

## Interpretation Notes

### Guideline on Continuing Professional Development for Licensed Insurance Intermediaries (GL24)

The Insurance Authority (“IA”) issues the following Interpretation Notes with the aim of providing further guidance to individual licensees, authorized insurers, licensed insurance agencies and licensed insurance broker companies on the CPD requirements under the new regulatory regime as stipulated in the [GL24: Guideline on Continuing Professional Development for Licensed Insurance Intermediaries \(“GL24”\)](#). These Interpretation Notes should be read in conjunction with the GL24.

These Interpretation Notes are not intended to be a comprehensive guide and do not constitute legal advice. Authorized insurers and licensed insurance intermediaries are advised to seek professional legal advice if they have any questions relating to the application or interpretation of the relevant provisions of the Guideline.

These Interpretation Notes do not have the force of law and should not be interpreted in a way that would override the provision of any law. The IA reserves the right to review and update these Interpretation Notes from time to time. Unless otherwise specified, words and expressions used in this document shall have the same meanings as given to them in the GL24.

#### **(1) Responsibilities of principals and individual licensees**

##### ***Principals***

Principals (being authorized insurers, licensed insurance broker companies and licensed insurance agencies) are required under GL24 to ensure that each of their appointed individual licensees comply with their applicable CPD requirements. This requires principals to have in place adequate controls and procedures to monitor and ensure compliance by their appointed individual licensees.

As part of their monitoring and controls, principals are encouraged to take proactive steps to ensure that their appointed individual licensees attend CPD activities/courses evenly throughout each Assessment Period as far as possible, and do not leave a significant shortfall to be made up in the weeks leading up to the annual deadline. Principals should also request, check and verify documents evidencing completion of CPD hours by their appointed individual licensees.

For authorized insurers, the internal controls which a key person in control function for intermediary management is required to establish should include adequate controls to ensure the insurer’s appointed licensed insurance agents comply with the CPD requirements.

The absence of such adequate controls and procedures may, in the IA's view, reflect negatively on (i) the fitness and properness of the directors, controllers and key person in relevant control functions of an authorized insurer; and (ii) the fitness and properness of a licensed insurance broker company or licensed insurance agency and their directors, controllers and responsible officers. The IA will take account of this in its supervisory and disciplinary approach.

### *Individual Licensees*

The IA will conduct CPD compliance audits for each Assessment Period. These will take place after the reporting deadline of 30 September for the Assessment Period in question. Upon request, individual licensees selected for such compliance checks should promptly produce for the IA's inspection the original documentation evidencing completion of their CPD requirements. Individual licensees should therefore retain sufficient documentation to evidence their CPD compliance for a minimum of 3 years after the end of the relevant Assessment Period.

## **(2) The cap on CPD hours completed by E-learning Activities for each CPD Assessment Period**

According to paragraphs 30 – 32 of Annex 1 to GL24, individual licensees can earn a maximum of 5 CPD hours for each CPD Assessment Period through participation in E-learning Activities that are recognised as Type 1 or Type 7 Qualified CPD Activities.

However, to facilitate the achievement of CPD hours and to encourage greater use of E-learning Activities, the maximum cap on the number of CPD hours that can be obtained through Type 1 and Type 7 E-learning Activities is increased from 5 CPD hours to 7 CPD hours for each Assessment Period.

## **(3) CPD Activities delivered via virtual classroom platforms**

The IA regards Type 1 and Type 7 Qualified CPD Activities, as defined in GL24, which are delivered via virtual classrooms (e.g. Microsoft Teams, Cisco Webex, Zoom) as an acceptable form of CPD activity<sup>1</sup>. For CPD activities delivered via virtual classrooms, the participants must attend the virtual classroom at the time of the delivery of the CPD activities and there must be live interaction between the speaker and participants.

There is **no cap** on CPD hours to be earned through CPD activities delivered via virtual classroom platforms. For the avoidance of doubt, such CPD activities are not classified as E-learning Activities (as defined in GL24) and are therefore not subject to the cap applicable to E-learning Activities.

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<sup>1</sup> Type 1 Qualified CPD Activities delivered via virtual classrooms are subject to the prior approval of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications, the appointed CPD assessment authority.

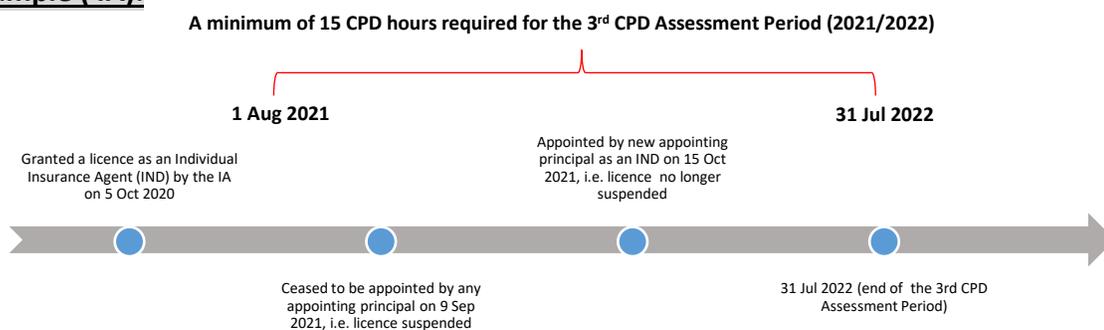
#### (4) CPD hour requirements for a person whose licence is suspended or revoked for less than 180 consecutive days

##### **A. Licence suspended for less than 180 consecutive days**

Where an individual licensee ceases to be appointed by any appointing principal(s) or the licence of the person's appointing principal(s) has been suspended (where applicable), the licence of the individual licensee is suspended pursuant to sections 64ZI, 64ZJ or 64ZK of the Insurance Ordinance (Cap 41). If the licence of the individual licensee is suspended continuously for 180 days, the licence of that individual licensee is revoked on the expiry of the 180 days.

During the period when the licence of the individual licensee is suspended, the individual licensee is required to continue to comply with the CPD requirements (see paragraph 3.4 of GL24). As such, if the licence of an individual licensee is suspended for less than 180 consecutive days, the individual licensee is required to earn the minimum number of the CPD hours required for the whole of the relevant CPD Assessment Period.

##### **Example (4A):**



An individual licensee was granted an Individual Insurance Agent (IND) licence by the IA on 5 October 2020. The licence of the individual licensee is suspended from 10 September 2021 to 14 October 2021 when he/she was not appointed by any appointing principal. The period of suspension is less than 180 days. Therefore, the individual licensee is required to earn the minimum number of CPD hours required for the whole of the Third Assessment Period (i.e. 15 CPD hours, including 3 compulsory CPD hours on “Ethics or Regulation”).

##### **B. Licence revoked for less than 180 consecutive days**

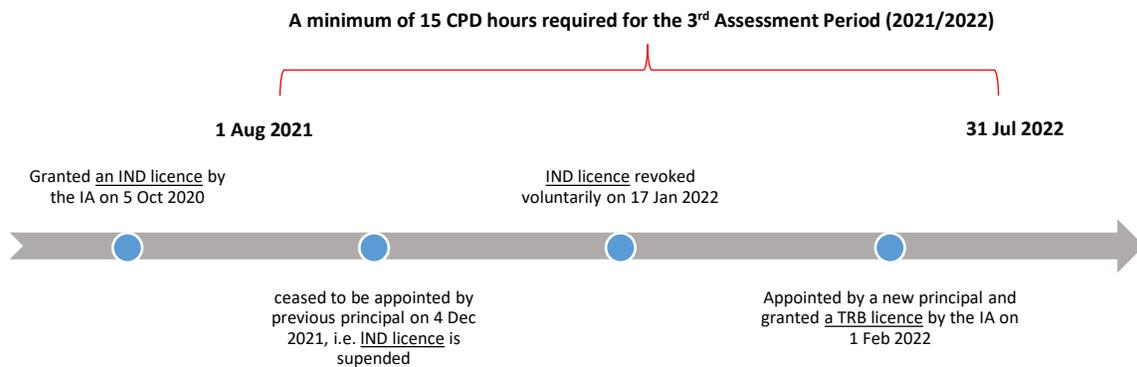
There are three types of licence for individual licensees, namely “Individual Insurance Agent” (IND), “Technical Representative (Agent)” (TRA) and “Technical Representative (Broker)” (TRB).

When an individual licensee applies for a type of licence that is different to the one that he/she is holding, he/she is required to apply to the IA for a revocation of the previous licence before the IA can grant the new licence of a different type, i.e. a change in licence type.

Under a special arrangement which was in place during the CPD transitional period (i.e. from 23 September 2019 to 31 July 2021), if a person’s licence was revoked due to a change in licence type, he/she was no longer required to comply with the CPD requirements from the day on which the licence was revoked and the CPD hour requirements counted afresh from the date on which the person was granted a new type of licence.

However, **starting from the Third Assessment Period (i.e. from 1 August 2021 onwards)**, if the previous licence of a person is revoked due to a change in licence type for less than 180 consecutive days before the new licence is granted, he/she is still required to fulfill the CPD requirements for the entire Assessment Period, including the period during which the licence is revoked.

**Example (4B):**



The individual licensee’s previous IND licence is revoked voluntarily on 17 January 2022 and he/she is later granted a TRB licence on 1 Feb 2021, i.e. the licence is revoked for a period less than 180 days.

If the same changes in licence type occurred during the transitional period, e.g. during the Second Assessment Period (1 August 2020 – 31 July 2021), the special arrangement would have applied. The CPD hour requirements would have counted afresh from the date on which the TRB licence was granted, i.e. 1 February 2021. The CPD hours required for the Second Assessment Period would be 0.

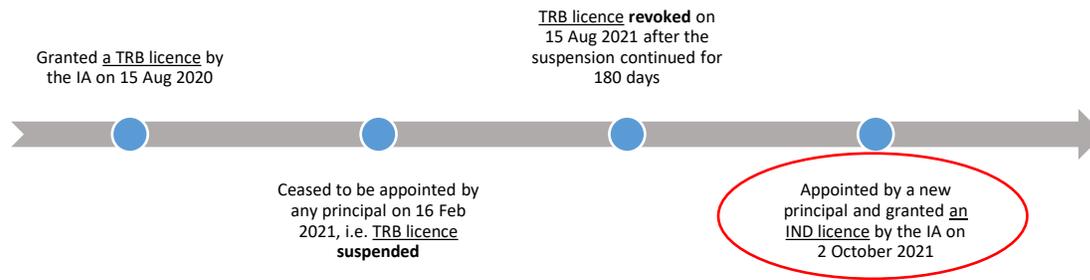
However, starting from 1 August 2021, if a licence is revoked solely because of a change in licence type for a period of less than 180 consecutive days, the individual licensee is still required to fulfill the CPD hour requirements for the entire Third Assessment Period (1 August 2021 – 31 Jul 2022), including the period of revocation. As such, the number of CPD hours required for the Third Assessment Period is 15, including 3 compulsory CPD hours on “Ethics or Regulation”.

**(5) CPD hour requirements for a person whose licence is suspended or revoked for 180 consecutive days or more**

If a person’s licence is suspended or revoked for 180 consecutive calendar days or more, that person shall cease to be subject to any CPD requirements upon the expiry of the 180-day period and the CPD hour requirements will count afresh from the date he/she is granted a new licence by the IA.

For the avoidance of doubt, for any person whose licence is revoked by the IA for non-compliance with CPD requirements, such person is required to have completed all outstanding CPD hours and paid any pecuniary penalty imposed for the non-compliance before applying to the IA for an insurance intermediary licence again.

**Example (5A):**



The licence of the individual licensee was suspended on 16 Feb 2021 when he/she ceased to be appointed by any principals and is revoked on 15 August 2021 upon the expiry of the 180-day period. That person shall therefore cease to be subject to any CPD requirements upon the expiry of the 180-day on 15 August 2021.

On 2 October 2021, that person is granted an IND licence by the IA and is regarded as a newly licensed individual licensee as of that date. He/she is required to earn a minimum of 12 CPD hours<sup>2</sup> for the Third Assessment Period as prescribed in table 1 in Annex 2 to GL24, including 3 compulsory CPD hours on “Ethics or Regulation”.

<sup>2</sup> The total number of CPD hours required for an individual licensee granted a licence by the IA in August 2021 is 12 CPD hours, 3 of which must be related to “Ethics or Regulations”. Please refer to table 1 in Annex 2 to GL24:

Individual licensees (other than licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only)		
Month in which Relevant Licence is Granted	Minimum Number of Total CPD Hours	Minimum Number of CPD Hours related to “Ethics or Regulations”
August to October	12	
November, December and January	6	3
February to July	0	0

### **Example (5B):**



The licence of the individual licensee is revoked voluntarily on 3 March 2022 upon his/her request. Such revocation continues for 180 days and he/she is therefore no longer subject to the CPD requirements upon the expiry of 180-day period, i.e. from 31 August 2022 onwards.

On 2 October 2022, that person is granted an IND licence by the IA and is regarded as a newly licensed individual licensee. According to table 1 in Annex 2 to GL24, he/she is required to earn a minimum of 12 CPD hours for the Third Assessment Period, including 3 compulsory CPD hours on “Ethics or Regulation”.

### **(6) Repeated attendance of the same CPD activity in the same Assessment Period or in different Assessment Periods**

While the IA encourages individual licensees to undertake CPD activities on different topics, it is understood that individual licensees may occasionally wish to attend the same CPD activity again for the purposes of refreshing their knowledge in that subject matter, especially when the contents of the particular CPD activity are continuously updated.

**For face-to-face CPD activities (including those delivered via virtual classroom mode):**

- Individual licensees can earn CPD hours by attending the same CPD activity to refresh their knowledge, whether they attend the same CPD activity within the same Assessment Period or in different Assessment Periods.
- However, the IA may query an individual licensee if it is noted that he/she has earned CPD hours by attending the same CPD activity repeatedly during the same Assessment Period.

**For E-learning CPD activities:**

- Individual licensees can only earn CPD hours by taking the E-learning CPD activity once during the same Assessment Period.
- If an individual licensee repeats the same E-learning CPD activity in the same Assessment Period, the repeat one will **not** be counted.