

**GUIDELINE ON
“FIT AND PROPER” CRITERIA FOR
LICENSED INSURANCE
INTERMEDIARIES UNDER
THE INSURANCE ORDINANCE
(CAP. 41)**

Contents

	Page
1. Introduction	1
2. Interpretation	1
3. Scope and Application	2
4. Determination of “Fit and Proper”	4
5. Criteria for Individuals	8
6. Criteria for Business Entity	14
7. Commencement	20
Annex 1 Insurance Intermediaries Qualifying Examination	21
Annex 2 Exemptions	25

1. Introduction

- 1.1 This Guideline is issued pursuant to section 133 of the Insurance Ordinance (Cap. 41) (“the Ordinance”) to outline the criteria and matters that the Insurance Authority (“the IA”) will normally consider in determining the fitness and properness of licensed insurance intermediaries and related persons.
- 1.2 Under the Ordinance, a person who is, is applying to be, or is applying for a renewal of a licence to be, a licensed insurance intermediary is required to satisfy the IA that he/she/it is a fit and proper person. In addition, for a licensed insurance agency or a licensed insurance broker company, its responsible officer(s), controller(s), partner(s) and director(s) (where applicable) are also required to be fit and proper persons. These “fit and proper” requirements aim at ensuring that licensed insurance intermediaries are competent, reliable and financially sound, and have integrity.
- 1.3 This Guideline should be read in conjunction with the relevant provisions of the Ordinance, other relevant Ordinances, and any relevant rule, regulation, code and guideline made or issued under the Ordinance and other relevant Ordinances.
- 1.4 The criteria and matters set out in this Guideline are not intended to be exhaustive. This Guideline does not constitute legal advice. You should seek professional advice if you have any question relating to the application or interpretation of the relevant provisions of the Ordinance.
- 1.5 This Guideline does not have the force of law and should not be interpreted in a way that would override the provision of any law. The IA may from time to time amend the whole or any part of this Guideline.

2. Interpretation

- 2.1 In this Guideline, unless the context otherwise specifies:
 - (a) “business entity” means a sole proprietorship, a partnership or a company; and

- (b) “individual licensee” means:
 - (i) a licensed individual insurance agent (being an individual who has a licence referenced in paragraph 3.1(b));
 - (ii) a licensed technical representative (agent) (being an individual who has a licence referenced in paragraph 3.1(c)); or
 - (iii) a licensed technical representative (broker) (being an individual who has a licence referenced in paragraph 3.1(e)).

2.2 Unless otherwise specified, words and expressions used in this Guideline shall have the same meanings as given to them in the Ordinance.

3. Scope and Application

Persons to whom this Guideline applies

3.1 This Guideline applies to any person who is, or is applying for a licence to be, a licensed insurance intermediary under the following sections of the Ordinance:

- (a) section 64U (insurance agency licence);
- (b) section 64W (individual insurance agent licence);
- (c) section 64Y (technical representative (agent) licence);
- (d) section 64ZA (insurance broker company licence); or
- (e) section 64ZC (technical representative (broker) licence).

This Guideline also applies to any person (being a licensed insurance intermediary) applying, under section 64ZV of the Ordinance, for a renewal of a licence in (a) to (e). Further, and for the avoidance of doubt, this Guideline applies to persons granted a licence in (a) to (e) for as long as they are licensed insurance intermediaries.

3.2 In respect of an application by a person for an insurance agency licence or an insurance broker company licence or a renewal of such licence, and for as long as such person is a licensed insurance agency or licensed insurance broker company, as the case may be, this Guideline also applies:

- (a) to the controller(s), partner(s) and director(s) (where applicable) of

the person concerned; and

- (b) to an individual proposed to be or who is a responsible officer of the person concerned under section 64ZE or 64ZF of the Ordinance (as the case may be).

Matters involving “Fit and Proper” Requirements

3.3 In order to be granted a licence or renewal of a licence to be a licensed insurance intermediary referenced in paragraphs 3.1(a) to (e), the applicant must satisfy the IA that:

- (a) the applicant is a fit and proper person to carry on regulated activities in the line(s) of business concerned; and
- (b) in respect of an application for an insurance agency licence or an insurance broker company licence or a renewal of such licence,
 - (i) the controller(s), partner(s) and director(s) (where applicable) of the applicant (as referenced in paragraph 3.2(a)) are fit and proper persons under section 64U, 64ZA or 64ZV of the Ordinance (as the case may be); and
 - (ii) the individual proposed to be a responsible officer (as referenced in paragraph 3.2(b)) of the applicant concerned under section 64ZE or 64ZF of the Ordinance (as the case may be) is a fit and proper person to discharge his/her responsibilities as a responsible officer, of the applicant concerned.

3.4 The IA must not grant or renew a licence referenced in paragraph 3.1 if the applicant concerned or any of the persons referenced in paragraph 3.2(a) are not fit and proper persons.

3.5 Further, if a licensed insurance agency or licensed insurance broker company proposes to appoint a new responsible officer (referenced in paragraph 3.2(b)) under section 64ZE or 64ZF of the Ordinance (as the case may be), the applicant must satisfy the IA that the individual proposed

to be appointed is a fit and proper person to discharge his/her responsibilities as a responsible officer of the applicant concerned. The IA must not approve the individual as a responsible officer if the individual is not fit and proper.

3.6 Under section 64ZG of the Ordinance, the IA may impose, amend or revoke any conditions that it considers appropriate on:

(a) a licence; or

(b) an approval granted to an individual as a responsible officer.

When deciding whether or not to impose, amend or revoke such conditions, the fitness and properness of, in the case of (a), the persons referenced in paragraph 3.1 or 3.2 (where applicable) and, in the case of (b), the responsible officer, may be a consideration the IA takes into account.

3.7 Persons granted a licence referenced in paragraphs 3.1(a) to (e) or who have renewed such licence should continue to be fit and proper persons for as long as they are licensed insurance intermediaries. Persons referenced in paragraph 3.2 should also continue to be fit and proper persons for as long as they serve in the position referenced in paragraph 3.2 in relation to the licensed insurance agency or licensed insurance broker company (as the case may be).

4. Determination of “Fit and Proper”

4.1 Section 64ZZA of the Ordinance sets out the following matters that the IA must have regard to in determining whether a person is a fit and proper person:

(a) the education or other qualifications or experience of the person;

(b) the person’s ability to carry on a regulated activity competently, honestly and fairly;

(c) the reputation, character, reliability and integrity of the person;

- (d) the person's financial status or solvency;
- (e) whether any disciplinary action has been taken against the person by:
 - (i) the Monetary Authority;
 - (ii) the Securities and Futures Commission;
 - (iii) the Mandatory Provident Fund Schemes Authority; or
 - (iv) any other authority or regulatory organization¹, whether in Hong Kong or elsewhere, which, in the IA's opinion, performs a function similar to those of the IA;
- (f) if the person is a company in a group of companies, any information in the possession of the IA, whether provided by the person or not, relating to:
 - (i) any other company in the group of companies; or
 - (ii) any controller or director of the person or of any company referred to in subparagraph (i) above;
- (g) the state of affairs of any other business which the person carries on or proposes to carry on;
- (h) in respect of an application to be licensed as a licensed insurance agency or licensed insurance broker company or renewal of such licence, any information in the possession of the IA, whether provided by the person or not, relating to:
 - (i) any other person who is or is to be employed by, or associated with the person for the purposes of carrying on regulated activities;

¹ For example, the IA may take into account the disciplinary actions taken by the Insurance Agents Registration Board set up by The Hong Kong Federation of Insurers, The Hong Kong Confederation of Insurance Brokers and Professional Insurance Brokers Association in determining whether a person is a fit and proper person.

- (ii) any other person who is or will be acting for or on behalf of the person in relation to carrying on regulated activities; and
 - (iii) the question as to whether the person has established effective internal control procedures and risk management systems to ensure its compliance with the Ordinance; and
- (i) any other matter that the IA considers relevant in making the determination.

4.2 The matters listed in paragraph 4.1 must be considered in respect of the persons referenced in paragraphs 3.1 and 3.2.

4.3 To assess the fitness and properness of a person, the IA may request submission of the relevant information and request interviews with the person. The provision of false or misleading information or omission of material information in connection with an application for a licence or renewal of a licence, or an application for approval of a responsible officer may constitute a criminal offence under section 64ZZE of the Ordinance and might also adversely affect the fitness and properness of the person concerned.

4.4 Under section 81(6) of the Ordinance, in forming an opinion on whether a person referenced in paragraph 3.1 or 3.2 (where applicable) is or was a fit and proper person at the relevant time, in addition to those matters specified in section 64ZZA of the Ordinance, the IA may, among other things, take into account the present or past conduct of the person.

4.5 Without limiting the generality of the matters set out in sections 64ZZA and 81(6) of the Ordinance, sections 5 and 6 below set out the criteria and matters that the IA may consider in determining the fitness and properness of a person referenced in paragraph 3.1 or 3.2.

4.6 The criteria and matters in sections 5 and 6 are not exhaustive and the IA may take into consideration any other information which it considers relevant in assessing the fitness and properness of a regulated person. The IA will evaluate the substance of the relevant criteria or matters, and the materiality of any failure to meet them based on the information in the

possession of the IA (whether provided by the person concerned or not), taking into account inter alia, the relevance of the event, the lapse of time since the event, the seriousness of the event, the degree of the person's involvement in the event and the duties and responsibilities of the person.

- 4.7 Even if a person fails to meet any of the criteria or matters in sections 5 and 6, the IA may exercise its discretion and be satisfied that the person is fit and proper.
- 4.8 The criteria and matters in section 5 apply to persons who are individuals. The criteria and matters in section 6 apply to persons which are business entities. Certain criteria and matters only apply to the persons referenced in paragraph 3.1 or persons referenced in paragraph 3.2(b). Other criteria and matters apply to all persons to which this Guideline applies, referenced in paragraphs 3.1 and 3.2.
- 4.9 In addition to the criteria or matters in sections 5 or 6, licensed insurance intermediaries should also note the following:
- (a) Licensed insurance intermediaries are required to comply with the statutory conduct requirements set out in section 90 of the Ordinance, other conduct requirements set out in any rules made under section 94, any codes of conduct issued under section 95 and any relevant codes or guidelines issued under section 133 of the Ordinance. Licensed insurance agencies, licensed insurance broker companies and their responsible officers are additionally required to comply with the statutory conduct requirements set out in sections 91 and 92 of the Ordinance. Compliance with the aforementioned sections or any rules, codes and guidelines made or issued under these sections by a licensed insurance intermediary will be taken into account in considering whether the licensed insurance intermediary is a fit and proper person; and
 - (b) Under section 95(6) of the Ordinance, a failure by a licensed insurance intermediary to comply with any code of conduct issued under section 95(1) is also a matter that the IA may take into account in considering whether the licensed insurance intermediary is a fit and proper person to remain licensed.

5. Criteria for Individuals

Education or other qualifications or experience

5.1 In considering the education or other qualifications or experience of a person applying to become an individual licensee, or a person who is proposed to be appointed as a responsible officer of a business entity which is, or is applying to be, a licensed insurance agency or a licensed insurance broker company, or applying for a renewal of such licence, the IA will take into account the nature of the functions or duties which the person will perform.

Individual Licensee

5.2 To become an individual licensee, the applicant concerned is expected to satisfy both paragraphs 5.2(a) and 5.2(b) below:

- (a) The applicant is expected to have attained any of the following education or professional qualifications:
 - (i) Level 2 or above in 5 subjects in the Hong Kong Diploma of Secondary Education Examination (“HKDSE”)², including the following two compulsory subjects:
 - A. a language subject which may either be Chinese Language or English Language; and
 - B. Mathematics;
 - (ii) Grade E or above in 5 subjects in the Hong Kong Certificate of Education Examination (“HKCEE”), including the following two compulsory subjects:
 - A. a language subject which may either be Chinese Language³

² “Attained” in Applied Learning subjects (subject to a maximum of two Applied Learning subjects) in the HKDSE or Grade E in Other Language subjects in the HKDSE is considered as equivalent to Level 2 in Senior Secondary subjects in the HKDSE.

³ For Chinese Language, Grade E or above in Chinese Language in the HKCEE before 2007 and Level 2 or above in Chinese Language in the HKCEE from 2007 onwards are acceptable.

or English Language⁴; and
B. Mathematics;

(For avoidance of doubt, combined examination results obtained in more than one sitting of the HKDSE and/or HKCEE are acceptable.)

- (iii) International Baccalaureate Diploma;
 - (iv) Diploma Yi Jin⁵;
 - (v) a diploma granted by a degree-awarding higher education institution established or registered under an Ordinance of Hong Kong considered acceptable by the IA⁶;
 - (vi) a diploma registered or exempt under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493), where the diploma, subject and institution are considered acceptable by the IA;
 - (vii) an insurance qualification specified by the IA from time to time and published on the IA's website; or
 - (viii) any other qualification considered by the IA to be equivalent to or higher than any qualification set out in paragraph 5.2(a)(i) to (vii) above (For example, a degree awarded by a higher education institution in Hong Kong or elsewhere is generally considered as acceptable).
- (b) The applicant is expected to have obtained a pass mark in the relevant papers of the Insurance Intermediaries Qualifying Examination (unless exempt) (please see Annex 1).

⁴ For English Language, Grade C or above in English Language (Syllabus A) or Grade E or above in English Language (Syllabus B) in the HKCEE before 2007 and Level 2 or above in English Language in the HKCEE from 2007 onwards are acceptable.

⁵ For the acceptance of Diploma Yi Jin, the Maths Plus elective course should be completed.

⁶ A diploma in insurance, business administration, accounting, economics, finance, risk management, medical science, engineering or other similar technical education will generally be considered acceptable by the IA.

5.3 An applicant, who meets the conditions set out in paragraph 2 of Annex 2, is exempt from the education criteria set out in paragraph 5.2(a).

Responsible Officer

5.4 A proposed responsible officer of a business entity which is, or is applying to be, a licensed insurance agency or a licensed insurance broker company, or applying for a renewal of such licence, should be an individual who is, or is applying to be, a licensed technical representative (agent) or a licensed technical representative (broker) (as the case may be). In relation to an application for approval of an individual as a responsible officer, the proposed responsible officer is expected to satisfy both paragraphs 5.4(a) and 5.4(b) below:

- (a) The proposed responsible officer is expected to have attained any of the following education or professional qualifications:
 - (i) a bachelor degree from a recognized university or tertiary education institution;
 - (ii) an insurance qualification specified by the IA from time to time and published on the IA's website; or
 - (iii) any other qualification considered by the IA to be equivalent to or higher than any qualification set out in paragraph 5.4(a)(i) and (ii) above.
- (b) The proposed responsible officer is expected to possess experience commensurate with the nature and scale of business of the licensed insurance agency or licensed insurance broker company concerned and the level of responsibilities to be carried out (Note: It is generally expected that a responsible officer should possess a minimum of 5 years' experience in the insurance industry, including at least 2 years of management experience. In assessing the relevance of the proposed responsible officer's industry and management experience, the IA will consider the role and functions to be undertaken by the person and whether the person's experience (gained in Hong Kong

or elsewhere⁷) will enable him/her to discharge the responsibilities required of a responsible officer).

- 5.5 An individual, who meets the conditions set out in paragraph 3 or 4 (as the case may be) of Annex 2, is exempt from the criteria set out in paragraph 5.4(a).

Ability to carry on a regulated activity competently and fairly

Individual Licensee

- 5.6 In considering the competence of a person who is an individual licensee, or is applying to be, or is applying for a renewal of a licence to be an individual licensee, matters relevant to the IA's assessment include, but are not limited to:

- (a) where the person is assuming responsibilities other than that relating to the carrying on of regulated activities, whether such responsibilities would give rise to a conflict of interest or otherwise impair his/her ability to carry on a regulated activity competently and fairly;
- (b) whether the person has been found by a court to be mentally incapacitated, or is detained in a mental hospital, under the Mental Health Ordinance (Cap. 136); and
- (c) whether there is any evidence showing that the person may be incompetent or negligent, which is indicated by the person having been dismissed or requested to resign from any position or office for misconduct, incompetence, negligence or mismanagement.

- 5.7 In respect of an individual licensee, the IA will consider whether he/she has satisfied the continuing professional development ("CPD") requirements set out in the Guideline on Continuing Professional Development for Licensed Insurance Intermediaries. (A failure to

⁷ In assessing whether the person's experience gained outside of Hong Kong is acceptable, the person's relevant duties, the regulatory requirements in the overseas jurisdiction and any other relevant information will be considered.

comply with the CPD requirements by a licensed insurance intermediary may affect his/her fitness and properness.)

Reputation, character, reliability, honesty and integrity

Any Individual

- 5.8 In respect of any person referenced in paragraph 3.1 or 3.2 who is an individual, matters relevant to the IA's assessment of the reputation, character, reliability, honesty and integrity of the individual include, but are not limited to, whether the individual concerned:
- (a) has failed to comply with or demonstrated an unwillingness to comply with any requirements in relation to the carrying on of regulated activities;
 - (b) has been found by a court or other competent authority in Hong Kong or elsewhere for fraud, dishonesty or misfeasance;
 - (c) has been disqualified by a court in Hong Kong or elsewhere from being a director of a company;
 - (d) has been convicted of a criminal offence by any court in Hong Kong or elsewhere or is the subject of unresolved criminal charges in Hong Kong or elsewhere which are of relevance to fitness and properness;
 - (e) has been refused or restricted from the right to carry on any trade, business or profession by any professional, trade or regulatory body in Hong Kong or elsewhere;
 - (f) has been censured, disciplined or publicly criticized by any professional, trade or regulatory body in Hong Kong or elsewhere;
 - (g) is the subject of an investigation and/or disciplinary action or proceeding conducted by any professional body established under any laws, regulatory authority or law enforcement agency in Hong Kong or elsewhere;

- (h) has been dismissed or requested to resign from any position or office in Hong Kong or elsewhere for misconduct, negligence, incompetence or mismanagement;
- (i) was a controller, director or partner of a business entity, in Hong Kong or elsewhere, which has been compulsorily wound up or made any compromise or arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims, either whilst the individual concerned was a controller, director or partner or within one year after the individual concerned ceased to be such a controller, director or partner;
- (j) has, in connection with the formation or management of a business entity, been adjudged by a court or other competent authority in Hong Kong or elsewhere civilly liable for any fraud, misfeasance or other misconduct by the individual concerned towards such a business entity or towards any members thereof; or
- (k) has been a controller, director or partner of a business entity in Hong Kong or elsewhere which,
 - (i) with the consent or connivance of, or because of the neglect or omission by the individual concerned, has failed to comply with any requirements under any laws, or any rules, regulations, codes or guidelines made or issued under any laws, or any other regulatory requirements;
 - (ii) has been convicted of a criminal offence by any court in Hong Kong or elsewhere or is the subject of unresolved criminal charges in Hong Kong or elsewhere which are of relevance to fitness and propriety; or
 - (iii) has been adjudicated by any court or other competent authority in Hong Kong or elsewhere civilly liable for any fraud, misfeasance or misconduct.

Financial status or solvency

Any Individual

5.9 In respect of any person referenced in paragraph 3.1 or 3.2 who is an individual, matters relevant to the IA's assessment of the financial status of the individual include, but are not limited to, whether the individual concerned:

- (a) has entered into a voluntary arrangement with creditors or been adjudicated bankrupt by a court, or is currently subject to bankruptcy proceedings, in Hong Kong or elsewhere; or
- (b) has failed to satisfy any judgment debt under an order of a court in Hong Kong or elsewhere.

Other relevant matters

Individual Licensee

5.10 In respect of a person who is an individual licensee, or is applying to be, or is applying for a renewal of a licence to be an individual licensee, such person is required to be:

- (a) a Hong Kong permanent resident; or
- (b) a person who holds an appropriate immigration visa or permit which does not restrict that person from carrying on regulated activities in Hong Kong.

6. Criteria for Business Entities

Ability to carry on a regulated activity competently and fairly

Licensed Insurance Agency

Licensed Insurance Broker Company

6.1 A business entity which is, is applying to be, or is applying for a renewal of a licence to be, a licensed insurance agency or a licensed insurance broker company, is required to appoint at least one individual as its (proposed) responsible officer to supervise the carrying on of regulated activities and to ensure adequate and effective policies, controls and procedures are in place for the purpose of compliance with the Ordinance and other applicable regulatory requirements. The IA expects a (proposed) responsible officer of a licensed insurance agency or a licensed insurance broker company to:

- (a) possess appropriate qualifications and experience (see the relevant requirements in paragraph 5); and
- (b) have sufficient authority for discharging his/her responsibilities set out in the Ordinance and any rules, regulations, codes and guidelines made or issued under any Ordinances, and be provided with sufficient resources and support for discharging such responsibilities. (Note: In assessing the sufficiency of authority of the (proposed) responsible officer, the IA will consider the organizational structure, management responsibilities and seniority of the person within the licensed insurance agency or licensed insurance broker company concerned, and the nature and scale of regulated activities under the (proposed) responsible officer's supervision.)

6.2 In determining whether a business entity, which is, is applying to be, or is applying for a renewal of a licence to be, a licensed insurance agency or a licensed insurance broker company, is a fit and proper person to carry on regulated activities in a particular line of business, the IA will consider whether the (proposed) responsible officer(s) (as licensed technical representative(s) (agent) or licensed technical representative(s) (broker) as the case may be) are eligible to carry on regulated activities in the relevant line of business.

6.3 Under certain circumstances, the licensed insurance agency or licensed insurance broker company would be expected to appoint more than one responsible officer. In considering whether there is a sufficient number of responsible officers appointed by a licensed insurance agency or licensed insurance broker company, the IA will take into account, inter

alia, the scale of business, nature of insurance services and products, and number of licensed technical representatives (agent) or licensed technical representatives (broker) (as the case may be) of the licensed insurance agency or licensed insurance broker company concerned.

6.4 The IA will assess the competence of a business entity which is, is applying to be, or is applying for a renewal of a licence to be a licensed insurance agency or a licensed insurance broker company with regards to the following aspects⁸ (where applicable):

(a) Group companies and business entities carrying on other business

- (i) (if the business entity is a company within a group of companies) any information relating to the group companies and their directors and controllers; and
- (ii) (if the business entity carries on or proposes to carry on business other than the business of carrying on of regulated activities) the nature and state of affairs of such business.

(b) Corporate governance

- (i) whether the business entity has an adequate organizational structure with clear lines of responsibilities and authority;
- (ii) whether the person(s) responsible for supervising the carrying on of regulated activities in the business entity's (proposed) lines of business possesses an appropriate range of knowledge, skills and experience that allows him/her to properly carry out his/her duties; and
- (iii) whether there is a feasible business strategy in respect of the proposed line(s) of business which includes information on the

⁸ In respect of a small-scale business entity in terms of income derived from the carrying on of regulated activities, if the insurance service and products provided by the business entity are relatively simple and there is a limited number of licensed technical representatives (agent) or licensed technical representatives (broker) (as the case may be), the IA may, on a case-by-case basis, relax the requirements set out in paragraph 6.4 and allow the business entity to use simplified approaches or practices which are commensurate with its scale, to demonstrate its compliance with such requirements.

insurance products to be marketed, services to be provided, target market clientele and source of business.

(c) Internal controls and risk management

- (i) whether the business entity has in place adequate and effective policies, procedures and controls concerning compliance with all laws, rules, regulations, codes, guidelines and other regulatory requirements relevant to the carrying on of regulated activities in its lines of business;
- (ii) whether the business entity has identified key risks and has developed strategies to mitigate such risks;
- (iii) in the case of a business entity that also carries on or intends to carry on business other than insurance intermediary business, whether there are effective internal controls to ensure the interests of policy holders and potential policy holders will not be prejudiced; and
- (iv) whether there are adequate and effective policies, procedures and controls in relation to recruitment, training and supervision of staff to ensure that persons who are employed by, or associated with, or act for the business entity in relation to the carrying on of regulated activities are and remain fit and proper and suitably qualified for the (proposed) lines of business.

Reputation, character, reliability, honesty and integrity

Licensed Insurance Agencies

Licensed Insurance Broker Companies

6.5 In respect of a business entity which is, or is applying for a licence, or is applying for a renewal of a licence to be a licensed insurance agency⁹ or licensed insurance broker company, matters relevant to the IA's

⁹ Where the licensed insurance agency, or a person applying for (or the renewal of) a licence as a licensed insurance agency is a sole proprietor, the sole proprietor is subject to the criteria and matters set out in paragraph 5.8.

assessment of the reputation, reliability and integrity of the business entity include, but are not limited to, whether the business entity concerned:

- (a) has failed to comply with or demonstrated an unwillingness to comply with any requirements in relation to the carrying on of regulated activities;
- (b) has been refused or restricted from the right to carry on any trade, business or profession by any professional, trade or regulatory body in Hong Kong or elsewhere;
- (c) has been censured, disciplined or publicly criticized by any professional, trade or regulatory body in Hong Kong or elsewhere;
- (d) is the subject of an investigation and/or disciplinary action or proceeding conducted by any professional body established under any laws, regulatory authority or law enforcement agency in Hong Kong or elsewhere;
- (e) was a controller, director or partner of another business entity, in Hong Kong or elsewhere, which has been compulsorily wound up or made any compromise or arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims, either whilst the business entity concerned was a controller, director or partner or within one year after the business entity concerned ceased to be such a controller, director or partner;
- (f) has been a controller, director or partner of another business entity in Hong Kong or elsewhere which,
 - (i) with the consent or connivance of, or because of the neglect or omission by, the business entity concerned, failed to comply with any requirements under any laws, or any rules, regulations, codes or guidelines made or issued under any laws, or any other regulatory requirements;

- (ii) has been convicted of a criminal offence by any court in Hong Kong or elsewhere or is the subject of unresolved criminal charges in Hong Kong or elsewhere which are of relevance to fitness and properness; or
 - (iii) has been adjudicated by any court or other competent authority in Hong Kong or elsewhere civilly liable for any fraud, misfeasance or misconduct; or
- (g) has a controller, director or partner, who fails to meet any criteria set out in paragraphs 5.8 and 5.9 above for individuals, or any criteria set out in paragraphs 6.5 and 6.6 for a business entity, as applicable¹⁰.

Financial status or solvency

Any Business Entity

- 6.6 In respect of any person referenced in paragraph 3.1 or 3.2 which is a business entity, matters relevant to the IA's assessment of the financial status or solvency of the business entity include, but are not limited to, whether the business entity concerned¹¹:
- (a) is subject to receivership, administration, liquidation or other similar proceedings;
 - (b) has entered into a scheme of arrangement with its creditors or failed to satisfy any judgment debt under an order of a court in Hong Kong or elsewhere; or
 - (c) has sufficient resources at all times for compliance with the financial requirements (e.g. capital, assets or liquidity requirements) applicable to it.

¹⁰ For a business entity which is a sole proprietor or a partnership, the sole proprietor and each partner of the partnership is subject to the criteria and matters set out in paragraphs 5.8 and 5.9.

¹¹ For a business entity which is a sole proprietor or a partnership, the sole proprietor and each partner of the partnership is subject to the criteria and matters set out in paragraph 5.9.

Other relevant matters

Licensed Insurance Broker Company

- 6.7 In respect of a company which is, is applying to be, or is applying for a renewal of a licence to be a licensed insurance broker company, the IA must be satisfied that the company concerned is or will be able to comply with the requirements in relation to capital, net assets, professional indemnity insurance, and keeping of separate client accounts and proper books and accounts as set out in the Ordinance and any rules made under section 129 of the Ordinance.
- 6.8 The IA will normally not allow a person to be appointed as a responsible officer of more than one licensed insurance broker company unless the insurance broker companies concerned belong to the same group of companies or have common shareholder(s), or there is any other justification acceptable to the IA. The IA will consider each application on a case-by-case basis.

7. Commencement

- 7.1 This Guideline shall take effect from 23 September 2019.

August 2019

Insurance Intermediaries Qualifying Examination

1. With reference to paragraph 5.2 of this Guideline, every individual licensee must have passed the relevant papers of the Insurance Intermediaries Qualifying Examination (“IIQE”) conducted by the Vocational Training Council, the appointed examination body for the IIQE, unless otherwise exempt.
2. The pass mark for each paper is 70%.
3. The IIQE consists of the following papers:
 - (a) Basic Examination Paper -
Principles and Practice of Insurance (“P&P Paper”)
 - (b) Qualifying Examination Papers -
 - (i) General Insurance (“GI Paper”)
 - (ii) Long Term Insurance (“LT Paper”)
 - (iii) Investment-linked Long Term Insurance (“IL Paper”)
 - (c) Travel Insurance Agents Examination Paper (“TIA Paper”)
4. Lines of Business
In order to be licensed to carry on regulated activities in the line(s) of business in column 1, any person described in paragraph 1 of this Annex must pass the corresponding paper(s) listed in column 2 below unless otherwise exempt:

Column 1	Column 2
Line of Business	Corresponding Examination Paper(s)
- General Business	- P&P Paper; and - GI Paper
- Long Term Business (excluding Linked Long Term Business)	- P&P Paper; and - LT Paper
- Long Term Business (including Linked Long Term Business)	- P&P Paper; - LT Paper; and - IL Paper
- Restricted Scope Travel Business	- TIA Paper

5. Exemption from the IIQE Papers

- (a) Exemption from the requirement to pass the P&P, GI, LT and TIA Papers of the IIQE is granted to:
- (i) Holders of any of the following insurance qualifications:
 - Advanced Diploma in Insurance or Fellowship of the Chartered Insurance Institute (ACII/FCII);
 - Senior Associate or Fellow of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF (Snr Assoc)/ANZIIF (Fellow));
 - Fellow, Life Management Institute (FLMI);
 - Chartered Life Underwriter (CLU);
 - Chartered Property Casualty Underwriter (CPCU);
 - Hong Kong Diploma in Insurance Studies of the Chartered Insurance Institute/the former Insurance Institute of Hong Kong;or
 - (ii) Holders of any of the following actuarial qualifications:
 - Fellow of the Institute and Faculty of Actuaries of the United Kingdom (FIA/FFA);
 - Fellow of the Institute of Actuaries of Australia (FIAA);
 - Fellow of the Society of Actuaries of the United States of America (FSA).
- (b) Exemption from the requirement to pass the IL Paper of the IIQE is granted to holders of any of the following professional qualifications in insurance, investment or actuarial science:
- (i) Chartered Life Underwriter (CLU) who has passed the elective paper: “HS 328 Investments” of the CLU qualifying examination;
 - (ii) Chartered Financial Consultant (ChFC);
 - (iii) Certified Financial Planner (CFP);
 - (iv) Fellow of the Institute and Faculty of Actuaries of the United Kingdom (FIA/FFA);
 - (v) Fellow of the Institute of Actuaries of Australia (FIAA);
 - (vi) Fellow of the Society of Actuaries of the United States of America (FSA);
 - (vii) person who has passed the HKSI Foundation Programme Examination by the Hong Kong Securities Institute (FPE);
 - (viii) person who has passed the HKSI Diploma Programme Examination

- by the Hong Kong Securities Institute (DPE);
- (ix) HKSI Institute Practising Certificate by the Hong Kong Securities and Investment Institute;
 - (x) HKSI Institute Specialist Certificate by the Hong Kong Securities and Investment Institute;
 - (xi) HKSI Institute Professional Diploma in Financial Markets by the Hong Kong Securities and Investment Institute.
- (c) Persons (confined to those who were already practising in the insurance intermediary business in Hong Kong immediately before 1 January 2000) who are holders of the Certificate of Proficiency in General Insurance Studies issued by The Hong Kong Federation of Insurers are exempt from the requirement to pass the P&P, GI and TIA Papers of the IIQE.
- (d) Persons (confined to those who were already practising in the insurance intermediary business in Hong Kong immediately before 1 January 2000) in possession of five years' proven experience in insurance business in Hong Kong within the six-year period immediately before 1 January 2000 are exempt from the requirement to pass the P&P Paper as well as the GI, LT and TIA Papers, as appropriate (which relates to the specific experience they have obtained); exemption from the requirement to pass all 4 papers, i.e. the P&P, GI, LT and TIA Papers, is granted only if they possess the specified experience in both General Business and Long Term Business.
- (e) Exemption from the requirement to pass the TIA Paper of the IIQE is granted to those who have passed both the P&P and the GI Papers of the IIQE.
6. A person who applies to carry on regulated activities in Long Term (including Linked Long Term) Business is required, among others, to pass the enhanced version of the IL Paper which was introduced on 1 March 2010 to supersede the previous version ("enhanced IL Paper") unless (i) he/she is exempt under paragraph 5(b) of this Annex; or (ii) he/she completed 20 extra CPD hours dedicated towards the additional modules of the enhanced IL Paper during the transitional period (i.e. 1 March 2010 to 29 February 2012) and has not since ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years. For (ii), the person must either be

(a) an insurance intermediary who was registered as engaging in Long Term (including Linked Long Term) Business immediately before 1 March 2010; or (b) a person who had passed the previous IL Paper and applied for (and subsequently succeeded in) registration for engaging in Long Term (including Linked Long Term) Business within the aforesaid transitional period.

7. Cessation of Insurance Practice and Validity of Examination Result

(a) A person who has ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years must pass the relevant papers of the IIQE before he/she can be licensed to carry on regulated activities in the relevant line(s) of business, unless he/she is exempt under paragraphs 5(a) and 5(b) of this Annex as appropriate.

(b) If a person has passed the IIQE but has not been engaged in insurance-related work in the insurance industry in Hong Kong for any two consecutive years (counting from the date of the examination), his/her IIQE examination results will lapse and he/she is required to pass the relevant papers of the IIQE before he/she can be licensed to carry on regulated activities in the relevant line(s) of business, unless he/she is exempt under paragraphs 5(a) and 5(b) of this Annex as appropriate.

Exemptions

1. In this Annex:

“CIB” means The Hong Kong Confederation of Insurance Brokers;

“commencement date” means the date on which section 74 of the Insurance Companies (Amendment) Ordinance 2015 comes into operation (23 September 2019);

“IARB” means the Insurance Agents Registration Board set up by The Hong Kong Federation of Insurers;

“PIBA” means the Professional Insurance Brokers Association;

“specified person” means:

- (a) an Individual Agent registered with the IARB;
- (b) a Technical Representative registered with the IARB;
- (c) a Responsible Officer registered with the IARB;
- (d) a Technical Representative registered with the CIB or PIBA; or
- (e) a Chief Executive registered with the CIB or PIBA; and

“transitional period” is defined in section 8 of Schedule 11 to the Ordinance and means the period of 3 years beginning on the commencement date.

Individual Licensee

2. A person who:

- (a) was a specified person immediately before the commencement date and regarded as having been granted a licence under Schedule 11 to the Ordinance on the commencement date; or
- (b) was a specified person at any time within the two-year period before the commencement date,

is exempt from the criteria under paragraph 5.2(a) of this Guideline in relation to his/her application¹² for an individual insurance agent licence, a technical representative (agent) licence or a technical representative (broker) licence, provided that:

- (a) he/she has not ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years or more; and
- (b) he/she submits the application for such licence within the transitional period.

Responsible Officer of Licensed Insurance Agency

3. A person who:

- (a) was a Responsible Officer registered with the IARB at any time before the commencement date; or
- (b) was an Individual Agent or Technical Representative registered with the IARB at any time before the commencement date and already possessed a minimum of 15 years' experience in insurance-related work in the insurance industry in Hong Kong on the commencement date,

is exempt from the criteria set out in paragraph 5.4(a) of this Guideline in relation to an application for approval of the person to become a responsible officer of a business entity which is, is applying to be, or is applying for a renewal of a licence to be a licensed insurance agency.

Responsible Officer of Licensed Insurance Broker Company

4. A person who:

- (a) was a Chief Executive registered with the CIB or PIBA at any time before the commencement date; or

¹² The exemption will apply to any subsequent application for a new licence or renewal of any licence provided the person has not ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years or more.

- (b) was a Technical Representative registered with the CIB or PIBA at any time before the commencement date and already possessed a minimum of 15 years' experience in insurance-related work in the insurance industry in Hong Kong on the commencement date,

is exempt from the criteria set out in paragraph 5.4(a) of this Guideline in relation to an application for approval of the person to become a responsible officer of a business entity which is, is applying to be, or is applying for a renewal of a licence to be a licensed insurance broker company.