention not to). We would, therefore, like to thank the industry for their cooperation and efforts in getting us to this stage of completion, especially under the trying circumstances of the pandemic. It serves as a real demonstration of the industry’s resilience and its determination to ensure those serving the insurance needs of customers continue with their licences in order to perform that vital function.

We ask for that resilience to continue to shine through, so that the remaining deemed license applications are submitted and completed. To ensure the remainder of applications are submitted and processed within the time available between now and the deadline of 22 September 2022, we are setting the following cut-off dates by which such applications should be made.

Cut-off Dates

In view of the complexity and resources involved for processing different types of licence, there will be two cut-off dates for deemed licensees who have not yet submitted their new licence applications:

| Licence Type | Cut-off Date |
|---|-----------------------------------|
| <ul style="list-style-type: none">• licensed insurance agency; or• licensed insurance broker company | 6:00 pm on 4 July 2022 (Monday) |
| <ul style="list-style-type: none">• licensed individual insurance agent;• licensed technical representative (agent); or• licensed technical representative (broker) | 6:00 pm on 8 August 2022 (Monday) |

Provided a deemed licensee submits his/her/its application for a new licence, with all necessary information and documents, by the above cut-off date (relevant to their licence type), we will endeavour to process the application by 22 September 2022. Indeed, given the ongoing pandemic, provided the application (with necessary information and documents) is submitted by the cut-off date, even if it is the case that the application cannot be processed by 22 September 2022, we will ensure continuity of the licence until the application for the new licence has been processed. The bottom line is, however, that the application needs to be submitted by the relevant cut-off date indicated above.

If a deemed licensee submits his/her/its application after the cut-off date, the IA will not be able to guarantee that it will be processed before the 22 September 2022 deadline. Accordingly, if the application has not been processed by that date, the deemed licence will expire and the person will not be able to carry on regulated activities until the application has been processed and the new licence has been granted (so the person will face the prospect of a gap in licensing). It is imperative, therefore, that the remaining 11% of deemed licensees who or which have not yet submitted their new licence application, do so as soon as practicable and in any event by the relevant cut-off date indicated above.

Exemption to Deemed Licensees

We would also draw your attention to Annex 2 to the Guideline on “Fit and Proper” Criteria for Licensed Insurance Intermediaries under the Insurance Ordinance (GL23). This exempts a deemed licensee from the new education requirement set out under paragraph 5.2(a) of GL23 in relation to his/her application for a new individual licence provided the licence application is submitted within the transitional period. In other words, a deemed licensee will no longer be able to benefit from this exemption if he or she does not submit an application by the end of the transitional period.

Useful References and Information

To provide full information on the application process and to answer any questions you may have, the application forms for deemed licensees, a set of Frequently Asked Questions, an e-portal user guide and a demonstration video are all available on the IA's website (<https://www.ia.org.hk/en/infocenter/forms/deemedlicensees.html>). We would encourage you to refer your appointed agents or technical representatives to the IA website if they have any queries.

If you have any questions concerning this circular, please send an e-mail to licensing@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