

Guidance Note on the Administrative Framework in relation to and arising from the enhanced IIQE Paper for Investment-linked Long Term Insurance

According to Membership Regulation 3.5, the General Committee is issuing this Guidance Note on the Administrative Framework in relation to and arising from the enhanced IIQE Paper for Investment-linked Long Term Insurance.

Background

The Office of the Commissioner of Insurance (“OCI”) has updated the Insurance Intermediaries Quality Examination Fact Sheet and Continuing Professional Development Programme Information Sheet to reflect the upgrade of the Investment-linked Long Term Insurance Examination. For details, please browse both documents available at OCI’s website (<http://www.oci.gov.hk>).

Effective from 1 March 2010, all new insurance intermediaries wishing to be engaged in the Long term (including Linked Long Term) Insurance Intermediary Business will be required to pass, among others, the enhanced version of the Investment-linked Long Term Insurance Examination Paper, unless otherwise exempted. A transitional arrangement for the period from 1 March 2010 to 29 February 2012 is allowed for Serving Practitioners to pass the said examination, unless otherwise exempted.

It is the policy of the Confederation to promote compliance through passing the enhanced version of the Investment-linked Long Term Insurance Examination Paper or obtaining a recognized qualification and to encourage earlier compliance. The Confederation will also be providing regular reports to individual Members on the compliance status of their registrants.

Abbreviations & Definition

CPD	Continuing Professional Development
e-IL Paper:	The enhanced version of IIQE Paper on IL (with 80 questions for a 2-hour exam, fees at HK\$200 and HK\$250 for pen-and-paper mode and computer screen mode respectively.)
IIQE:	Insurance Intermediaries Qualifying Examination.
IL:	Investment-linked Long Term Insurance.
LI:	Long term (including Linked Long Term) Insurance Intermediary Business
LX:	Long term (excluding Linked Long Term) Insurance Intermediary Business
SP	Serving Practitioner
x-IL Paper:	The existing version of IIQE Paper on IL. (ceased as from 1 March 2010)

“Serving Practitioners” (“SP”) means to include:-

- (1) Insurance intermediary who is registered as engaging in LI immediately before 1 March 2010; or
- (2) An individual, who has passed the x-IL Paper,
 - (i) Ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for less than two consecutive years immediately before the date of his registration; or
 - (ii) But not engaged in insurance-related work in the insurance industry in Hong Kong, while the time between the dates of the x-IL Paper examination and registration does not exceed two consecutive years; or
 - (iii) Engaged in insurance-related work in the insurance industry in Hong Kong but not registered for engaging in LI.

The Modifications to the Qualification Requirements for LI Registration

- The e-IL Paper will replace the x-IL Paper as from 1 March 2010.
- The exemption by 7-year IL working experience between 1994 and 2001 will no longer be applicable as from 1 March 2010.

Who Are Affected and What Action They Are to Take

All SP who are permitted to be engaged in LI by:

- **having passed the x-IL Paper;**
- **being exempted from x-IL Paper by 7-year IL working experience between 1994 and 2001.**

They MUST within the 2-year transitional period from 1 March 2010 to 29 February 2012 either:

- (1) Pass the e-IL Paper; or**
- (2) Obtain a recognized qualification¹ (so as to be exempted); or**
- (3) Earn 20 extra IL CPD Hours, in addition to the usual 10 CPD Hours per annum, (so as to be exempted).**

To avoid any doubt, registrants who are exempted from x-IL Paper by holding any one of the recognized qualifications remain being exempted from e-IL Paper, i.e. they are not affected.

¹Recognized qualifications for exempting e-IL Paper are as listed below:

- Chartered Life Underwriter who has passed the elective paper “HS328 Investment” of the CLU qualifying examination (CLU HS328)
- Chartered Financial Consultant (ChFC)
- Certified Financial Planner (CFP)
- Fellow of the Institute of Actuaries of England (FIA)
- Fellow of the Faculty of Actuaries in Scotland (FFA)
- Fellow of the Institute of Australia (FIAA)
- Fellow of the Society of Actuaries of the United States of America (FSA)
- Person who has passed the Foundation Programme Examination of the Hong Kong Securities Institute (FPE)
- Person who has passed the Diploma Programme Examination of the Hong Kong Securities Institute (DPE)
- HKSI Practising Certificate of the Hong Kong Securities Institute
- HKSI Specialist Certificate of the Hong Kong Securities Institute
- HKS Professional Diploma in Financial Markets of the Hong Kong Securities Institute

Fee Waiver for Deleting LI Registration

There are a number of registrants maintaining the LI registration without actually being engaged themselves in this line of business. They may not wish to maintain such registration in view of the modified requirement.

In order to encourage them making up mind earlier, the fee for deleting line of business, i.e. changing from LI to LX or G+LI to G+LX, will be **waived from now till 28 February 2011**. Such waiver applies also to deletion of other line of business during the said period.

For information, the fees applicable afterwards will be HK\$300 and HK\$150 for Chief Executive and Technical Representative registration respectively.

To avoid any doubt, LI registration of those who has failed to furnish adequate documentary proof of complying with the modified requirement for LI registration on or before 29 February 2012 will be deleted and changed to LX (or G+LI to G+LX) by the Confederation. The Members concerned will be liable to pay to the Confederation the related fee(s) for deleting such line of business.

Compliance Vetting

Registrants who decide to maintain the LI registration after 29 February 2012 shall, via a CIB Member, ensure that adequate documentary proof, with payment (where applicable), reach the Confederation at the latest **by 5:30pm of 29 February 2012**.

Adequate documentary proof, which shall be submitted under a Member's letterhead with payment where applicable, shall mean:

- A copy of the IIQE e-IL Paper examination result with a Pass; or
- Copy of any kind of documentary proof of having obtained or holding one of recognized qualification for exemption; or
- A copy of all attendance certificates for the extra 20 IL CPD Hours.

Vetting Fee and Applicable Discounts

A fee at **HK\$700** will be applied for vetting due compliance of registrants with the modified requirement. A discounted fee at **HK\$200** will be offered to those complying through passing the e-LI Paper or having obtained exemption by recognized qualification.

Both fees will be per registrant per submission, i.e. if the first submission is rejected due to incompleteness, the re-submission will still attract the fee. If a registrant is registered with more than one Member, submission through one of them will suffice.

There are early bird discounts for both, with details of applicable amount of fees listed below:

Documentary proof of:	Submitted on or before (in HK\$)		
	28 Feb 2011	31 Aug 2011	29 Feb 2012
Passing e-IL Paper	0	100	200
Exemption by recognized qualification			
20 extra IL CPD Hours	350	700	

Time Line

Various relevant dates are summarized in the following table for ease of reference:

Date	Per IIQAS Fact Sheet	Under this CIB Administrative Framework
Year 2010		
12 Feb		Last day for LI registration applications from: <ul style="list-style-type: none"> - Whom using the passing result of existing version of IL Paper with examination date on or before 29 February 2008 and not having ever been engaged in insurance-related work since then; or - New applicant using the exemption of 7-year IL working experience.
Mid Feb	e-IL Paper exam starts.	
1 Mar	<ul style="list-style-type: none"> - e-IL Paper effective. - Commencement of the transitional period for SP. 	
Year 2011		
28 Feb		Last day for: <ul style="list-style-type: none"> - Free deletion of line of business. - Free compliance vetting by passing e-IL Paper - Free compliance vetting by exemption through recognized qualification. - 50% fee discount of compliance vetting by earning the 20 extra IL CPD Hours.
31 Aug		Last day for: <ul style="list-style-type: none"> - 50% fee discount of compliance vetting by passing e-IL Paper. - 50% fee discount of compliance vetting by exemption through recognized qualification.
Year 2012		
20 Feb		Last day for LI registration applications from <ul style="list-style-type: none"> - whom using the passing result of x-IL Paper (regardless of the examination date); or - SP whom using the exemption of 7-year IL working experience.
29 Feb	Expiry of the transitional period	Deadline (at 5:30pm) for SP to submit documentary proof of their due compliance.

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