

**GUIDANCE NOTE ON COMPLIANCE WITH THE REQUIREMENTS OF
THE CONTINUING PROFESSIONAL DEVELOPMENT (CPD) PROGRAMME**

Background

The *Code of Practice for the Administration of Insurance Agents* (the *Code*) specifies that the Insurance Agents Registration Board (IARB) may issue Guidance Notes from time to time as to how it intends to exercise its powers and fulfill its responsibilities under the *Code*. This *Guidance Note* aims to assist insurance agents to comply with the annual CPD requirements. For the purpose of this *Guidance Note*, any reference to insurance agent shall include responsible officer and technical representative.

Part E of the *Code* under "Minimum Qualifications for Persons Acting as Insurance Agents" stipulates:

- (i) The minimum qualifications an individual must fulfill before he may be considered by the IARB to be fit and proper to act as an insurance agent.
- (ii) That an insurance agent shall comply with the CPD requirements in such manner and form as specified by the Insurance Authority (IA).

CPD Requirements

The IA has specified that insurance agents are required to earn 5 core and 10 non-core credits every year since the launch of the CPD Programme on 1 January 2002.

The IARB shall deem an insurance agent having complied with the CPD requirements under the "Minimum Qualifications for Persons Acting as Insurance Agents" as qualified for maintaining his registration status for another 12 months if the insurance agent completes all 5 core and 10 non-core credits for the assessment year within the 12-month period ending on 31 July every year. (Newly registered insurance agent, whose registration has been confirmed after 31 July 2004 and for less than 12 consecutive calendar months, shall refer to clause (d) below.)

CPD Assessment

In the spirit of encouraging compliance with the CPD requirements, the following shall apply:

- (a) For easy administration, calendar month shall be used as the basis for calculating CPD requirements irrespective of the day of the month on which registration of an insurance agent takes place (i.e. regardless of whether an insurance agent is registered on, say, 1 January or 31 January, January shall be used for calculation of his CPD credits.)
- (b) If the registration of an insurance agent has been cancelled for less than 6 consecutive calendar months, such insurance agent shall be required to fulfill the CPD requirements for the entire 12-month assessment period, including the period of cancellation, which shall be reported as follows:
 - (i) on the next succeeding assessment date (if both the cancellation date and the re-registration date fall within the same 12-month assessment period) (see example 1 in Annex 1 attached); or
 - (ii) at the time of re-registration (if the re-registration date falls in the next 12-month assessment period) (see example 2 in Annex 1 attached).(For ease of calculation, all credits shall be rounded-down to the lower integer.)

- (c) If the registration of an insurance agent has been cancelled for a period of 6 consecutive calendar months or more, such insurance agent shall **not** be required to earn any CPD credits before re-registration, provided that such insurance agent shall not be registered as an insurance broker during such period. In this case, the insurance agent is required to report his CPD credits on a pro-rata basis by the next succeeding assessment date. Please see the attached Annex 2 for the pro-rata credits required.

Assessment for Newly Registered Insurance Agents

- (d) A newly registered insurance agent, whose registration has been confirmed after 31 July 2004, may choose either to report:
- (i) On a pro rata basis on 31 July of the following year immediately after his registration (e.g. if an insurance agent was first registered on 30 September 2005, he would report 4 core and 9 non-core credits on 31 July 2006). Please see the attached Annex 2 for the pro-rata credits required; or
 - (ii) In the next assessment year also on a pro-rata basis (e.g., by using the same example above, he may report his CPD credits on 31 July 2007 and in this case 9 core and 19 non-core credits for this 23-month registration period). Please see the attached Annex 3 for the pro-rata credits required.

Assessment for Professionally Qualified Insurance Agents

- (e) For insurance agents who are qualified pursuant to "List of specified qualifications" of the CPD Information Sheet published by the IA, which specifies that, inter alia, they are considered to have satisfied the non-core credits requirements if they have satisfied the CPD requirements specified by the institutes granting their qualifications. Nonetheless, they are still required to comply with the core credits requirements to earn 5 core credits every year. (Please refer to (a) to (d) above for assessment details.)

Reporting Requirements

- (f) Insurance agents must complete a Declaration Form to be promulgated by the IARB and to be filed as follows:
- (i) By individual agents to **all** of their appointing insurers;
 - (ii) By Responsible Officers to **all** of their appointing insurers; and
 - (iii) By Technical Representatives to their appointing insurance agent.
- (g) Insurance agents must retain their proof of compliance of CPD requirements (including Declaration Forms and evidence/record of attendance) for at least a period of 3 years after the assessment date. Such records should be produced as and when required by the IARB.
- (h) The IARB will conduct random checks on those insurance agents who have declared fulfillment of CPD requirements.

Consequence of Non-Compliance

- (i) In the circumstances that an insurance agent fails to meet the CPD requirements, his confirmation of registration shall be revoked by the IARB. Under such circumstances, the IARB shall not consider his application for re-registration for 3 months as a starting point from the date his confirmation of registration is revoked. Such insurance agent shall be required to complete all outstanding CPD credits at the time of re-registration.
- (j) In the circumstances that an insurance agent makes a false declaration in reporting his CPD credits, his confirmation of registration shall be revoked for 12 months as a starting point by the IARB. Such insurance agent shall be required to complete all outstanding

CPD credits at the time of re-registration.

Transitional Period

Please refer to Guidance Note 8 for details applicable to the Transitional Period.

EXAMPLES OF CALCULATION OF CPD CREDITS

Example 1

Registration date: 1 January 2004

(assuming insurance agent has complied with the CPD requirements on 31 July 2005)

De-registration date: 1 April 2006

Re-registration date: 1 June 2006 (less than 6 months from the de-registration date)

Time to report CPD credits: 31 July 2006

Total number of months for report of CPD credits: 12 (from 1 August 2005 to 31 July 2006)

Credits to be reported: 5 core and 10 non-core

Example 2

Registration date: 1 January 2004

(assuming insurance agent has complied with the CPD requirements on 31 July 2005)

De-registration date: 1 June 2006

Re-registration date: 1 October 2006 (less than 6 months from the de-registration date)

Time to report CPD credits: 1 October 2006

Total number of months for report of CPD credits: 12 (from 1 August 2005 to 31 July 2006)

Credits to be reported at the time of re-registration: 5 core and 10 non-core

CPD credits for insurance agents, whose registration have been cancelled for 6 consecutive calendar months or more, by the assessment date (i.e. 31 July) immediately following re-registration

| <u>Re-registration Month</u> | <u>Total No. of Months for reporting</u> | <u>Core Credits</u> | <u>Non-Core Credits</u> |
|------------------------------|--|---------------------|-------------------------|
| August | 12 | 5 | 10 |
| September | 11 | 4 | 9 |
| October | 10 | 4 | 8 |
| November | 9 | 3 | 7 |
| December | 8 | 3 | 6 |
| January | 7 | 2 | 5 |
| February | 6 | 2 | 5 |
| March | 5 | 2 | 4 |
| April | 4 | 1 | 3 |
| May | 3 | 1 | 2 |
| June | 2 | 0 | 1 |
| July | 1 | 0 | 0 |

***This table would also apply to newly registered insurance agents who choose to report their CPD credits for less than a 12-month period.**

CPD credits for newly registered insurance agents by the second 31 July immediately following his registration

| <u>Registration Month</u> | <u>Total No. of Months for reporting</u> | <u>Core Credits</u> | <u>Non-Core Credits</u> |
|---------------------------|--|---------------------|-------------------------|
| August | 24 | 10 | 20 |
| September | 23 | 9 | 19 |
| October | 22 | 9 | 18 |
| November | 21 | 8 | 17 |
| December | 20 | 8 | 16 |
| January | 19 | 7 | 15 |
| February | 18 | 7 | 15 |
| March | 17 | 7 | 14 |
| April | 16 | 6 | 13 |
| May | 15 | 6 | 12 |
| June | 14 | 5 | 11 |
| July | 13 | 5 | 10 |