

By Fax/By E-mail

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To : Authorized Representatives, Member Companies, The Hong Kong Federation of Insurers (“HKFI”)
Non-HKFI Insurers using HKFI’s agent registration service
Insurance Agencies that engaged in Restricted Scope Travel Insurance Business via their appointing insurer

c.c. : Mr Clement Cheung, JP, Commissioner of Insurance, Insurance Authority
Mr Apollo Lau, President, General Agents & Managers Association of HK
Mr Joseph Sit, President, HK Chamber of Insurance Intermediaries
Mr Tony Mak, Chairman, The HK General Insurance Agents Association Ltd
Mr Samuel Lau, President, The Life Underwriters Association of HK Ltd
Mr Cheng Chung Hing, Registrar of Travel Agents, Travel Agents Registry
Mr Joseph Tung, Executive Director, Travel Industry Council

From : Alice Kong, Secretary General, IARB

Date : 16 June 2009

Subject : **Guidance Note on Compliance with the Requirements of the CPD Programme for Registered Persons Engaging in Restricted Scope Travel Business only (GN10)**

We are pleased to enclose the GN10, in both Chinese and English for your information. The GN10 which has been approved by the Insurance Authority, will take effect immediately. Please inform your appointed insurance agencies accordingly.

The soft copies of the GN10 could be download in our website from :

http://www.hkfi.org.hk/en_for_agents_notice.htm



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GUIDANCE NOTE ON COMPLIANCE WITH THE REQUIREMENTS OF THE CONTINUING PROFESSIONAL DEVELOPMENT (CPD) PROGRAMME FOR REGISTERED PERSONS WHO ARE REGISTERED AS ENGAGING IN RESTRICTED SCOPE TRAVEL BUSINESS (RSTB) ONLY

1. 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 fulfil its responsibilities under the Code. This Guidance Note aims to assist Registered Person(s) (RP) who are registered as engaging in RSTB only to comply with the annual CPD requirements. For RPs engaging in other line(s) of business, please refer to Guidance Note 7.

For the purpose of this *Guidance Note*, any reference to "RP(s)" shall include insurance agent(s), responsible officer(s) and technical representative(s).

Part E "Fit and Proper Criteria" of the *Code* stipulates:

- (a) the minimum qualifications an individual must fulfill before he may be considered by the IARB to be fit and proper to be registered as an RP; and
- (b) that an RP shall comply with the CPD requirements in such manner and form as specified by the Insurance Authority (IA).

2. CPD Requirements

The IA has specified that: "*From 1 August 2008 onwards, travel insurance agents, their responsible officers and technical representatives are required to earn **3 CPD hours every year**. The first assessment date for compliance with the CPD requirements will be **31 July 2009**. Any excess CPD hours accumulated within a particular year cannot be carried forwarded to any other years.*"

Subject to compliance with other fitness and properness criteria, the IARB shall deem an RP who is registered as engaging in RSTB only having complied with the CPD requirements under the Fit and Proper Criteria of the Code as qualified for maintaining his registration status for another 12 months if he completes all 3 CPD hours for the assessment year within a 12-month period ending on 31 July every year (i.e. from August of a particular year to 31 July of the following year) ("**Assessment Year**").

3. CPD Assessment

In order to comply with the CPD requirements, the following shall apply:

- (a) The assessment will only take into account CPD hours earned from 1 August 2008 onwards.
- (b) For the sake of clarity and easy reference:
 - (i) calendar month shall be used as the basis for calculating CPD requirements irrespective of the day of the month on which registration of an RP takes place (i.e. regardless of whether an RP is registered on, say, 1 January or 31 January, January shall be used for calculation of the required CPD hours);
 - (ii) please refer to Annexes 2 and 4 as appropriate for the CPD hours to be reported.

- (c) If the registration of an RP has been cancelled for less than six consecutive calendar months, such RP shall be required to fulfill the CPD requirements for the entire Assessment Year, including the period of cancellation, which shall be reported as follows:
- (i) on the assessment date immediately following re-registration (if both the cancellation date and the re-registration date fall within the same Assessment Year) (see Example 1 in Annex 1 attached); or
 - (ii) at the time of re-registration (if the re-registration date falls within the next Assessment Year) (see Example 2 in Annex 1 attached).
- (d) If the registration of an RP has been cancelled for six consecutive calendar months or more, such RP shall **not** be required to earn any CPD hours before re-registration, provided that such RP shall not be registered with the IARB as an RP engaging in other line(s) of business; or otherwise registered as an insurance broker or a chief executive/technical representative of an insurance broker during such period. Instead, he is required to only report his CPD hours from the date of re-registration on a pro rata basis by the assessment date immediately following re-registration. Please see Annex 2 for the pro rata CPD hours required.

For the avoidance of doubt, this clause does not apply to an RP whose registration is revoked by the IARB due to non-compliance with the CPD requirements. Such person shall be required to complete all outstanding CPD hours at the time of registration.

- (e) For an RP who is registered as engaging in RSTB, if his registration is cancelled and within the same month is successfully registered with the IARB as engaging in a line of business other than RSTB, for that Assessment Year he would be required to:
- (i) report his CPD hours for the months he is registered as engaging in RSTB (excluding the month referred to in (e) above) in accordance with this Guidance Note 10; **and**
 - (ii) report his CPD hours for the months he is registered as engaging in a line of business other than RSTB (including the month referred to in (e) above) in accordance with Guidance Note 7.

Please see Example 1 in Annex 3.

- (f) For an RP who is registered as engaging in a line of business other than RSTB, if his registration is cancelled and within the same month is successfully registered with the IARB as engaging in RSTB only, for that Assessment Year he would be required to:
- (i) report his CPD hours for the months he is registered as engaging in the line of business other than RSTB (excluding the month referred to in (f) above) in accordance with Guidance Note 7; **and**
 - (ii) report his CPD hours for the months he is registered as engaging in RSTB (including the month referred to in (f) above) in accordance with this Guidance Note 10.

Please see Example 2 in Annex 3.

- (g) If the registration of an RP engaging in RSTB has been cancelled for less than six consecutive calendar months before he is successfully re-registered as engaging in a line

of business other than RSTB, or vice versa, the CPD requirements for the months that he is not registered with the IARB will be based on the line of business of his re-registration, to be reported in accordance with (c) above.

Please see Examples 3 and 4 in Annex 3.

4. Assessment for Newly Registered RPs

An RP who is newly registered (meaning a person who has never been registered as (i) an insurance agent or (ii) the responsible officer or a technical representative of an insurance agent or (iii) an insurance broker or (iv) the chief executive or technical representative of an insurance broker) may choose **either** to report:

- (a) On a pro rata basis on 31 July immediately following his registration (e.g. if an RP was first registered in November 2008, he would report 2 CPD hours on 31 July 2009). Please see Annex 2 for the pro rata CPD hours required; **or**
- (b) On the next assessment date also on a pro rata basis (by using the same example above, he may report his CPD hours on 31 July 2010, i.e. 5 CPD hours for this 21-month registration period). Please see Annex 4 for the pro rata CPD hours required.

The above is also applicable to an RP who has been re-appointed after ceasing to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years.

5. Assessment for Professionally Qualified RP

For RPs who are qualified pursuant to "List of specified qualifications" of the CPD Information Sheet published by the IA, they are considered to have satisfied the 3 CPD hours requirement if (a) the institutes granting such qualifications have a specific CPD programme for holders of such qualifications; and (b) they have satisfied the CPD requirements specified by the institutes granting such qualifications. Evidence of holding such qualifications/ titles should be submitted by the RPs to the IARB upon request. They should also be able to produce documentary proof that compliance with the respective institute's CPD programmes is essential for the holding of such qualifications/titles.

6. Maintaining CPD records and Monitoring of CPD Compliance

- (a) Responsibilities of Responsible Officers (RO):
 - (i) decide on the appointing insurer responsible for reporting their CPD hours and notify all appointing insurers accordingly (if applicable);
 - (ii) inform all appointing insurers if they should change the appointing insurer responsible for reporting their CPD hours (if applicable);
 - (iii) complete and file a Declaration Form specified by the IARB within 2 weeks from the assessment date (i.e. by 14 August) as follows:
 - to the appointing insurer responsible for reporting their CPD hours; and
 - to all other appointing insurer(s) by providing each of them with a signed copy of the Declaration Form; and
 - (iv) retain their proof of compliance with CPD requirements (including a copy of the Declaration Forms and originals of the evidence/record of attendance) for at least a period of 3 years after the assessment date. The proof of compliance with CPD requirements should be produced as and when required by the IARB.

- (b) Responsibilities of Technical Representatives (TR):
- (i) complete and file a Declaration Form specified by the IARB within 2 weeks from the assessment date (i.e. by 14 August) to their appointing insurance agency; and
 - (ii) retain their proof of compliance with CPD requirements (including a copy of the Declaration Forms and originals of the evidence/record of attendance) for at least a period of 3 years after the assessment date. The proof of compliance with CPD requirements should be produced as and when required by the IARB.
- (c) Responsibilities of insurance agencies who have appointed TRs:
- (i) dispatch copies of Declaration Form to all of their TRs for their completion;
 - (ii) arrange sufficient CPD training for their TRs, if necessary;
 - (iii) issue evidence/record of attendance to prove a TR who has completed a course organized by the insurance agency with the number of CPD hours printed on evidence/record of attendance;
 - (iv) monitor the compliance of their TRs with the CPD requirements;
 - (v) collect Declaration Forms from their TRs by 14 August;
 - (vi) file the Annual Return to the IARB and report on those who fail to achieve the CPD hours by 15 September; and
 - (vii) offer help to their TRs in maintaining proof of compliance with CPD requirements.
- (d) Responsibilities of all insurers:
- (i) dispatch copies of Declaration Form to all of the RO of their insurance agencies for their completion;
 - (ii) obtain confirmation from all the RO of their insurance agencies as to which appointing insurer would be responsible for reporting their CPD hours by 14 August;
 - (iii) arrange sufficient CPD training for the RO of their insurance agencies, if necessary;
 - (iv) issue evidence/record of attendance to an RO of their insurance agencies who has completed a course organized by the insurer with the number of CPD hours printed on the evidence/record of attendance;
 - (v) monitor the compliance of the RO of their insurance agencies with the CPD requirements;
 - (vi) collect Declaration Forms from the RO of their insurance agencies by 14 August as follows:
 - originally signed Declaration Forms for those insurers responsible for reporting CPD hours; or
 - signed copy of Declaration Forms for those insurers NOT responsible for reporting CPD hours;

- (vii) for those insurers responsible for reporting CPD hours, file the Annual Return to the IARB and report on those who fail to achieve the CPD hours by 15 September; and
- (viii) offer help to the RO of their insurance agencies in maintaining proof of compliance with CPD requirements.

7. Consequence of Non-Compliance

In the circumstances that an RP fails to meet the CPD requirements, his registration shall be revoked for 3 months as a starting point by the IARB. Such RP shall be required to complete all outstanding CPD hours at the time of re-registration.

In the circumstances that an RP makes a false declaration in reporting his CPD hours, his registration shall be revoked for 12 months as a starting point by the IARB. Such RP shall be required to complete all outstanding CPD hours at the time of re-registration.

In the circumstances that an RP fails to respond to the request of the IARB to produce proof of compliance with the CPD programme, his registration shall be revoked for a specified period of time as determined by the IARB. The future application for registration of such RP will not be processed unless he can produce proof of compliance.

EXAMPLES OF CALCULATION OF CPD HOURS**Example 1**

Registration date: 1 January 2008

*De-registration date: 1 April 2009

**Re-registration date: 1 June 2009 (less than 6 consecutive calendar months from the de-registration date)

Both the de-registration date* and the re-registration date** fall within the same Assessment Year.

**Report CPD hours on the assessment date immediately following re-registration:
31 July 2009**

Total number of months for report of CPD hours: 12 (from 1 August 2008 to 31 July 2009)

CPD hours to be reported: 3

Example 2

Registration date: 1 January 2009

(assuming the RP has complied with the CPD requirements on 31 July 2009)

De-registration date: 1 June 2010

Re-registration date: 1 October 2010 (less than 6 consecutive calendar months from the de-registration date)

Report CPD hours at time of re-registration: 1 October 2010 (date falls on the next Assessment Year)

Total number of months for report of CPD hours: 12 (from 1 August 2009 to 31 July 2010)

CPD hours to be reported: 3

Number of CPD hours to be reported by RPs whose registrations 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/Registration Month</u>	<u>Total No. of Months for reporting</u>	<u>CPD Hours</u>
August	12	3
September	11	3
October	10	3
November	9	2
December	8	2
January	7	2
February	6	1
March	5	1
April	4	1
May	3	0
June	2	0
July	1	0

This table also applies to newly registered RPs and who choose to report their CPD hours on the assessment date immediately following registration.

FURTHER EXAMPLES ON CALCULATION OF CPD HOURS

Applicable to cancellation of registration and re-registration within the same month

Example 1

If an RP is registered for RSTB in August; then his registration is cancelled in November and he is re-registered for a line of business other than RSTB **in the same month** as follows:

Period of registration	No. of months registered for		CPD hours required
	RSTB	Line of business other than RSTB	
August – October	3		0 (from Annex 2)
November (month of re-registration) – July of the following year		9	7 (from Annex 5)

The total CPD hours required for the Assessment Year will be **7**.

Example 2

If an RP is registered for a line of business other than RSTB in August; then his registration is cancelled in November and he is re-registered for RSTB **in the same month** as follows:

Period of registration	No. of months registered for		CPD hours required
	Line of business other than RSTB	RSTB	
August – October	3		2 (from Annex 5)
November (month of re-registration) – July of the following year		9	2 (from Annex 2)

The total CPD hours required for the Assessment Year will be **4**.

Applicable to cancellation of registration and re-registration NOT within the same month

Example 3:

If an RP is registered for RSTB in August, then his registration is cancelled in December and he is re-registered for a line of business other than RSTB in March of the following year as follows:

Period of registration	No. of months registered for		CPD hours required
	RSTB	Line of business other than RSTB	
August – December	5		1 (from Annex 2)
January - February (registration cancelled)		2	5 (from Annex 5)
March – July		5	

The total CPD hours required for the Assessment Year will be **6**.

Example 4:

If an RP is registered for a line of business other than RSTB in August, then his registration is cancelled in December and he is re-registered for RSTB in March of the following year as follows:

Period of registration	No. of months registered for		CPD hours required
	Line of business other than RSTB	RSTB	
August – December	5		4 (from Annex 5)
January - February (registration cancelled)		2	2 (from Annex 2)
March – July		5	

The total CPD hours required for the Assessment Year will be **6**.

Number of CPD hours to be reported by newly registered RPs (commencing August 2008) by the next Assessment Year immediately following registration

<u>Registration Month</u>	<u>Total No. of Months for reporting</u>	<u>CPD Hours</u>
August	24	6
September	23	6
October	22	6
November	21	5
December	20	5
January	19	5
February	18	4
March	17	4
April	16	4
May	15	3
June	14	3
July	13	3

The following table is extracted from Guidance Note 7 for the calculation of relevant CPD hours required of RP having been engaged in a line of business other than RSTB during an Assessment Year

<u>Registration Month</u>	<u>No. of Months for reporting</u>	<u>CPD Hours</u>
August	12	10
September	11	9
October	10	8
November	9	7
December	8	6
January	7	5
February	6	5
March	5	4
April	4	3
May	3	2
June	2	1
July	1	0