

## Annex C

### Frequently Asked Questions on Continuing Professional Development (“CPD”) Issues

- I. CPD Reporting by Individual Licensees: Q1 – Q3
- II. Monitoring of Principals: Q4 – Q6
- III. Disciplinary Actions for CPD non-compliance: Q7 – Q11
- IV. Section 84 Agreement: Q12 – Q13

#### I. CPD REPORTING BY INDIVIDUAL LICENSEES

**Q1: If a licensee leaves his principal before 31 July and his licence remains suspended (on no-principal basis) as of 30 September, should the licensee report his CPD compliance to the IA?**

A1: Yes. The licensee should report his CPD compliance **directly** to the IA by 30 September so long as he is an active licensee (even if his licence is suspended (on no-principal basis)) via one of the following methods:

- (a) Login the individual account of [Insurance Intermediaries Connect](#) (IIC), fill in the e-declaration and submit it directly to the IA; or
- (b) Complete a physical [CPD Declaration Form](#) and send it to [cpdreporting@ia.org.hk](mailto:cpdreporting@ia.org.hk).

The licensee should request the CPD training department of his previous principal(s) to provide a copy of all of his internal CPD attendance records and retain them (together with any external CPD attendance records) for at least three years for the IA’s compliance audit. When the licensee is appointed by a new principal, he should also produce the CPD compliance record (including a copy of his CPD attendance records and CPD reporting proof) to his new principal to prove his/her fitness and properness.

**Q2: If a licensee leaves his previous principal or after 31 July, but is later reappointed by a new principal before 30 September (i.e. CPD reporting deadline for licensees), should the licensee still report his CPD compliance to the IA?**

A2: Yes. The licensee should report his compliance to the IA **by** 30 September via one of the following methods:

- (a) Login the individual account of [Insurance Intermediaries Connect](#) (IIC), fill in the e-declaration form and submit it directly to the IA by 30 September; or
- (b) Complete a physical [CPD Declaration Form](#) and send it to [cpdreporting@ia.org.hk](mailto:cpdreporting@ia.org.hk).

The licensee should also produce the CPD compliance record (including copies of CPD attendance records and CPD reporting proof) to his new appointing principal to prove his fitness and properness before he can be re-appointed as an insurance intermediary.

**Q3: If a licensee is intending to leave the insurance industry, what should he do with his insurance intermediary licence? Is he still subject to CPD requirements of the relevant CPD assessment period?**

A3: If a person does not intend to be a licensed insurance intermediary, he may voluntarily revoke of his licence by sending a duly completed [Form O1- Request for Licence Revocation by Licensed Insurance Intermediary](#) to [licensing@ia.org.hk](mailto:licensing@ia.org.hk) .

If an individual licensee has failed to comply with the CPD requirements for an Assessment Period (which runs from 1 August to 31 July), and the licensee voluntarily revokes his licence **by 30 September** but does not apply for a licence for at least 180 consecutive days from the date of voluntary revocation, he will not be subject to disciplinary action for the non-compliance.

## II. MONITORING OF PRINCIPALS

**Q4: If a licensee has attained sufficient CPD hours by 31 July, but fails to submit a CPD Declaration Form to the appointing principal, should the principal report to the IA the CPD compliance for the licensee concerned?**

A4: If the principal has verified the licensee’s CPD compliance against its internal training records and/or any available external CPD attendance records, the principal should report to the IA that the licensee has “complied” (i.e. “Y” code) with the CPD requirements. However, the principal should have in place internal controls and procedures to follow up with those licensees who have failed to submit their CPD Declaration Form and ensure appropriate actions are taken if the licensees continue (or refuse) to submit their CPD Declaration Form.

**Q5: A principal would like to recruit a licensee as its licensed insurance intermediary. What on-boarding checks should the principal carry out with regard to the licensee’s CPD compliance status?**

A5: Before a principal recruits a licensee, it should:

- (a) Check, via the principal's IIC account, whether the licensee has previously been disciplined for any non-compliance with the CPD requirements. If so, the principal should enquire and obtain proof that the licensee complied with the terms of the disciplinary action; and
- (b) Request the licensee to provide a copy of his CPD attendance record for the Assessment Period preceding his recruitment with the principal and verify that he had accurately reported his CPD compliance status for the said Assessment Period. If the principal discovers the licensee had failed to comply with the CPD requirements for the Assessment Period preceding his recruitment with the principal, the principal should enquire whether the licensee is willing to enter into an agreement with the IA pursuant to section 84 of the the Insurance Ordinance (Cap. 41)("IO") with regard to the said non-compliance. If the licensee is willing to do so, the principal should follow the steps set out in A.12 below. If not, the principal should follow the steps in A.13 below.

**Q6: If a principal wants to recruit a licensee who was terminated by another principal due to CPD non-compliance, what should the principal do?**

A6: The principal should ask the licensee if he is willing to enter into an agreement with the IA pursuant to section 84 of the IO with regard to his CPD non-compliance. If the licensee is willing to do so, the principal should follow the steps set out in A.12 below. If not, the principal should follow the steps in A.13 below.

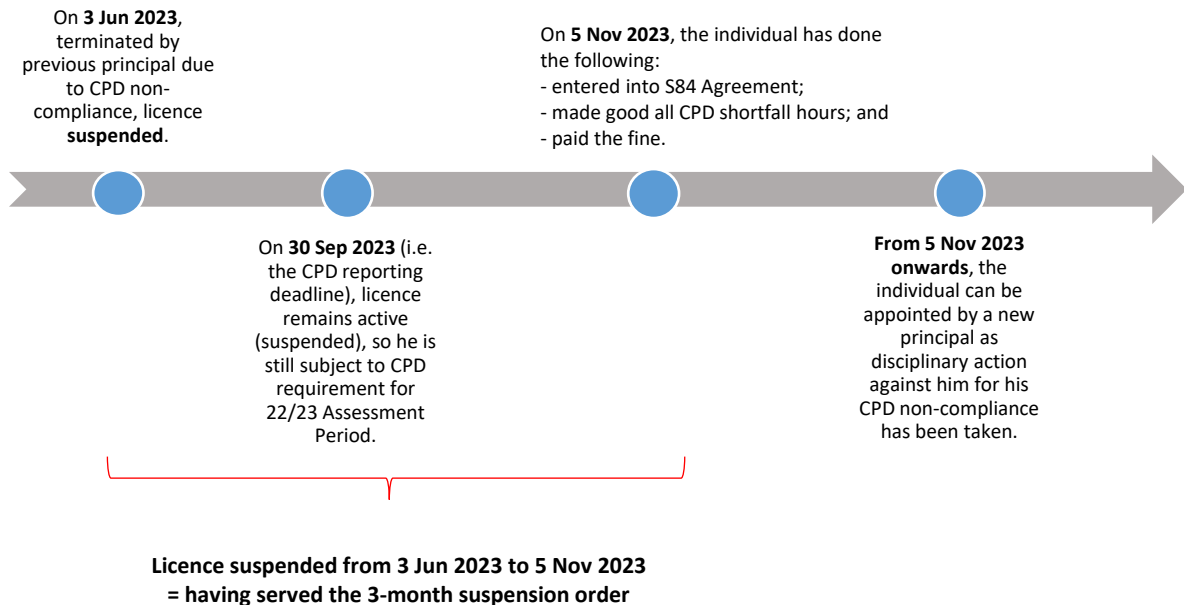
### III. DISCIPLINARY ACTIONS FOR CPD NON-COMPLIANCE

**Q7: A licensee did not attain any CPD hours between 1 August 2022 and 31 July 2023 ("22/23 CPD Assessment Period"). The principal terminated his appointment on 3 June 2023 and his licence was suspended (on no-principal basis) that day. The licensee has not reported his CPD compliance status to the IA. The licensee has rectified the shortfall in CPD hours by 5 November 2023. Will the licensee be subject to disciplinary action if he is appointed by a new principal on 5 November 2023?**

A7: Yes, the licensee will be subject to disciplinary action. Termination by all principals does not automatically bring a licence to an end; it only suspends it for up to 180 days (or until its expiry date, if earlier) on the grounds of having no-principal (what is referred to as "non-disciplinary grounds" under the IO). This means that because the licensee was licensed throughout the Assessment Period and up to and including the reporting date (30 September 2023) and continues to be licensed as of 5 November 2023, when he is

seeking appointment with another principal, he is subject to the CPD requirements for the 22/23 CPD Assessment Period. Given that the licensee had not attained any CPD hours, he is subject to a pecuniary fine and suspension (on disciplinary basis) of a minimum period of 3 months until the shortfall is rectified and/or the fine is paid under the Penalty Framework. If the individual licensee accepts the disciplinary action by entering into a Section 84 Agreement on 5 November 2023, the period of 3 June to 5 November 2023 will be counted towards him having served the suspension, meaning that if he pays the fine on 5 November 2023, he can be appointed immediately by the new principal. Also refer to the following timeline for better illustration:

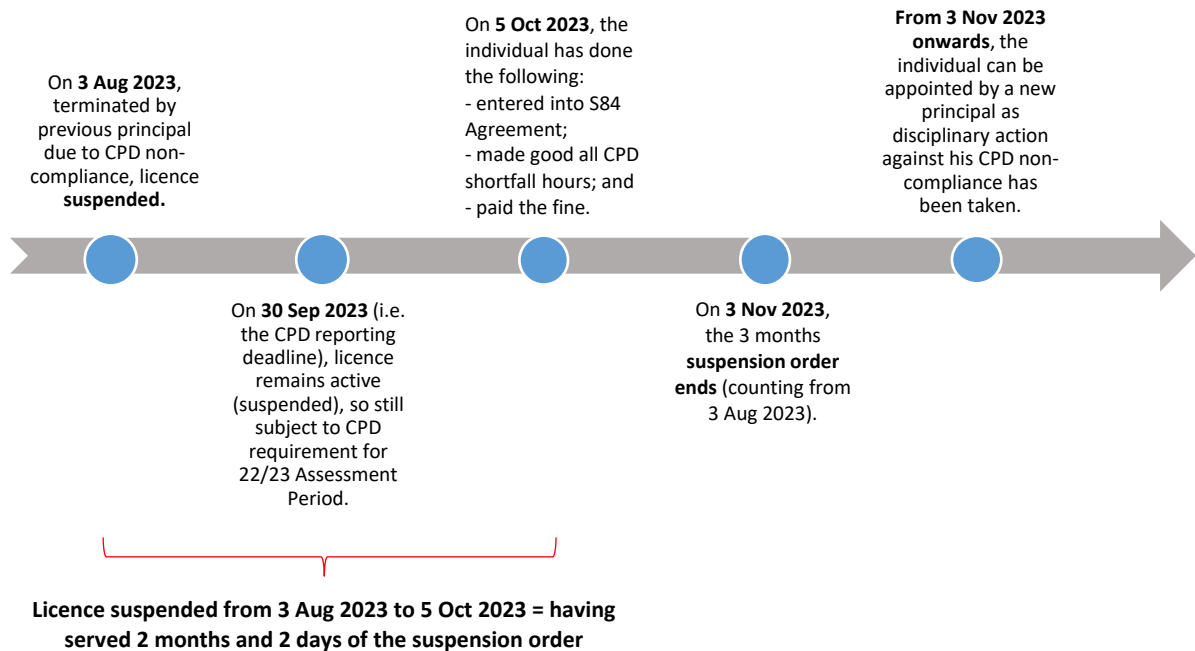
### Example for A7



**Q8: A licensee did not attain any CPD hours between 1 August 2022 and 31 July 2023 (“22/23 CPD Assessment Period”). The principal terminated his appointment on 3 August 2023 and his licence was suspended (on no-principal basis) that day. The licensee has reported the CPD compliance status to the IA by 30 September 2023. The licensee has rectified the shortfall in CPD hours by 5 October 2023. Will the licensee be subject to disciplinary action if he is appointed by a new principal on 5 October 2023?**

A8: Yes, the licensee will be subject to disciplinary action. Given that the licensee had not attained any CPD hours, he is subject to a pecuniary fine and suspension of a minimum period of 3 months until the shortfall is rectified and/or the fine is paid under the Penalty Framework. The duration of the licensee’s suspension (on no-principal basis) was less than 3 months (i.e. from 3 August 2023 to 5 October 2023 – 2 months and 2 days). However, if the individual licensee accepts the disciplinary action by entering into a Section 84 Agreement on 5 October 2023, the 2 months and 2 days will be counted towards him having served the suspension, meaning that if he pays the fine on 5 October 2023, his suspension will end on 3 November 2023 (and the recruiting principal can complete the onboarding as of that date). Also refer to the following timeline for better illustration:

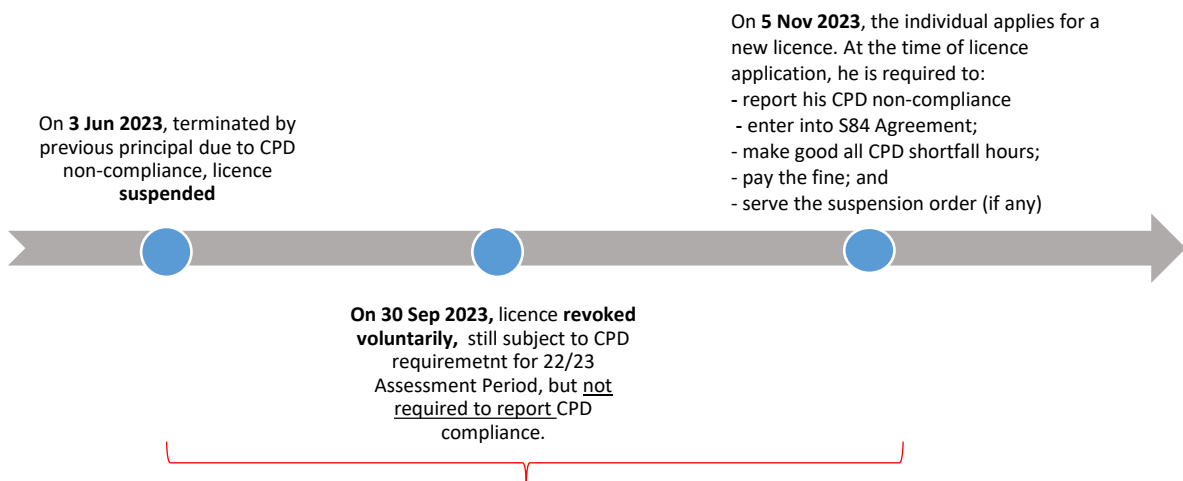
**Example for A8**



**Q9: A licensee was terminated on 3 June 2023 for not complying with the CPD requirement for the CPD assessment period from 1 August 2022 to 31 July 2023 (“22/23 CPD Assessment Period”) and failed to complete sufficient CPD hours during the 22/23 CPD Assessment Period. Due to the termination, his licence was suspended (on no-principal basis) that day, but he later decided to voluntarily revoke his licence on 30 September 2023. Will the licensee be subject to disciplinary action if he is appointed by a new principal on 5 November 2023?**

**A9:** Yes, the licensee will be subject to disciplinary action. The individual voluntarily revoked his licence on 30 September 2023, hence he did not need to report his CPD compliance for the 22/23 Assessment Period. However, because he is seeking a new licence and wants to be appointed by a new principal on 5 November 2023, which is less than 180 days from the date of the revocation, he cannot avoid disciplinary action for having failed to attain sufficient CPD hours during the 22/23 Assessment Period. Also refer to the following timeline for better illustration:

### Example for A9

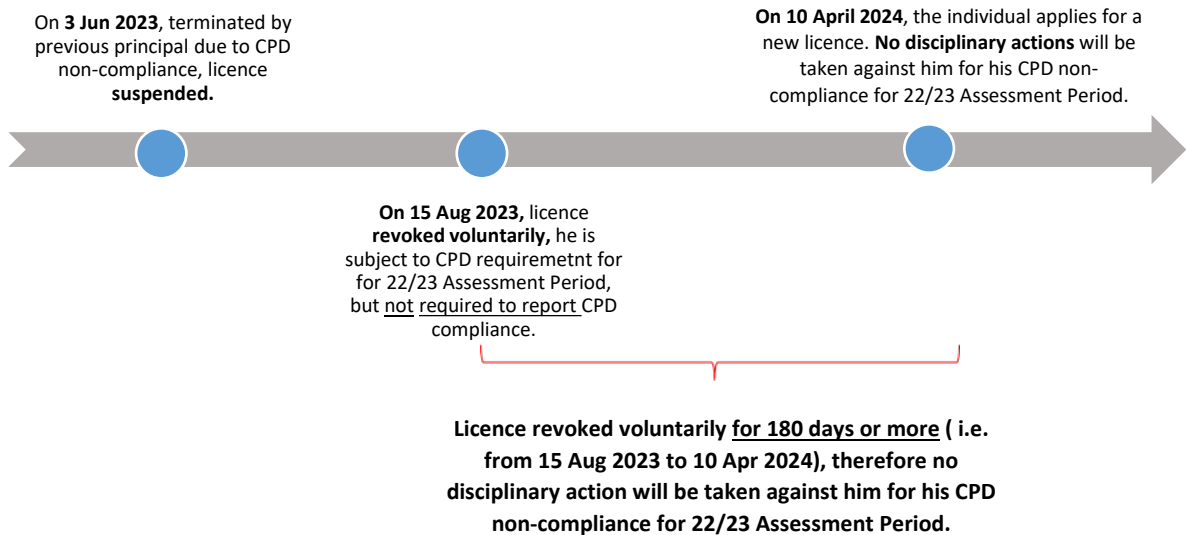


- Licence revoked voluntarily for less than 180 days ( i.e. from 30 Sep 2023 to 5 Nov 2023 ), therefore still subject to disciplinary actions for CPD non-compliance for 22/23 Assessment Period.
- The suspension and revocation periods from 3 Jun 2023 to 5 Nov 2023 = having served the 3-month suspension order (if any).

**Q10: A licensee did not comply with the CPD requirements for the CPD assessment period between 1 August 2022 and 31 July 2023 (“22/23 CPD Assessment Period”) and decided to voluntarily revoke his licence on 15 August 2023. Will the licensee be disciplined for non-compliance with the CPD requirements if he decides to return to the insurance industry on 10 April 2024?**

A10: No, the licensee will not be subject to disciplinary action. The licensee was subject to the CPD requirements since his licence was revoked (voluntarily) by 30 September 2023. However, the licensee has left the insurance industry (i.e. being unlicensed) for more than 180 days by the time he decided to return on 10 April 2024. Therefore, the IA will not take disciplinary action for his non-compliance with the CPD requirements for the 22/23 CPD Assessment Period. Also refer to the following timeline for better illustration:

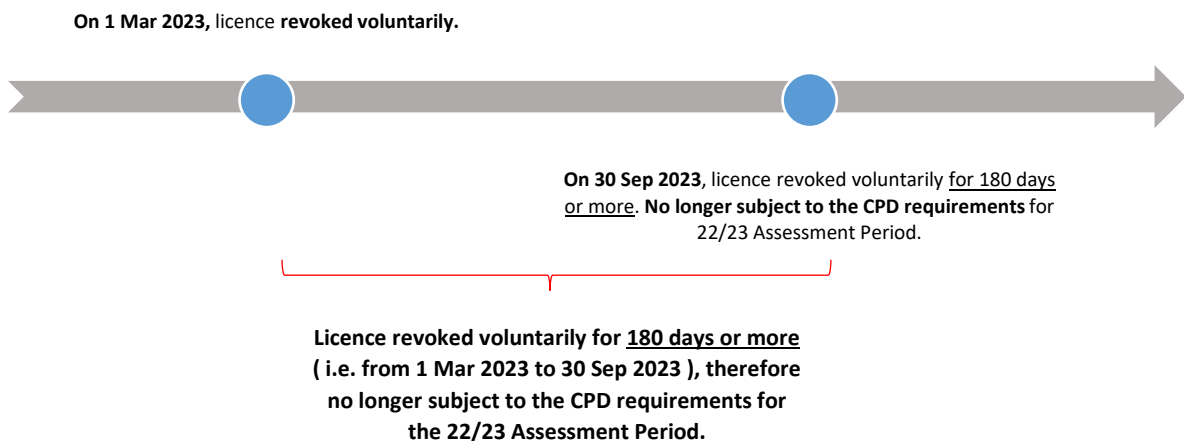
### Example for A10



**Q11: A licensee decides to voluntarily revoke his licence on 1 March 2023. Is the licensee subject to the CPD requirements for the CPD assessment period from 1 August 2022 to 31 July 2023 (“22/23 CPD Assessment Period”)?**

A11: No, the licensee is not subject to the CPD requirements for the 22/23 CPD Assessment Period. The licensee has revoked (voluntarily) his licence by 30 September 2023 and his licence was revoked for more than 180 consecutive days before he applied for a licence. Therefore, the licensee is not subject to the CPD requirements for the 22/23 CPD Assessment Period. Also refer to the following timeline for better illustration:

### Example for A11



## IV. SECTION 84 AGREEMENT

**Q12: A licensee is subject to disciplinary action for his failure to comply with the CPD requirements but he has rectified the shortfall in CPD hours. What can he do to expedite the disciplinary process?**

A12: The licensee should notify his principal that he is prepared for the IA to take disciplinary action against him by entering into an agreement with the IA pursuant to section 84 of the Insurance Ordinance (Cap. 41)(“IO”) (“**Section 84 Agreement**”). The principal will prepare an agreement for the licensee to sign. The terms of the agreement is based on



the licensee's non-compliance with the CPD requirements, and by the licensee signing the agreement, he agrees:

- (a) by admission to his non-compliance with the CPD requirements for the Assessment Period;
- (b) to the imposition of disciplinary action imposed by the IA in accordance with the Penalty Framework;
- (c) the Section 84 Agreement serves as formal notification of the IA's disciplinary decision;
- (d) not to make further representations in relation to the disciplinary action;
- (e) not to apply to the Insurance Appeals Tribunal for a review of the disciplinary action; and
- (f) to the confidentiality and statutory secrecy obligations specified in the Section 84 Agreement.

The disciplinary action will come into effect on the day the agreement is signed by the license so long as the agreement is returned to the IA within 30 days.

**Q13: A licensee is in non-compliance with the CPD requirements. He has rectified the shortfall in CPD hours, but he is not prepared to enter into an agreement with the IA pursuant to section 84 of the IO. What should the principal do?**

**A13:** The principal should provide the following to the IA at [cpd-dis@ia.org.hk](mailto:cpd-dis@ia.org.hk):

- the licensee's IA licence number;
- the licensee's name;
- the number of shortfall as at 31 July;
- a copy of all the CPD attendance record (including the record showing that he had rectified the shortfall).

Based on the information, the IA will commence disciplinary action and issue a Notice of Proposed Disciplinary Action against the licensee.

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