

17 September 2019

Our Ref: MC/INT/5

To: Chief Executives of all authorized insurers

Dear Sirs,

Commencement of New Regulatory Regime for Insurance Intermediaries

This circular serves to remind you that the new regulatory regime for insurance intermediaries will come into operation on 23 September 2019 when the Insurance Authority (“IA”) will become the sole regulator of all insurance intermediaries in Hong Kong, by taking over the regulatory functions from the three Self-Regulatory Organizations (“SROs”). Accordingly, a number of changes will take effect on 23 September 2019 and are summarized as follows:

Regulatory Instruments

The codes, rules, regulations and guidance notes issued by the SROs for insurance intermediaries (“Applicable Rules”) will be referred to in the IA’s handling of the complaint and disciplinary cases that are unresolved by the SROs prior to 23 September 2019. A copy of the Applicable Rules can be downloaded from the IA’s website.

The following rules, codes and guidelines issued by the IA in relation to licensed insurance agents will come into operation on 23 September 2019:

- Insurance (Maximum Number of Authorized Insurers) Rules
- Code of Conduct for Licensed Insurance Agents
- Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries under the Insurance Ordinance (Cap. 41)
- Guideline on Continuing Professional Development (“CPD”) for Licensed Insurance Intermediaries (“CPD Guideline”)
- Guideline on Exercising Power to Impose Pecuniary Penalty in respect of Regulated Persons under the Insurance Ordinance (Cap. 41)

- Guideline on Offering of Gifts
- Guideline on Sale of Investment-Linked Assurance Scheme (“ILAS”) Products
- Guideline on Long Term Insurance Policy Replacement
- Guideline on Benefit Illustrations for Long Term Insurance Policies
- Guideline on Cooling-off Period
- Guideline on Financial Needs Analysis

Insurance Intermediary Licence Applications

All existing insurance intermediaries who are validly registered with the SROs immediately before 23 September 2019 will be regarded as deemed licensees under the new regime for a three-year transitional period (“Transitional Period”). Arrangement will be made by the IA to advise all deemed licensees to apply for a formal licence during the Transitional Period in turn. There is no need for deemed licensees to lodge applications for formal licence at this moment.

For all licence applicants, including insurance intermediaries who entered the industry for the first time on or after 23 September 2019, their principals should offer necessary guidance to them during the application process. The licensing or compliance staff of an authorized insurer can obtain support from the IA for any queries they have by contacting our case officers. The relevant contact details were provided during the series of briefing sessions conducted by the IA for the industry over the new regime since August 2019.

Principals should open a supervisor’s account with the IA for using the newly developed online portal, i.e. Insurance Intermediaries Connect, for handling licence applications electronically. Details can be obtained from our case officers or from the IA’s website. Licence application forms are also available from the IA’s website.

To facilitate management of the notifications and licence applications of their appointed agents, the IA proposes to update authorized insurers on processed notifications and licence applications by emails. Authorized insurers are advised to provide the IA with a designated email address for receiving such updates by using the attached Reply Slip and return it to the IA on or before **20 September 2019**.

Insurance Intermediary Licence Number

As prescribed in the codes of conduct for licensed insurance agents, disclosure of a licensed insurance agent's licence number is necessary under certain circumstances. All deemed licensees will be assigned a licence number by the IA for the new regime. To facilitate the deemed licensees to find out their licence numbers and make preparation for the new regime, a special search function will be added to the IA's website to allow retrieval of such numbers with input of their respective SRO registration numbers.

Licensing of Staff

Under the new regime, the licensing requirements are activity-based and apply to any person carrying on a regulated activity. Therefore, there will be a need for staff of an authorized insurer to comply with the licensing requirements if their duties involved carrying on any regulated activity except as exempt under section 123 of the Insurance Ordinance. More information in this regard has been given in the Explanatory Note on Licensing Requirements for Employees of Authorized Insurers under Regulatory Regime for Insurance Intermediaries issued on 30 November 2018, and in the two briefing sessions conducted by the IA in January 2019.

Any authorized insurer has queries in this regard should contact our case officers for assistance as soon as possible.

Reporting of Continuing Professional Development ("CPD")

From 23 September 2019 onwards, all reports of compliance with CPD requirements should be submitted to the IA directly.

Under the new regime, an assessment year will start from 1 August of a year and end on 31 July of the following year for all insurance intermediaries. For details of the

CPD requirements, including the transitional arrangements, please refer to the CPD Guideline. The IA will advise the new CPD reporting arrangement in due course.

If you have any questions regarding the above, please contact Ms Maggie Chan (Tel: 3899 9803) or Ms Mandy Tang (Tel: 3899 9736) of the Market Conduct Division.

Yours faithfully,

Stephen Po
Executive Director
Market Conduct Division
Insurance Authority

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

Encl.

Reply Slip

Designated Email Address for Receiving Updates on Processed Applications and Notifications

File No.: _____

Name of Insurer: _____

Designated Email Address: _____

Contact Person: _____ **Tel:** _____

Signature: _____

**Name of Director/
Controller:** _____

Date: _____