



Consultation Conclusions on:
**(1) Draft Guideline on Fit and Proper
Criteria for Licensed Insurance
Intermediaries under the Insurance
Ordinance (Cap. 41) and**
**(2) Draft Guideline on Continuing
Professional Development for Licensed
Insurance Intermediaries**

July 2019

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Executive Summary

1. On 28 September 2018, under the cover of a consultation paper (“Consultation Paper”), the Insurance Authority (“IA”) published for consultation two draft guidelines, namely the Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries under the Insurance Ordinance (Cap. 41) (“F&P Guideline”) and the Guideline on Continuing Professional Development for Licensed Insurance Intermediaries (“CPD Guideline”) (collectively “Guidelines”). The F&P Guideline prescribes the criteria and matters that the IA will normally consider in determining the fitness and properness of licensed insurance intermediaries and related persons. The CPD Guideline outlines the continuing professional development (“CPD”) requirements for licensed insurance intermediaries under the new regulatory regime for insurance intermediaries.
2. The major requirements proposed to be prescribed by these two draft Guidelines cover the following aspects:

F&P Guideline

- It is proposed that the minimum education standard for individual licensees (i.e. licensed individual insurance agents, licensed technical representatives (agent) and licensed technical representatives (broker)) be changed. Currently (i.e. prior to the promulgation of the proposed F&P Guideline), the minimum education standard for individual licensees is completion of Form 5. The F&P Guideline proposes to change this to the attainment of level 2 in 5 subjects in the Hong Kong Diploma of Secondary Education Examination¹ (“HKDSE”) including one language subject (either Chinese or English) and Mathematics. (Deemed licensees² and also certain former insurance intermediaries would be exempt from these new minimum education requirements for individual licensees);

¹ Other acceptable qualifications include comparable examination results (e.g. grade E in 5 subjects obtained in the Hong Kong Certificate of Education Examination) and certain insurance qualifications (e.g. ANZIIF Snr Assoc and FLMI).

² A deemed licensee is a person who is registered with the Insurance Agents Registration Board (“IARB”), The Hong Kong Confederation of Insurance Brokers (“CIB”) and the Professional Insurance Brokers Association (“PIBA”) immediately before the commencement of the new regulatory regime for insurance intermediaries on 23 September 2019 and regarded as having been granted an insurance intermediary licence by the IA as of that date.

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- It is proposed that the minimum education standard for responsible officers³ of licensed insurance agencies and licensed insurance broker companies be changed. Currently (i.e. prior to the promulgation of the proposed F&P Guideline), the minimum education standard for individual licensees is set at completion of Form 5 (i.e. no additional education requirement is required in respect of a responsible officer beyond the minimum requirement for individual licensees under the current self-regulatory regime). The F&P Guideline proposes to change this to the attainment of a bachelor degree. Any existing and former responsible officers of insurance agencies and chief executives of insurance brokers as well as existing and former insurance intermediaries with 15 years' of industry experience would be exempt from the new minimum education requirements for responsible officers;
- It is proposed that responsible officers (of both licensed insurance agencies⁴ and licensed insurance broker companies) be required to possess experience commensurate with the nature, complexity and scale of the business; and
- It is proposed that "fit and proper" criteria be introduced for assessing the competence of licensed insurance agencies and licensed insurance broker companies.

CPD Guideline

- It is proposed that the minimum number of CPD hours per year be increased from 10 to 15 including a minimum of 3 CPD hours on "Ethics or Regulations" topics. Transitional arrangements will apply;
- It is proposed that online courses be accepted as Qualified CPD Activities up to a maximum of 5 hours per year; and
- It is proposed to set the assessment period as a period from 1 August of a year to 31 July of the following year.

³ Responsible officers are individuals referred to in the new sections 64ZE and 64ZF of the Insurance Ordinance (Cap. 41) ("IO").

⁴ Under the current self-regulatory regime for insurance intermediaries, chief executives of insurance brokers are required to possess a minimum of 5 years' industry experience including at least 2 years of management experience, unless they are a holder of an acceptable insurance qualification. Under the new regime, similar experience requirement will be applicable to responsible officers of licensed insurance agencies.

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3. The consultation on the above proposals ended on 30 November 2018 and the IA is pleased to have received 74 written submissions from different stakeholders including insurance industry bodies, professional bodies, insurers, insurance intermediaries and individuals. A list of respondents is shown in Annex F.

Purpose of these Consultation Conclusions

4. These non-exhaustive consultation conclusions summarise the IA's approach to preparing the revised Guidelines and, in particular, how the IA has addressed key feedback received. Amendments to the draft Guidelines which are clear on their face, fall outside of the scope of the consultation, or are purely stylistic are not discussed in these consultation conclusions.

Key Feedback on Draft Guidelines

5. In summary, most of the proposals mentioned in paragraph 2 above received positive response, including responses received from industry bodies (the three Self-Regulatory Organizations⁵ ("SROs") for insurance intermediaries and other industry organizations). The proposed relevant exemptions and transitional arrangements also received support.

F&P Guideline

6. A majority of respondents supported enhancing the education requirements for individual licensees and responsible officers, the inclusion of experience requirements for responsible officers of licensed insurance agencies as well as licensed insurance broker companies, and prescribing competence requirements for licensed insurance agencies and licensed insurance broker companies under the new regulatory regime for insurance intermediaries. Although there was general support for enhancing the education requirements for individual licensees and responsible officers, some respondents suggested maintaining the status quo instead of upgrading the education requirements to a higher standard.
7. There was broad support for exempting existing insurance intermediaries, responsible officers of insurance agencies and chief executives of insurance brokers from the new education requirements for individual licensees and responsible officers. Suggestions were also made to extend the number of exempt persons, e.g. lowering the threshold for

⁵ The SROs are the IARB established under The Hong Kong Federation of Insurers ("HKFI"), CIB and PIBA.

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years of industry experience from 15 to 10 under the eligibility criteria for exemption from the new education requirements for responsible officers.

CPD Guideline

8. A majority of respondents supported the proposed CPD requirements and related initiatives, including the increase in the minimum CPD hours, compulsory CPD hours on “Ethics or Regulations” topics, and recognition of online courses. With respect to the minimum number of CPD hours, a few respondents suggested maintaining the current requirements, i.e. 10 CPD hours without compulsory courses, but some respondents considered it necessary to increase the number of CPD hours to more than 15.
9. The proposed transitional period of one year for deemed licensees also received overwhelming support. Several respondents, including the two approved bodies of insurance brokers, suggested extending the transitional period to allow more time for existing insurance intermediaries and their appointing principals (i.e. insurers, licensed insurance agencies and licensed insurance broker companies) to prepare for the new CPD requirements. After further discussion with the industry, it is considered appropriate to postpone the effective date for the new increased CPD hour requirements (15 CPD hours including 3 CPD hours on “Ethics or Regulations” topics) by one more year for all insurance intermediaries.

Other feedback

10. Beyond the above issues, we also received suggestions on other issues, including with respect to clarification on how the F&P Guideline applies to controllers, directors, partners and persons concerned in the management of regulated activities of licensed insurance agencies and licensed insurance broker companies. Clarity was also sought on, among other matters, the acceptance of certain qualifications as fulfilling the education requirements and other suggested refinements to the two draft Guidelines. Enquiries relating to the details of certain of the proposed new requirements was also included in the feedback received by the IA. The relevant feedback on these other issues and the IA’s response thereto are summarized starting from paragraph 59 below. In particular, the request for clarity on controllers, directors, partners and persons concerned in the management of regulated activities (as well as other feedback) has resulted in the amendment of certain sections of the F&P Guideline, in order to enhance the Guideline’s clarity and application.

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11. Certain of the feedback received was outside the scope of this consultation. The IA will consider this feedback when formulating other regulatory proposals to which such feedback may be more relevant.

Conclusions

12. Having considered the feedback received, we consider it appropriate to adopt the proposals in the two draft Guidelines except for postponing the effective date for the new increased CPD hour requirements. Under the modified requirements, the increase in the minimum number of CPD hours from 10 to 15 and inclusion of compulsory 3 CPD hours on “Ethics or Regulations” topics will not take effect upon commencement of the new regime, rather they will take effect at the start of the CPD assessment period beginning on 1 August 2021.

Feedback Received and IA's Response

As part of the consultation, the IA posed nine questions which focused on the main aspects of the two draft Guidelines. This section summarizes the major issues covered in the feedback received on these questions and on other aspects of the draft Guidelines as well as the IA's response to these issues.

Q1. Do you agree that the proposed new minimum education and professional qualification requirements for individual licensees are appropriate?

Feedback received

13. A majority of respondents, including one approved body for insurance brokers, supported the IA's proposal to replace the current education requirements for insurance intermediaries with a new benchmark, and generally supported the proposal that those applying to become individual licensees should attain a minimum education standard of level 2 in 5 subjects in the HKDSE, including one language subject (Chinese or English) and Mathematics, as the new benchmark. A minority of respondents disagreed with the proposal, some suggesting the current education requirements be kept unchanged due to concerns about difficulties in recruiting new entrants to the insurance industry, with others suggesting the minimum education requirements be raised to a bachelor degree. Some respondents considered it inappropriate to include Mathematics as a compulsory subject. Also, there was feedback suggesting an enhancement of the Insurance Intermediaries Qualifying Examination ("IIQE") to enable the IIQE results to be considered acceptable for fulfilling the minimum education requirements for individual licensees.

IA's Response

14. The purpose of increasing the educational requirements for individual licensees is to strengthen the public confidence in the insurance industry, which in turn, will reinforce the general stability of the insurance industry. The current minimum education requirement for insurance intermediaries, i.e. completion of Form 5, was set some 20 years ago and has not been reviewed since then. In the past two decades, the insurance industry in Hong Kong has evolved with a wide range of insurance products of differing complexity now available in the market to suit different insurance needs. At the same time, the secondary school education system in Hong Kong has been substantially reformed with the introduction of a three-year senior secondary school structure in 2009 and the new qualification of HKDSE obtainable via public examination since 2012. These

developments mean that a review of the minimum education requirements for insurance intermediaries is needed.

15. In Hong Kong, public examination results have been adopted as benchmarks for assessing the standard of a secondary school graduate. Before the introduction of the new education structure, a secondary school graduate was generally expected to have obtained passes in at least 5 subjects in the Hong Kong Certificate of Education Examination (“HKCEE”). Under the new education structure, a secondary school graduate is expected to have obtained level 2 in at least five subjects in the HKDSE. This benchmark is widely recognized by many employers and tertiary education institutions.
16. Under the new regime, section 90 of the IO requires that a licensed insurance intermediary, when carrying on a regulated activity, must make disclosure of information to the policy holder or potential policy holder that is necessary for the policy holder or potential policy holder to be sufficiently informed for the purpose of making any material decision. Enhanced regulatory requirements, increasing awareness of consumer rights coupled with emergence of new insurance products and new policy terms and conditions reinforce the need for insurance intermediaries to possess adequate language proficiency.
17. In addition, analysis of insurance needs nowadays is becoming more complicated. For instance, medical insurance products are increasingly diversified. Besides traditional medical plans which mainly indemnify hospital and surgery expenses, there are hospital cash plans which protect against income loss during hospitalization and critical illness plans which provide a lump sum benefit in the event of a serious illness. Insurance intermediaries therefore need to possess adequate analytical skills to enable them to properly analyze the background and needs of customers before recommending a suitable medical product, from the available products on offer. For life insurance, a proper assessment of life protection, saving and investment needs of customers is crucial. The increasing popularity of annuity products for retirement planning, including the new HKMC Annuity Plan and qualifying deferred annuity policies, has made the financial needs analysis more complicated. In this connection, the ability of insurance intermediaries to ascertain insurance buyers’ needs and financial circumstances is important. We therefore expect insurance intermediaries to possess adequate analytical skills (as demonstrated by a basic level of Mathematics attained in the HKDSE) to enable them to understand and evaluate customers’ (insurance and financial) needs and make suitable recommendations. In view of the above, we consider it appropriate to proceed with the proposal to use the benchmark of 5 subjects of level 2 (or above) in the HKDSE, including a language subject (Chinese or English) and Mathematics, to assess whether a person intending to become

an individual licensee has attained the minimum education standards. Comparable examination results in the HKCEE, i.e. grade E (or above) in 5 subjects including a language subject (Chinese or English⁶) and Mathematics, are acceptable. A combination of examination results for HKDSE or HKCEE is also acceptable for fulfilling the education requirements.

18. As regards concerns in relation to the supply of potential new entrants to the insurance industry, the HKDSE is taken by the vast majority of secondary school students and according to the statistics supplied by the Hong Kong Examinations and Assessment Authority, approximately 70% of the HKDSE candidates have managed to attain 5 subjects of level 2 including Chinese, English and Mathematics in the past few years⁷. In addition, the IA will accept other educational qualifications (such the International Baccalaureate (“IB”) Diploma and the Diploma Yi Jin⁸) as well as certain insurance qualifications. A bachelor degree and diploma (in relevant disciplines) awarded by a higher education institution in Hong Kong or overseas will also generally be acceptable. Further, instead of listing out the acceptable insurance qualifications in the F&P Guideline (Annex 1 of the Draft F&P Guideline), to afford further flexibility the IA will publish the list on the IA’s website to ensure the information can be promptly updated. Finally, the IA assesses each application on a case-by-case basis. Therefore, any applicant who does not possess any qualification specified by the IA but believes that his/her academic qualifications are comparable to the IA’s requirements, may provide the relevant information for the IA’s assessment. All of these measures widen the pool of potential entrants to the industry.

19. Certain respondents suggested raising the minimum education standard for insurance intermediaries to the level of a bachelor degree. It is noted, in this respect that the minimum education requirements for insurance intermediaries selling life insurance products in Australia have already been raised to this level. We consider that, for the Hong Kong insurance market, this would represent a considerable change and as such it would require a more comprehensive review, to balance the potential benefits of such higher education requirements being imposed, against the potential disadvantage of the restriction in potential access to available personnel such imposition would create.

⁶ The minimum HKCEE requirement for English (Syllabus A) specified in the draft F&P Guideline should be grade C instead of grade E. This has been recognized as equivalent to Grade E in English (Syllabus B).

⁷ Source: Statistics on general performance of all candidates taking at least five subjects published by the Hong Kong Examinations and Assessment Authority in HKDSE Examination Reports

⁸ As regards the Diploma Yi Jin, to accept this qualification, the IA requires this to include a successful completion of the Maths Plus elective course.

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Further study would be needed before a change of this nature is effected and it would not be appropriate to decide on the back of this consultation alone.

20. The IIQE requirements aim to ensure insurance intermediaries acquire basic knowledge of insurance principles, insurance products and related regulatory requirements, and hence are not considered acceptable for fulfilling the new minimum education requirements for individual licensees. A revamp of the IIQE would also require a more comprehensive review. We will not take up this suggestion.

Q2. Do you agree that the proposed new minimum education and professional qualification requirements for responsible officers are appropriate?
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Feedback received

21. A majority of respondents supported the IA's proposal to raise the minimum education standard for responsible officers to a bachelor degree. A few respondents disagreed with the proposal and suggested maintaining the status quo. Several respondents suggested postponing the effective date of bringing in this higher standard to ease possible recruitment difficulties.

IA's response

22. There are currently no higher minimum education requirements expected of a chief executive of an insurance broker and a responsible officer of an insurance agency, beyond the minimum education requirements which apply to all insurance intermediaries and as discussed above, even these requirements have not been reviewed for more than 20 years notwithstanding developments in the Hong Kong insurance industry which have taken place during that time.

23. The responsible officer, under the new sections 91 and 92 of the IO, is responsible for ensuring the insurance agency or insurance broker company (as the case may be) by which he/she is appointed establishes and maintains proper controls and procedures for securing compliance with the conduct requirements set out in the new section 90 of the IO by the insurance agency/broker company and the technical representatives appointed by the agency or broker company. Besides ensuring compliance with the statutory requirements under section 90 of the IO and rules made under section 129 of the IO, responsible officers should also ensure the continuous fitness and properness of their broker companies or agencies and observe the conduct requirements set out in the respective Codes of Conduct for Licensed Insurance Brokers and Licensed Insurance

Agents (the drafts of which are currently under public consultation) and other laws and regulations relevant to their insurance intermediary business, e.g. Prevention of Bribery Ordinance and Personal Data (Privacy) Ordinance.

24. Academic achievement is by no means the only measurement of a responsible officer's capability. Actual industry experience is also necessary (see below). But a responsible officer does require a minimum level of technical acumen, problem solving ability and mental agility in order to discharge his/her responsibilities which are vital to policy holder protection and the health of the insurance industry. In view of this, the IA considers it appropriate to raise the education requirements for responsible officers to possession of a recognized bachelor degree or its equivalent. Generally speaking, universities and tertiary institutions that are established by ordinance in Hong Kong, or by statute of the region / country, or accredited by government bodies will be regarded as the "recognized universities or tertiary institution" for the education requirements of the responsible officers.
25. Compared with 20 years ago, there are now more higher education institutions offering degree programmes in Hong Kong. According to the statistics published by the Census and Statistics Department, in 2016, there were approximately 1.3 million people in Hong Kong who had attained a bachelor degree level of education⁹. Moreover, according to the University Grants Committee (which is a non-statutory advisory committee responsible for advising the Government of the HKSAR on the development and funding needs of its funded universities), the 8 funded universities confer degrees to about 20,000 persons each year¹⁰. Hence, we believe there should be a sufficient number of degree holders in the labour market.
26. The IA does recognize, however, that a degree is not "the last word" in academic achievement and that the requisite minimum education standards can be attained through other qualifications (which are obtainable at other points during a person's career). Indeed, a healthy insurance industry needs intermediaries (and leaders at the responsible officer level) who are committed to life-long learning. In view of this, and to encourage the pursuit of insurance-specific qualifications, the IA recognizes certain non-degree qualifications as being equivalent to a bachelor degree. Instead of listing out these acceptable insurance qualifications in F&P Guideline, we consider it more appropriate to publish such on the IA's website to ensure prompt update can be made. For a proposed

⁹ Source: Statistics on population aged 15 and over by educational attainment (highest level completed) published by the Census and Statistics Department in the results of 2016 Population By-census

¹⁰ Source: Statistics on graduates of UGC-funded universities published by the University Grants Committee (UGC)

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responsible officer who does not possess a bachelor degree or any acceptable insurance qualification but believes that his/her other qualifications are comparable to the IA's requirements, he/she may provide the relevant information for the IA's assessment and the relevant application will be considered on a case-by-case basis.

Q3. Do you agree that the proposed new experience requirements for responsible officers are appropriate?
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Feedback received

27. A majority of respondents, including the three SROs, supported the proposal to prescribe a minimum experience requirement for the responsible officers of both licensed insurance agencies and licensed insurance broker companies. A few respondents suggested increasing the years of industry experience and/or management experience except for holders of recognized professional qualifications. Some respondents sought clarification on the IA's assessment criteria.

IA's response

28. Under the existing self-regulatory regime for insurance intermediaries, the chief executive of an insurance broker is required to have a minimum of 5 years of industry experience, including 2 years of management experience, unless he is a holder of an acceptable insurance qualification. However, there is no such experience requirement for the responsible officer of an insurance agency.

29. As indicated in the above section, given the responsibilities of responsible officers, a combination of academic acumen and experience is vital to be able to perform this important role. The IA is pleased to note that a majority of respondents supported the proposed experience requirement. In assessing the sufficiency and relevancy of the experience of the proposed responsible officer, the IA will review and assess each application on a case-by-case basis, and consider all the relevant factors including the position, roles and responsibilities to be undertaken by the applicant and whether the applicant's experience will enable him/her to discharge the responsibilities required of a responsible officer. In assessing whether a person is fit and proper to be licensed as a responsible officer, the IA will also assess whether the person is able to devote sufficient time to his/her duties as a responsible officer, and to properly manage any potential conflict of interest arising from any other capacities or business interests of that person.

30. Insurance intermediary businesses can differ widely in terms of types, complexity and scale. For instance, an insurance agency being a sole proprietorship would normally carry on regulated activities in much the same way as an individual insurance agent. Further, an insurance agency engaging in restricted scope travel business would only sell travel insurance products. At the other end of the “insurance agency” spectrum, however, would be a bank which employs a large number of technical representatives to sell a wide range of general and life insurance products. The minimum experience requirement for the responsible officer across each of these licensed insurance agencies would (and should) differ and hence should depend on the nature, complexity and scale of the business of the insurance agency concerned. The current experience requirement for chief executives of insurance brokers (5 years of industry experience including 2 years of management experience¹¹) is stated in the F&P Guideline as a generally acceptable benchmark.

Q4. Do you agree that the proposed professional competence requirements for firms are appropriate?
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Feedback received

31. A majority of respondents, including all three SROs and a number of insurance intermediary bodies, supported the proposal to impose competence requirements on licensed insurance agencies and licensed insurance broker companies. Some respondents disagreed with the proposal as they were of the view that it would be the responsible officers of the insurance agencies or broker companies to be responsible for the controls and procedures governing the conduct for their insurance intermediary business. There were also clarifications sought with respect to the IA’s assessment of the relevant competence requirements, e.g. information required for assessment, sufficiency of responsible officers, etc.

IA’s response

32. The corporate governance principles are laid down in the Insurance Core Principles (“ICP”) issued by the International Association of Insurance Supervisors (“IAIS”). Hong Kong, as an international financial centre and a member of the IAIS, is obliged to comply with the ICPs. Under ICP 18, insurance intermediaries are expected to apply appropriate governance and to establish and implement policies and procedures to provide for sound

¹¹ In general, the management experience of a proposed RO should be obtained from working in the insurance industry. However, the management experience in other financial sectors (e.g. banking or securities) may also be considered.

and prudent management of business and to support the fair treatment of customers. Hence, we consider it appropriate to set out specific competence criteria for assessing the fitness and properness of insurance agencies and insurance broker companies. Such competence requirements will help their compliance with the conduct requirements under sections 91 and 92 of the IO, which require them to establish and maintain proper controls and procedures for securing compliance with the statutory conduct requirements set out in section 90 of the IO.

33. We appreciate that an insurance intermediary's governance requirements may vary, depending upon the nature and scale of the intermediary and the complexity of its business. In assessing relevant governance requirements, we also appreciate that such requirements for sole proprietorship or partnership may differ from those for larger entities. Key areas where requirements may vary include internal controls, segregation of duties and compliance functions. Thus, in assessing the competence of an insurance agency or an insurance broker company including the sufficiency of the number of responsible officers, we will take into account the nature, scale and complexity of its business, types of insurance products sold, and number of appointed technical representatives. The overriding principle is to ensure the interests of policy holders and potential policy holders are appropriately protected.

Q5. Do you agree that the proposed increase of minimum number of CPD hours from 10 to 15 hours per year is appropriate?

Feedback received

34. A majority of respondents, including an insurer body and one of the approved bodies for insurance brokers, supported the proposed increase in the number of minimum CPD hours from 10 to 15 per year. A minority of respondents, including an approved body for insurance brokers, disagreed and advocated maintaining the existing minimum number (i.e. 10 hours). A few respondents considered it necessary to raise the number of minimum hours further to a level comparable to that set in Singapore or in the United Kingdom. One respondent suggested increasing the minimum number of CPD hours for technical representatives carrying on regulated activities in restricted scope travel business only. A few respondents also suggested that more than 5 hours of E-learning Activities should be allowed annually and raised concerns over the quality and type of training that is available to insurance intermediaries.

IA's response

35. Continual learning throughout the course of an insurance career is vital for an insurance intermediary, to keep his/her skills and knowledge up to date so that policy holder's interests can be served in an ever changing environment. Continuing professional development requirements play an important role in ensuring this and denote a profession which puts its continued professionalism as a top priority. With the Hong Kong insurance market becoming increasingly complex in terms of new products, regulatory requirements and technology advancement, we remain of the view that the minimum number of CPD hours should ultimately be increased to 15. However, to allow sufficient time for preparation to meet the new increased CPD hour requirements, the IA has decided to extend the transitional period – see the section in relation to Question 9 below.

36. It is important for insurance intermediaries to receive a high quality of CPD activities. In general, only certain types of CPD activities covering specific topics which have been assessed and approved by The Hong Kong Council for Accreditation of Academic and Vocational Qualifications are accepted by the IA as qualified CPD activities. Furthermore, the IA understands the insurance arena is constantly changing and the demand on the types and quality of the CPD activities will change as well. Therefore, we will from time to time review the quality, availability and appropriateness of the CPD activities and make changes as and when it is required.

37. The IA recognizes that with the advancement of technology, individual licensees must also be provided with options and flexibility on the types of CPD activities he/she could attend which accords with today's technological standards. For that reason, the IA will recognize online courses as Qualified CPD Activity. This is the first time that online courses are accepted for CPD compliance purposes, which we believe is a method that would not only provide licensees with flexibility on ways to comply with the CPD requirements but it would also encourage licensees to broaden their insurance knowledge so as to better serve the insurance buying public. From 23 September 2019 onwards, IA will recognise up to a maximum of 5 hours annually for any Type 1 and Type 7 CPD activity acquired from online courses. While we are open to the suggestion of increasing the number of CPD hours for online courses in future, the IA will review the effectiveness and receptiveness of this new form of CPD activity before making any further changes.

38. To afford even greater flexibility, the IA has decided that the minimum duration of an E-learning Activity should be 30 minutes rather than an hour as originally proposed. The CPD Guideline is revised accordingly to reflect this. To further enhance the use of E-

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learning Activity, the IA is also developing a separate set of requirements for E-learning Activities which will be published on the IA's website for the purpose of providing further guidance to the providers and users of such CPD activities.

39. In view of the fact that licensed insurance agencies which carry on restricted scope travel business only are only able to carry on regulated activities in relation to one type of insurance (i.e. travel insurance), we consider it appropriate to keep the CPD requirements for technical representatives carrying on regulated activities in restricted scope travel business only unchanged.

Q6. Do you agree that the proposed introduction of a minimum number of CPD hours for compulsory topics, i.e. "Ethics or Regulations" is appropriate?
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Feedback received

40. A majority of respondents, including the three SROs, supported the introduction of a minimum number of CPD hours for compulsory topics, i.e. "Ethics or Regulations". A minority of respondents questioned the relevance of the compulsory topics and hence opposed the proposal. One respondent suggested that the minimum number of CPD hours for such topics be reduced to two. Feedback from a few respondents suggested extension of the topics covered.

41. Two respondents suggested the compulsory CPD requirements should also be applicable to technical representatives carrying on regulated activities in restricted scope travel business only.

IA's response

42. Insurance intermediaries are statutorily required under the new regulatory regime to conduct business honestly and with integrity. This requirement although codified in statute, merely recites an obvious and existing norm of business practice that is vital to establish the bedrock of trust on which the insurance industry is founded. Customers rely on insurance intermediaries to advise them on and assist them in procuring a suitable insurance product that meets their insurance needs. The relationship between a customer and an insurance intermediary has always been, and must continue to be, built on trust. Trust can only be formed and earned when ethical standards of business conduct are adhered to and become so embedded in the day-to-day conduct of an intermediary. Continual learning focused on ethics and integrity helps achieve this and an industry which is prepared to ensure its intermediaries subject themselves to this continual learning, is

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one which recognizes how important trust is to the public when they engage with the insurance industry. The IA therefore considers that compulsory training in “Ethics or Regulations” topics is indispensable for reinforcing the good reputation of the insurance industry and the vital foundation of trust on which it is built, and believes that a minimum requirement of 3 hours of training on such topics is appropriate.

43. Besides compliance with the IO and regulatory requirements set by the IA, insurance intermediaries are reminded of their responsibilities to comply with other relevant legal/regulatory requirements when carrying on regulated activities, e.g. the Prevention of Bribery Ordinance and Personal Data (Privacy) Ordinance. We therefore also consider it appropriate that, as part of the individual licensee’s compliance with the compulsory topics of “Ethics or Regulations”, the contents of the compulsory topic must relate to “ethics” and/or “regulations” which includes content concerning relevant legal/regulatory requirements that is related to the work of insurance intermediaries.

44. In view of the relatively simple nature of travel insurance policies and relatively low level of premiums for these types of policies, the need for technical representatives (agent), who are engaging in restricted scope travel business only, to compulsorily attend training in ethics and regulations is not imminent.

Q7. Do you agree that the assessment period should run from 1 August of the relevant year and end on 31 July of the following year?

Feedback received

45. A majority of respondents supported the proposed assessment period, i.e. from 1 August to 31 July. A few respondents suggested that the assessment period be aligned with that set out by other financial regulators, e.g. the Securities and Futures Commission and the Mandatory Provident Fund Schemes Authority (i.e. from 1 January to 31 December).

IA’s response

46. Currently, three different CPD assessment periods are adopted by the three SROs. During the industry consultation, there was general consensus to adopt the assessment period currently used by the IARB in view of the fact that 90% of insurance intermediaries are individual insurance agents or technical representatives registered with the IARB. However, the IA acknowledges that a convenient transitioning mechanism to the new CPD assessment period is needed for members of the other two SROs, particularly members of CIB whose CPD assessment period ends on the 31 December of each year. In view of this,

the IA will extend the transitional period by one more year to 31 July 2021 in order to allow individual licensees sufficient time to adapt to the new regime. Accordingly, the new increased CPD hour requirements will come into effect on 1 August 2021 (on the basis that the IA will take over regulation of insurance intermediaries from the SROs on 23 September 2019). The CPD Guideline is revised to reflect this. It also contains details of the minimum number of CPD hours individual licensees currently registered with each SRO are required to attain during the transitional period.

Q8. Do you agree that the proposed relaxations for individual licensees who are deemed licensees are appropriate?

Feedback received

47. A majority of respondents supported exempting deemed licensees (and also certain former insurance intermediaries¹²) from the new minimum education requirements for individual licensees. A few respondents disagreed with such exemption and expressed concerns about the ability of exempt licensees in carrying on regulated activities competently as they might not attain the required education standard.

48. In respect of the condition¹³ of the exemption that the insurance intermediary concerned should not have ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years or more, there was a suggestion to extend the two-year period (say, for one more year), thereby allowing more flexibility in the eligibility criteria for the exemption.

49. A majority of respondents also supported exempting responsible officers of insurance agencies, chief executives of insurance brokers and technical representatives with 15 years of industry experience from the new education requirements for responsible officers. A minority of respondents opposed such exemptions and considered that responsible officers should attain a bachelor degree. Of those who supported the exemption for experienced technical representatives, a few respondents suggested lowering the

¹² Besides deemed licensees, the exemption also applies to an individual who was registered with any SRO as an insurance intermediary at any time within a 2 year-period before the commencement date of the new regulatory regime for insurance intermediaries (i.e. 23 September 2019). To qualify for the exemption, the insurance intermediaries concerned must not cease to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years or more, and apply for an insurance intermediary licence within the 3 year transitional period as defined in section 8 of Schedule 11 to the IO.

¹³ See footnote 12.

exemption threshold for years of industry experience from 15 to 10 due to concerns about shortage of experienced insurance intermediaries.

IA's response

Minimum education standard for individual licensees

50. There are currently more than 100,000 individual insurance intermediaries, providing a wide range of insurance services to policy holders and potential policy holders. In addition to promoting, selling and advising on insurance products, insurance intermediaries also play a key role in providing various after-sale services, such as assisting in claims application, performing regular policy review and arranging renewal of insurance policies. We are pleased to note that a majority of respondents considered it appropriate to allow the proposed exemptions to facilitate a smooth transition to the new regime and to minimize any disturbance the new education requirements may create to the services provided by existing insurance intermediaries to their clients.

51. The inclusion of a two-year timeframe in the eligibility criteria for the exemption is modelled on the long-established grandfathering arrangement under the current regime. Many insurance intermediaries are familiar with such arrangement. We therefore consider it appropriate to keep the two-year timeframe unchanged.

Minimum education standard for responsible officers

52. The proposed exemptions on education requirements for responsible officers also aims at facilitating continuous operations of licensed insurance agencies and licensed insurance broker companies and minimizing disruption to policy holders. The proposal to exempt experienced technical representatives was initially suggested to the IA during the industry consultation. The insurance industry generally welcomed the proposal.

53. Based on the information provided by the SROs, it is estimated that at least 20% of existing individual insurance intermediaries possess more than 15 years' of industry experience and are thereby eligible for the exemption. We therefore believe that there will be a large number of experienced technical representatives to be eligible for the exemption.

54. We would like to take this opportunity to clarify the scope of the exemption of the new education requirements for responsible officers.

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Persons exempt from the education requirements for responsible officers of licensed insurance agencies	<ul style="list-style-type: none">• Former and existing responsible officers registered with IARB; or• Former and existing individual agents or technical representatives registered with IARB with at least 15 years' industry experience as of the commencement date
Persons exempt from the education requirements for responsible officers of licensed insurance broker companies	<ul style="list-style-type: none">• Former and existing chief executives registered with CIB or PIBA; or• Former and existing technical representatives registered with CIB or PIBA with at least 15 years' industry experience as of the commencement date

Q9. Do you agree that the proposed transitional CPD requirements for individual licensees who are deemed licensees are appropriate?

Feedback received

55. A majority of respondents supported the proposed transitional period of one year for deemed licensees. Several respondents, including the two approved bodies of insurance brokers, suggested lengthening the transitional period. Other suggestions included a phased increase in the minimum number of CPD hours.

IA's response

56. As explained in paragraph 46 above, the IA considers it appropriate to extend the transitional period to enable existing insurance intermediaries and their appointing principals (i.e. insurers, licensed insurance agencies and licensed insurance broker companies) more time to prepare for the new increased CPD hour requirements - 15 CPD hours including 3 CPD hours on "Ethics or Regulations" topics. Taking into account the feedback received, it is considered appropriate to extend the transitional period by one more year (with the new increased CPD hour requirements commencing on 1 August 2021). In addition, we have decided to postpone the effective date of the new increased CPD hour requirements for new recruits (individual licensees who are newly licensed after the commencement of the new regime) which will assist their appointing principals to establish the required controls and procedures to monitor their appointed individual licensee's compliance with the new increased CPD hour requirements.

57. Hence, during the entire transitional period (from 23 September 2019 to 31 July 2021), the minimum number of CPD hours to be acquired by all individual licensees will remain at 10 CPD hours per year and the attendance of "Ethics or Regulations" courses will not be

compulsory. For the assessment period from 23 September 2019 to 31 July 2020, the actual minimum number of CPD hours to be reported to the IA is set by taking into account the CPD cut-off date¹⁴ adopted by the relevant SRO or the individual licensee's first registration date with the relevant SRO (as the case may be) as set out in Annex 3 to the CPD Guideline. The new increased CPD hour requirements of 15 CPD hours (including 3 CPD hours on "Ethics or Regulations" topics) will take effect on 1 August 2021. The CPD Guideline has been amended accordingly.

58. In light of the extended transitional period, we believe the existing insurance intermediaries can continue to comply with the existing CPD requirements without being hindered by the changeover from the self-regulatory regime to the new regulatory regime for insurance intermediaries.

Other Feedback

59. Enquiries relating to aspects of the proposed new requirements were made by some of the respondents in their feedback to the IA. Also, some respondents suggested further refinements be made to the F&P Guideline and CPD Guideline. This feedback and our response thereto is summarized in the following paragraphs and in the tables below.

Feedback received - Application of the F&P Guideline to Controllers, Directors, Partners and Persons concerned in the management of regulated activities; and general drafting comments

60. Several respondents commented on a lack of clarity about which parts of the F&P Guideline were supposed to apply to persons concerned in the management of regulated activities carried on by a licensed insurance agency/licensed insurance broker company. Similar comments were made in relation to controllers, partners and directors of licensed insurance agencies/licensed insurance broker companies. Certain respondents also provided feedback on the specific drafting and wording used in certain elements of the F&P Guideline. These comments included the fact that it may not be necessary to set out all the legal definitions which have already appeared in the IO, in the F&P Guideline itself.

¹⁴ The last CPD cut-off date for IARB, PIBA and CIB is 31 July 2019, 30 June 2019 and 31 December 2018 respectively.

IA's response

61. We appreciate the comments made on the drafting of the F&P Guideline and the request for further clarity on certain aspects of it. This assists the IA in assessing its comprehension to users, which is an important consideration.
62. One of the principal purposes of the F&P Guideline is to provide clarity on certain of the criteria and matters which persons applying for or renewing a licence as a licensed insurance intermediary under the IO need to address in order for the IA to be satisfied of their fitness and properness in order for the licence to be granted or renewed (being, of course, criteria and matters which such persons should also meet on an ongoing basis for the duration of the licence). In the case of licensed insurance agencies and licensed insurance broker companies, this would include satisfying the IA of the fitness and properness of the agency's/broker company's controllers, partners and directors (as well as any responsible officer). As such, although controllers, partners and directors are not the licensed persons themselves, they are still within the scope of the F&P Guideline and certain criteria and matters in the F&P Guideline would apply to them.
63. Not all criteria and matters in the F&P Guideline apply to controllers, partners and directors. Some criteria and matters would only apply to the person applying for or renewing the licence (i.e. the person who is or is applying to be a licensed insurance intermediary), or the person who is or is applying to be a responsible officer. Other criteria and matters apply to all persons (including the controllers, partners and directors) – principally those criteria and matters relating to competency and fairness; reputation, character, reliability, honesty and integrity; and financial status or solvency. We have made drafting amendments to the F&P Guideline to provide clarity in this respect.
64. As regards “persons concerned in the management of regulated activities”, the position is as follows. “Persons concerned in the management of regulated activities” are not specifically named in the IO (unlike controllers, partners and directors) as persons whose fitness and properness the IA must be satisfied of, in order to grant or renew the licence of a licensed insurance agency or licensed insurance broker company (unless, of course, such person does happen to be a controller, director or partner in the agency or broker company, as the case may be). Rather, “persons concerned in the management of regulated activities” are referenced in the IO within the ambit of the IA’s disciplinary powers. Under section 80 of the IO, a “regulated person” is defined to include a licensed insurance intermediary, a responsible officer and “a person concerned in the management of the regulated activities” carried on by a licensed insurance agency or a licensed

insurance broker company. Under section 81(1)(c) of the IO, the IA may exercise disciplinary powers against a regulated person if the IA is of the opinion that, at the time when the person is or was a regulated person, the person is or was not a fit and proper person or is or was guilty of misconduct.

65. Given that this F&P Guideline is principally aimed at the licensing process, to avoid confusion, we have excised references to “persons concerned in the management of regulated activities” from the F&P Guideline. With regards to “persons concerned in the management of regulated activities”, the IA will (as the IO provides) consider the fitness and properness of “persons concerned in the management of regulated activities” in the context of disciplinary matters and the question of whether such persons are fit and proper (per section 81(c) of the IO). The criteria and matters applicable to that consideration will depend on the context and circumstances of the disciplinary matter in question. Indeed, section 81(6) of the IO provides that “The Authority, in forming an opinion for subsection [81](1)(c), may, among other matters (including those specified in section 64ZZA), take into account the present or past conduct of the person.” As such, even though “persons concerned in the management of regulated activities” are not referenced in the F&P Guideline, should it be the case (for example) that matters relating to competency, honesty and integrity (which are referenced in the F&P Guideline) are relevant in the context of a disciplinary matter before the IA concerning the fitness and properness of “a person concerned in the management of regulated activities”, nothing precludes the IA from taking such matters (or any other matters) into account to the extent they are relevant.

66. The removal of the reference to “persons concerned in the management of regulated activities”, enables the drafting of the F&P Guideline to be simplified, in particular enabling certain defined terms in the IO which include such persons, to be omitted from the F&P Guideline. Indeed, on the back of the observation in the feedback indicating the possibility of omitting terms which are already defined in the IO, we have considerably reduced the “interpretation” section.

67. To provide further clarity, we have also amended Sections 3 and 4 of F&P Guideline. Section 3 now specifies clearly exactly to whom the F&P Guideline applies and the matters in the IO to which fit and proper requirements relate for such persons. Section 4 then sets out the fit and proper requirements as stated in the IO in section 64ZZA, and clearly contextualizes the criteria and matters in the F&P Guideline to section 64ZZA.

68. The objective of these changes is to enhance the clarity and comprehension of the F&P Guideline in respect of the feedback received.

Feedback received - Unresolved Criminal Charges, Being the Subject of Investigation

69. Certain respondents raised issues regarding the criteria in paragraph 5.8(d) of the F&P Guideline in relation to “unresolved criminal charges” and paragraph 5.8(g) in relation to being the subject of investigation conducted by any regulatory authority or law enforcement agency, inferring that these criteria should not be considered on the basis that they violate the guarantee to the presumption of innocence provided under Article 11(1) of the Hong Kong Bill of Rights.

IA’s response

70. By including the criteria in paragraph 5.8(d) or 5.8(g) in the F&P Guideline the IA does not, would not and cannot whittle down the presumption of innocence under criminal law. Indeed, in the context of the F&P Guideline, the IA takes account of this information not in the context of any criminal law matter, but in the context of assessing an applicant’s fitness and properness for licensing purposes under the IO, particularly on the issue of reputation, character, reliability, honesty and integrity. As denoted by the F&P Guideline, there are number of factors the IA would take into account in assessing a person’s fitness and properness (and, as the F&P Guideline makes clear, those matters stated therein are not exhaustive). The IA would look at all the relevant factors and would not look at each criterion or matter solely in isolation, as the aim is to form a complete view of the applicant’s fitness and properness. If the person is the subject of a relevant unresolved criminal charge or is the subject of an investigation and/or disciplinary action at the time of licensing, not to include this as one of the factors in the evaluation may be an obvious omission and thereby undermine the integrity of the licensing regime the purpose of which is to protect policy holders and potential policy holders. However, the IA will handle these matters with sensitivity. The weight given to the fact of any charge or investigation in the IA’s evaluation would of necessity be less than the weight that would be given to a conviction, precisely because of the presumption of innocence. Any further explanation or information the person wishes (and is able) to provide on the matter may also be factored in and will help determine whether past convictions or disciplinary actions against the person are relevant.

71. As such, we propose to keep criteria in paragraphs 5.8(d) and 5.8(g) (which, we also note are criteria included by other regulators in their fitness and properness considerations). However, we have made certain drafting amendments to the proposed clauses to tighten up the wording and provide enhanced clarity.

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Feedback received– Dismissal from any office or employment

72. Certain respondents also raised issues with the criteria in paragraph 5.8(h) of the draft F&P Guideline which, on the issue of reputation, character, reliability and integrity, asked whether an individual concerned “has been dismissed from any office or employment or refused entry to any profession in Hong Kong or elsewhere”. One respondent questioned the relevance of this criteria. Another respondent suggested adding the phrase “for negligence, incompetence or mismanagement”.

IA’s response

73. If a person has been dismissed or has requested to resign from any office or employment due to misconduct, negligence, incompetence or mismanagement, then this is a relevant consideration in assessing a person’s fitness and properness. As such, the IA intends to keep paragraph 5.8(h) but to re-word it in order to provide clarity of intention.

Other feedback and the IA’s responses on the F&P Guideline

Issue	Feedback received	IA’s response
Minimum education requirements for individual licensees	(a) It was suggested to accept education standard of Form 5 for persons aged over 40. (b) It was suggested to accept a diploma granted by an institution other than a degree-awarding higher education institution and a diploma in subjects not specified in the F&P Guideline. (c) It was suggested to accept other insurance qualifications. (d) Clarification was sought with respect to the IA’s assessment criteria for accepting a qualification not specified in the F&P Guideline (e.g. the number	Individual licensees should attain adequate education to ensure their competence in carrying on regulated activities. The existing requirement (i.e. completion of Form 5) is considered no longer appropriate (see further discussion above on this issue). The academic and qualification requirements specified in the F&P Guideline are not exhaustive. The IA may accept a qualification not specified in the F&P Guideline. For an applicant who does not possess a specified qualification but believes that his academic qualifications are comparable, he/she may provide the relevant information to the IA for assessment. The IA will consider each application on a case-by-case basis by taking into account, inter alia, the relevant course,

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Issue	Feedback received	IA's response
	<p>of learning hours and the minimum entrance requirement).</p> <p>(e) Clarification was sought with respect to an education qualification obtained abroad or in the Mainland.</p>	<p>examination requirements and results of qualifications assessment given by recognized accreditation authorities.</p> <p>A list of acceptable qualifications will be published on the IA's website for reference. The IA will keep constant review of the list.</p>
Assessment of fit and proper criteria	One respondent commented that based on article 33 of the Basic Law the fit and proper criteria must be assessed with reference to the role to be performed by the applicant, the relevance of the incident, circumstances of the incident etc.	Whilst the IA would inherently take these factors into account, we have inserted wording to this effect. For consistency we have used the exact same wording as the wording used in the Guideline on "Fit and Proper" Criteria under the Insurance Ordinance (Cap. 41) (GL4) which applies to authorized insurers. (Paragraph 4.6 of the F&P Guideline.)
Competence requirements for insurance agencies and insurance broker companies	Clarification was sought in respect of an insurer's due diligence on its appointed insurance agencies prior to the appointment and thereafter.	Given the effect of section 68 of the IO regarding insurers' liability for their appointed agents (which would include their appointed agencies), it is in the interests of insurers to perform sufficient due diligence on their agents before appointment and at appropriate intervals thereafter to mitigate their liability and regulatory risk exposure.
	Clarification was sought in respect of the requirement for the submission of a feasible business plan to the IA.	By feasible business plan we mean allowing compliance by the business entity with its ongoing requirement to be fit and proper including having adequate resources to carry on regulated activities, having sufficient responsible officers and licensed staff carrying on regulated activities for the relevant line(s) of business.

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Issue	Feedback received	IA's response
Assessment criteria for reputation, character, reliability and integrity	Clarification was sought in respect of the onus of applicants to satisfy the IA that they are fit and proper persons to carry on regulated activities.	<p>We have amended the F&P Guideline in light of concerns about the use of the word onus. However, we wish to highlight that the IO (which the IA is also bound by) specifically stipulates that the IA must not grant a license, approval or renewal, unless it is satisfied that the relevant person(s) is "fit and proper". (The person(s) concerned therefore needs to provide requisite fitness and properness information in order for the IA to be so satisfied.)</p> <p>Further, in the context of disciplinary action, in forming an opinion on fitness and properness, the IA, may, among other matters (including those specified in section 64ZZA of the IO), take into account the present or past conduct of the person. Obviously, the person(s) concerned must respond if it wishes to allay concerns raised by the IA.</p>
Relaxations for existing responsible officers of insurance agencies and chief executives of insurance brokers	It was suggested that a responsible officer/chief executive who is exempt from the new academic requirements should be required to attain the relevant education or professional standard within 3 years after the commencement of the new regime.	<p>The relaxation aims at minimizing the impact on the operations of existing insurance agencies and insurance broker companies.</p> <p>Responsible officers are expected to be able to fulfil the requirements set out by their appointing insurance agencies or insurance broker companies. The IA shall follow up with the agencies or broker companies if there are concerns about the competence of their responsible officers.</p>
Others	It was suggested to effect the new education requirements for individual licensees and responsible officers later.	It is considered appropriate to effect the new requirements immediately upon commencement of new regulatory regime for

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Issue	Feedback received	IA's response
		insurance intermediaries. Please refer to the justifications for enhancing the requirements in these consultation conclusions.
	Clarification was sought with respect to the exemption of the Insurance Intermediaries Qualifying Examination ("IIQE") requirements for existing insurance intermediaries who were already practicing in the insurance intermediary business in Hong Kong before 1 January 2000.	The exemption continues to be valid under the new regime for insurance intermediaries if the insurance intermediary concerned has not ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years.
	It was suggested to set out a roadmap to review and revamp IIQE.	The suggestion is duly noted. The IA has kept a constant review of the relevant syllabuses and study notes to ensure the examination requirements are appropriate.
	Clarification was sought with respect to the right of appeal under the IO in the event that the IA refuses an application due to a failure to satisfy fit and proper requirements.	Under the IO, the IA's decision to refuse an application for an insurance intermediary licence is a "specified decision" and therefore the affected person may apply to the Insurance Appeals Tribunal for a review of the decision.
	Clarification was sought with respect to de-registration of insurance intermediaries by SROs due to non-disciplinary ground (e.g. absence of authentication document for academic qualification).	Comment cannot be made on individual cases. However, generally there is nothing to prevent applications for licensing being made by former insurance intermediaries. These will be considered like any other applications and the IA will request the applicants concerned to provide the relevant information for consideration.
	There were suggestions about release of more information about the new regulatory	The IA has published information about the new regime on its website and will announce the

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Issue	Feedback received	IA's response
	regime (e.g. arrangement for deemed licensees to submit applications).	application procedures for deemed licensees in due course.
	There were suggestions about enhancement of regulations on various conduct issues.	The IA will from time to time review the conduct requirements for licensed insurance intermediaries for protection of the interests of policy holders and potential policy holders.
	There were suggestions that there should be a separate fit and proper guideline for brokers and agents.	The F&P Guideline provides further “meat on the bones” of the fit and proper matters in section 64ZZA of the IO which the IA must take into account in respect of both brokers and agents. Keeping with this format, for fit and proper matters, this F&P Guideline applies to both brokers and agents. As will be seen from the consultation on the two Codes of Conduct, the IA fully recognizes the differences between brokers and agents and is tailoring the new regulatory regime to the differences between the two.
	Clarification was sought as to whether the IA would, before it decides to reject an application for, or impose or amend conditions on, a licence under section 64ZZB of the IO, disclose all the information and considerations the IA has made to an applicant so that the applicant has the opportunity to make representations as to why the application should not be rejected or why the condition should not be imposed or amended.	Section 64ZZB sets out the statutory procedural requirements for rejecting an application or imposing or amending conditions. There are also common law rules of procedural fairness.

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Other feedback and the IA’s responses on the CPD Guideline

Issue	Feedback received	IA’s response
Minimum CPD hours	There was a suggestion to allow individual licensees to carry forward up to 5 CPD hours to the next assessment year.	It is considered desirable to keep the current practice of not allowing CPD hours to be carried forward to keep the CPD regime simple. Rather than take up this suggestion, the better approach, we believe, is to introduce flexibility into the medium by which CPD courses may be delivered. Hence the recognition of E-learning Activities for up to 5 hours (deliverable in 30 min sessions) is adopted.
Responsibilities of principals	Clarification was sought with respect to the responsibilities of principals to arrange CPD activities for their appointed insurance agents or technical representatives, and to ensure the appointees’ compliance with the CPD requirements.	To comply with the CPD Guideline, principals may provide adequate CPD courses and/or sufficient information on the relevant courses to their appointed insurance agents or technical representatives to facilitate their compliance with CPD requirements. Principals are required to establish adequate controls and procedures for checking and monitoring their appointees’ compliance with the CPD requirements.
Compulsory CPD hours on “Ethics or Regulations” topics	There were suggestions to include additional topics under “Ethics or Regulations”, such as: (i) medical knowledge and finance; and (ii) anti-discrimination Ordinances.	(i) Courses on medical knowledge and finance already fall within the scope of Qualified CPD Activities; and (ii) The IA has decided to make a minor refinement to the CPD Guideline to make sure that all legal/regulatory requirements directly relating to the work of insurance intermediaries will fall within the scope of “Regulations”.
Consequences of non-compliance	There was an enquiry about whether disciplinary action	The IA will take reference from the current self-regulatory regime for

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Issue	Feedback received	IA's response
	would be taken by the IA for non-compliance with the CPD requirements.	insurance intermediaries and take into account all the relevant circumstances before deciding what actions (disciplinary or otherwise) would be taken.
Quality, Availability and Appropriateness of CPD Activities	Some respondents expressed doubts as to whether CPD courses can enhance professionalism and they expressed concerns over the quality, availability and appropriateness of the CPD courses. Some opined that on-the-job training is more effective in improving the technical and regulatory knowledge of individual licensees. Some respondents have made some practical suggestions as to how the IA could improve the quality of the CPD activities.	<p>Continual learning is a necessity for any insurance intermediaries and a necessary life-skill. For example, CPD training helps promote and enhance regulatory, product and/or market knowledge which are otherwise not available on the job. With the availability of on-line CPD courses, individual licensees can easily attend courses to comply with their CPD requirements. While we appreciate that on-the-job practical training is essential, CPD training is widely encouraged (and indeed often mandated) by regulators internationally and is a valuable means to deliver knowledge that can be deployed "on the job".</p> <p>The comment on quality CPD courses is noted. In this respect, the IA looks forward to continuously working with the industry and the CPD Assessment Authority.</p>
List of CPD Providers for Type 7 Qualified CPD Activities	A respondent suggested that the IA publish the specific criteria for industry bodies to be recognized as CPD providers of the Type 7 Qualified CPD Activities.	We would like to clarify that Type 7 Qualified CPD Activities were originally designed to cater for CPD activities organized by local financial regulators (i.e. the IA and the other local financial regulators), independent statutory or law enforcement bodies (such as Independent Commission Against Corruption, Equal Opportunities Commission and Privacy Commissioner for Personal Data). Type 7 Qualified CPD Activities were not intended to be provided by the industry or professional bodies.

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Issue	Feedback received	IA's response
		<p>However, we extended this category to include CPD activities organized by the three outgoing SROs, namely IARB, CIB and PIBA because of their former regulatory functions.</p> <p>We therefore take this opportunity to modify the description of Type 7 Qualified CPD Activities to be: "CPD Activities Organized by the IA/Financial Regulators/Law Enforcement Agencies/Independent Statutory Bodies/Former Self-Regulatory Organizations".</p>
Industry Conferences	Some respondents suggested that participation in insurance industry conferences should be awarded CPD hours.	In general, provided that the industry conferences in question fulfill the relevant criteria set out in the CPD Guideline (including to be approved and assessed by the CPD Assessment Authority) the conferences (will be treated as other similar training courses and seminars) may be accepted as Type 1 Qualified CPD Activities under the CPD Guideline.
Qualification Framework ("QF") Credits	Some respondents recommended a higher conversion rate for each QF credit, namely 10 CPD hours per QF credit for QF Accredited Insurance Programmes and Other QF Accredited Programmes, instead of 5 CPD hours per QF credit as the IA proposed. This recommendation relates to Type 3 and Type 4 Qualified CPD Activities respectively. The respondents justified their recommendation on the basis that all QF accredited programmes must go through a robust quality assurance	<p>We have considered this recommendation carefully but do not intend to raise the conversion rate any further at this point in time. Our proposed conversion rate (namely 5 CPD hours per QF credit) is already higher than the current rate (10 CPD hours per 3 QF credits).</p> <p>Moreover, one QF credit under the QF regime consists of 10 notional hours which may include hours of non-structured activities such as self-study which the IA would not otherwise recognize as a qualified CPD activity. It would also be inconsistent in approach for the IA</p>

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Issue	Feedback received	IA's response
	mechanism and under the QF, one QF credit is equivalent to 10 notional learning hours.	to recognize non-structured activities for some types of Qualified CPD Activities but not others.
Fast Track Assessment Services	A respondent proposed that a fast track assessment service should be offered by the CPD Assessment Authority for in-house CPD courses organized by insurance companies. The respondent argued that a fast track assessment service could increase the supply of relevant CPD activities and help cut down the cost for SME insurance intermediaries.	The CPD Assessment Authority has in fact introduced a new express service in November 2018. The express processing time is significantly shortened from the usual 4 weeks to 10 working days. The express service is available at an additional fee to CPD providers with one year of track record and currently offering 2 or more approved CPD activities.
Product Training and Technical Subjects	Some respondents enquired whether product training by insurance companies of their staff can be accepted as a Qualified CPD Activity. They argued that technical knowledge (including product knowledge) is essential for insurance intermediaries to carry on regulated activities competently.	Both "product knowledge" and "technical subjects" knowledge (such as engineering, medical knowledge and health science) have been specifically listed as recognized topics for Qualified CPD Activities (please see items (c) and (i) in Schedule I of Annex 1 to the CPD Guideline). Product training is therefore an acceptable topic if it covers "product knowledge" and "technical subjects". However, topics relating to company-specific incentive schemes and promotional strategies will not qualify for CPD purposes.

74. Some feedback we received was outside the scope of this consultation. The IA may consider this feedback when formulating other regulatory proposals to which such feedback may be more relevant.

Conclusions and Next Steps

75. Having considered the feedback received, we consider it appropriate to adopt the proposals in the two draft Guidelines except for postponing the effective date for the new increased CPD hour requirements. Under the modified requirements, the increase in the minimum number of CPD hours per year from 10 to 15 and inclusion of compulsory 3 CPD hours on “Ethics or Regulations” topics will not take effect upon commencement of the new regime, rather they will take effect at the start of the CPD assessment period beginning on 1 August 2021.

76. Taking into account some of the feedback received, especially comments from the professional bodies, we have made modifications to the two draft Guidelines. Certain sections of the F&P Guideline (sections 2, 3 and 4) have been modified in order to provide enhanced clarity as to whom the F&P Guideline applies, in respect of which matters it applies and the context in which it applies. We have also refined the scope of the acceptable education qualifications for and the duration of the Qualified CPD Activities (i.e. a shorter minimum duration for E-learning Activities). Moreover, instead of listing out the acceptable insurance qualifications in the F&P Guideline, we consider it more appropriate to publish the information on the IA’s website to ensure the individual licensees are promptly informed of any changes in the future. The proposed list, which only slightly modifies the original draft, is attached at Annex E for reference only, and will be posted on the IA’s website after the formal publication of the F&P Guideline.

77. The final forms of the F&P Guideline and CPD Guideline are set out in Annex A and B respectively. Changes made to the original two draft Guidelines (i.e. the versions that were annexed to the Consultation Paper) are shown in marked up version in Annex C and D for reference. The two Guidelines will come into operation immediately upon commencement of the new regulatory regime for insurance intermediaries on 23 September 2019.

78. The IA would like to express its sincere gratitude to all respondents for their valuable feedback.

Market Conduct Division, Insurance Authority

July 2019

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Annex A

Final Form of Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries
under the Insurance Ordinance (Cap.41)

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

Insurance Authority

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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.

[DD MM YYYY]

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.

Consultation Conclusions on:

(1) Draft Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries and

(2) Draft Guideline on Continuing Professional Development for Licensed Insurance Intermediaries

Annex B

Final Form of Guideline on Continuing Professional Development For Licensed Insurance Intermediaries

**GUIDELINE ON
CONTINUING PROFESSIONAL
DEVELOPMENT
FOR LICENSED INSURANCE
INTERMEDIARIES**

Insurance Authority

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1. Introduction

- 1.1 This Guideline is issued pursuant to section 133 of the Insurance Ordinance (Cap. 41) (“the Ordinance”) to outline the continuing professional development (“CPD”) requirements for licensed insurance intermediaries.
- 1.2 Licensed insurance intermediaries are required to be fit and proper persons to carry on regulated activities. Licensed insurance intermediaries who are individuals should continuously update their technical and regulatory knowledge and refresh themselves on the ethical standards through CPD in order to ensure their professional competence in carrying on regulated activities.
- 1.3 This Guideline aims to provide general guidance for the following persons to comply with the CPD requirements.
 - (a) An individual licensee (as defined in paragraph 2.1);
 - (b) An authorized insurer which appoints a licensed individual insurance agent;
 - (c) A licensed insurance agency which appoints a licensed technical representative (agent); and
 - (d) A licensed insurance broker company which appoints a licensed technical representative (broker).
- 1.4 A failure to comply with any CPD requirements set out in this Guideline by a person listed above may adversely affect the fitness and properness of that person and may result in a disciplinary action to be taken by the Insurance Authority (“the IA”) against that person.
- 1.5 This Guideline should be read in conjunction with the relevant provisions of the Ordinance and any relevant rule, regulation, code and guideline made or issued under the Ordinance.

- 1.6 This Guideline is not intended to be exhaustive and 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.
- 1.7 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 specified:

- (a) “Assessment Period” means the period beginning on 1 August of a year and ending on 31 July of the following year (both days inclusive);
- (b) “commencement date” means the date on which section 74 of the Insurance Companies (Amendment) Ordinance 2015 comes into operation;
- (c) “individual licensee” means a licensed individual insurance agent, a licensed technical representative (agent) or a licensed technical representative (broker);
- (d) “principal” means:
 - (i) in relation to a licensed individual insurance agent, an authorized insurer which appoints the licensed individual insurance agent;
 - (ii) in relation to a licensed technical representative (agent), a licensed insurance agency which appoints the licensed technical representative (agent); and
 - (iii) in relation to a licensed technical representative (broker), a licensed insurance broker company which appoints the licensed technical representative (broker); and

(e) “Qualified CPD Activities” means activities which fulfil the requirements as specified in Annex 1.

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. CPD Requirements

Individual Licensees

3.1 Subject to paragraph 4.2 and the transitional arrangements as set out in Annex 3, individual licensees, except for licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business¹ only, are required to attend Qualified CPD Activities to earn not less than 15 CPD hours in each Assessment Period, including a minimum of 3 CPD hours related to a topic which falls under “Ethics or Regulations” as specified in Annex 1.

3.2 Subject to the transitional arrangements as set out in Annex 3, licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only are required to attend Qualified CPD Activities to earn not less than 3 CPD hours in each Assessment Period. They are not compulsorily required to attend Qualified CPD Activities related to a topic which falls under “Ethics or Regulations” as specified in Annex 1.

3.3 Subject to paragraph 4.2 and the transitional arrangements as set out in Annex 3, the CPD hour requirements for individual licensees who are newly licensed in an Assessment Period are set out in Annex 2.

3.4 Individual licensees should comply with the CPD requirements so long as they remain licensed even though their licences are under suspension (for instance, they are not appointed by any principal). Subject to the

¹ Under section 64ZZC(6) of the Ordinance, restricted scope travel business, in relation to a travel agent that is a licensed insurance agency—

- (a) means effecting a travel insurance policy that is tied to a tour, travel package, trip or other travel services arranged by the travel agent for its customers; and
- (b) does not include effecting an annual travel insurance policy.

discretion of the IA, concessions may be granted to individual licensees in special circumstances (such as prolonged illness) which preclude their attendance or completion of Qualified CPD Activities.

- 3.5 Only Qualified CPD Activities attended by individual licensees during the period they are licensed will count towards the total number of minimum CPD hour requirements specified in this Guideline.
- 3.6 Individual licensees should report to the IA the Qualified CPD Activities they have attended in each Assessment Period on a CPD Declaration Form in a format and manner prescribed by the IA no later than 2 months after the expiration of the relevant Assessment Period (i.e. by 30 September). Any CPD hours earned during an Assessment Period in excess of the total number of minimum CPD hours required for that Assessment Period cannot be carried forward and cannot be reported in the CPD Declaration Forms for subsequent Assessment Periods. Individual licensees should also inform their principal(s) of the Qualified CPD Activities reported to the IA by the same deadline.
- 3.7 Individual licensees are required to properly retain sufficient documentary evidence² in support of their attendance or completion of all the Qualified CPD Activities reported to the IA on their CPD Declaration Forms for a minimum of 3 years after the end of the relevant Assessment Period. They should promptly produce such evidence to the IA for compliance check upon request.

Principals

- 3.8 A principal should ensure that each individual licensee appointed by it complies with the CPD requirements applicable to the individual licensee. For the purpose of discharging such obligation, a principal may:
 - (a) arrange adequate Qualified CPD Activities for the individual licensees appointed by it;

² Documentary evidence may include the relevant record/certificate of attendance or graduation, report on examination results and coursework assessment.

- (b) provide adequate facilities such as computers to facilitate the individual licensees appointed by it to attend Qualified CPD Activities which are E-learning Activities (as defined in Annex 1);
- (c) provide sufficient information on Qualified CPD Activities to the individual licensees appointed by it to facilitate their compliance with applicable CPD requirements; or
- (d) liaise with professional bodies to organize Qualified CPD Activities for the individual licensees appointed by it.

3.9 A principal should have in place adequate controls and procedures to monitor and ensure compliance with applicable CPD requirements by the individual licensees appointed by it. In this respect, the principal should request, check and verify the documentary evidence in support of the CPD Declaration Forms submitted to the IA by individual licensees.

4. Commencement

4.1 This Guideline, save for paragraphs 3.1 and 3.3, shall take effect from 23 September 2019 (“Effective Date”).

4.2 The requirements in paragraphs 3.1 and 3.3 shall take effect from 1 August 2021.

[DD MM YYYY]

Qualified CPD Activities

Interpretation

1. In this Annex:

“CPD Assessment Authority” refers to the assessment authority as appointed by the IA, i.e. The Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ);

“E-learning Activities” refer to activities in the form of online courses;

“Structured Activities” refer to activities in the form of traditional lecture-based courses; and

“QF” refers to the Qualifications Framework maintained by the Secretary for Education under the Accreditation of Academic and Vocational Qualifications Ordinance (Cap. 592).

8 Types of Qualified CPD Activities

2. Individual licensees may fulfill the CPD requirements by participating in any of the Qualified CPD Activities as set out below:

Type 1: Approved CPD Activities;

Type 2: Degree Programmes;

Type 3: QF Accredited Insurance Programmes;

Type 4: Other QF Accredited Programmes;

Type 5: Studies for Attaining Specified Qualifications;

Type 6: Fulfilment of CPD Requirements of Specified Qualifications;

Type 7: CPD Activities Organized by the IA/Financial

Regulators/Law Enforcement Agencies/Independent

Statutory Bodies/Former Self-Regulatory Organizations

Industry Bodies; and

Type 8: CPD Activities Organized/Approved by Recognized

Professional Bodies for their CPD Programmes.

Ethics or Regulations

3. Individual licensees, except for licensed technical representatives (agent) licensed to carry on regulated activities in restricted scope travel business only, are required to attend Qualified CPD Activities to earn a minimum of 3 CPD hours related to a topic which falls under “Ethics or Regulations” as specified in this Annex in each Assessment Period (except for individual licensees who are newly licensed in an Assessment Period, the number of minimum CPD hours required for the relevant Assessment Period is set out in Annex 2). Qualified CPD Activities for earning CPD hours on “Ethics or Regulations” must:
 - (a) be assessed and approved by the CPD Assessment Authority as such (except for those activities which are recognized as Type 2, 3, 4, 5, 6, 7 or 8 Qualified CPD Activities which are dealt with in paragraph 4 of this Annex); and
 - (b) cover contents under either or both of the following:
 - (i) contents in relation to “Ethics” including but not limited to ethical principles concerning integrity, fairness, due care and diligence, good faith and objectivity, best interests of clients, accurate representation, disclosure of clear, accurate and relevant information to clients, conflict of interest, confidentiality of clients’ information, professional competence, etc. and the application of the relevant principles or concepts;
 - (ii) contents in relation to “Regulations” including but not limited to local legislations, rules, regulations, codes, guidelines, best practices, etc directly related to the work of insurance intermediaries, such as guidelines on conduct requirements for insurance intermediaries, protection of personal data, equal opportunities, corruption prevention and prevention of money laundering and terrorist financing.
4. If an individual licensee, as part of a Type 2, 3, 4, 5, 6, 7 or 8 Qualified CPD Activity, attends any activity covering contents relating to

“Ethics” or “Regulations” as set out above in a particular Assessment Period, the individual licensee can earn a corresponding number of compulsory CPD hours on “Ethics or Regulations” for every hour of participation in the activity for that particular Assessment Period.

Type 1: Approved CPD Activities

5. Subject to the requirements set out in paragraphs 30 and 31 below, Structured Activities, E-learning Activities or a combination of both relating to the topics set out in Schedule I to this Annex (other than those recognized as Type 2, 3, 4, 5, 6, 7 or 8 Qualified CPD Activities) can be recognized as Type 1 Qualified CPD Activities if the activities have been assessed and approved by the CPD Assessment Authority.
6. 1 CPD hour can be earned for each hour of participation in Type 1 Qualified CPD Activities. For the avoidance of doubt, each 30 minutes of participation at an E-learning Activity amounts to 0.5 CPD hour.
7. Type 1 Qualified CPD Activities must last for no less than an hour (for Structured Activities) or 30 minutes (for E-learning Activities).

Type 2: Degree Programmes

8. Studies for local or overseas bachelor degrees or postgraduate degrees in any disciplines relating to the topics set out in Schedule I to this Annex (“Degree Programmes”) can be recognized as Type 2 Qualified CPD Activities. Overseas bachelor degrees and postgraduate degrees can only be recognized as Type 2 Qualified CPD Activities if they are listed in the register of exempted courses and registered courses maintained by the Registrar of Non-local Higher and Professional Education Courses under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493).
9. Individual licensees can be considered to have satisfied the annual CPD requirements (except for the compulsory CPD hours on “Ethics or Regulations”³) if they undertake a Degree Programme recognized

³ If the contents of the Degree Programme also cover topics relating to “Ethics or Regulations”

as Type 2 Qualified CPD Activities during the Assessment Period.

10. For an individual licensee studying a Degree Programme with a study period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that Degree Programme.

Type 3: QF Accredited Insurance Programmes

11. Programmes accredited and categorized under the industry category of “Insurance” in the Qualifications Register⁴ of the QF (“QF Accredited Insurance Programmes”) can be recognized as Type 3 Qualified CPD Activities.
12. Individual licensees can earn 5 CPD hours in an Assessment Period for every 1 QF credit earned by participating in a Type 3 Qualified CPD Activity during the same Assessment Period.
13. For an individual licensee studying a programme with a study period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that programme.

Type 4: Other QF Accredited Programmes

14. Programmes accredited under QF but **NOT** categorized under the industry category of “Insurance” in the Qualifications Register⁴ of the QF (“Other QF Accredited Programmes”) can be recognized as Type 4 Qualified CPD Activities if:
 - (a) at least 50% of the course contents are related to the topics set out in Schedule II to this Annex; and

as set out in paragraph 3 of this Annex, individual licensee can still earn a corresponding number of compulsory CPD hours on “Ethics or Regulations” for every hour of participation (see paragraph 4 of this Annex).

⁴ “Qualifications Register” means the register established by the Secretary for Education under section 3(3) of the Accreditation of Academic and Vocational Qualifications Ordinance (Cap. 592).

- (b) they are approved by the CPD Assessment Authority after undergoing a vetting process.
15. Individual licensees can earn 5 CPD hours in an Assessment Period for every 1 QF credit earned by participating in a Type 4 Qualified CPD Activity during the same Assessment Period.
 16. For an individual licensee studying a programme with a study period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that programme.

Type 5: Studies for Attaining Specified Qualifications

17. Individual licensees can be considered to have satisfied the annual CPD requirements for the Assessment Period (except for the compulsory CPD hours on “Ethics or Regulations”⁵) if they undertake a study for attaining any of the qualifications specified in Schedule III to this Annex (“Specified Qualifications”) during that Assessment Period.
18. For an individual licensee undertaking a study for attaining a Specified Qualification with a period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that qualification. In order to be considered to have satisfied the annual CPD requirements for a particular Assessment Period, the individual licensee should have passed at least one examination paper of the Specified Qualification in that Assessment Period.

Type 6: Fulfilment of CPD Requirements of the Specified Qualifications

19. Individual licensees who are holders of any of the Specified Qualifications during an Assessment Period are considered to have satisfied the annual CPD requirements for the Assessment Period

⁵ If the contents of a Type 5 or Type 6 Qualified CPD Activity also cover topics relating to “Ethics or Regulations” as set out in paragraph 3 of this Annex, individual licensee can still earn a corresponding number of compulsory CPD hours on “Ethics or Regulations” for every hour of participation (see paragraph 4 of this Annex).

(except for the compulsory CPD hours on “Ethics or Regulations”⁴)
if:

- (a) they have satisfied the CPD (or similar) requirements imposed by the relevant institutes or professional bodies granting such Specified Qualifications for the Assessment Period; and
 - (b) the CPD (or similar) requirements in (a) should be no less than the annual CPD requirements as set out in paragraph 3.1 of this Guideline.
20. In order to be considered to have satisfied the annual CPD requirements for the Assessment Period, the individual licensee should be a holder of such qualification/title and compliance by the individual licensee with the CPD requirements imposed by the institute or professional body is an essential condition for holding such qualification/title.

Type 7: CPD Activities Organized by the IA/Financial Regulators/Law Enforcement Agencies/Independent Statutory Bodies/Former Self-Regulatory Organizations

21. CPD activities organized by the IA, the financial regulators, the law enforcement agencies, the independent statutory bodies or former self-regulatory organizations (being the industry bodies which, prior to the Effective Date of this Guideline, exercised regulatory functions in relation to insurance intermediaries in Hong Kong) as mentioned in Schedule IV to this Annex, or those activities approved or exempted by the IA, can be recognized as Type 7 Qualified CPD Activities provided that their contents are related to the list of topics set out in Schedule I to this Annex.
22. These activities are not required to be assessed and/or approved by the CPD Assessment Authority.
23. Subject to the requirements set out in paragraphs 30 and 31 below, these activities could be Structured Activities, E-learning Activities or a combination of both, as the case may be.

24. 1 CPD hour can be earned for each hour of participation in Type 7 Qualified CPD Activities. For the avoidance of doubt, each 30 minutes of participation at an E-learning Activity amounts to 0.5 CPD hour.
25. Type 7 Qualified CPD Activities must last for no less than an hour (for Structured Activities) or 30 minutes (for E-learning Activities).

Type 8: CPD Activities Organized/Approved by Recognized Professional Bodies for their CPD Programmes

26. CPD courses organized or formally approved by professional bodies which are established under an Ordinance of Hong Kong or those required to perform statutory duties under an Ordinance of Hong Kong, including but not limited to those mentioned in Schedule V to this Annex, for their own CPD (or similar) programmes can be recognized as Type 8 Qualified CPD Activities, provided that their contents are related to the list of topics set out in Schedule I to this Annex.
27. These activities are not required to be assessed and/or approved by the CPD Assessment Authority.
28. These activities could be Structured Activities, E-learning Activities or a combination of both, as the case may be.
29. 1 CPD hour can be earned for each hour of participation in Type 8 Qualified CPD Activities. For the avoidance of doubt, each 30 minutes of participation at an E-learning Activity amounts to 0.5 CPD hour.

E-Learning

30. Individual licensees cannot earn more than 5 CPD hours for each Assessment Period through participation in E-learning Activities recognized as Type 1 or 7 Qualified CPD Activities (in aggregate).

31. E-learning Activities can only be recognized as Type 1 or 7⁶ Qualified CPD Activities if the E-learning Activities:
- (a) have a proper login and identity-checking system to prevent abuse and unauthorized logins;
 - (b) provide continual verification and assessment elements;
 - (c) have a proper audit trail which keeps track of participants' login time, idle-time and activities undertaken; and
 - (d) can meet the other requirements applicable to E-learning Activities as specified by and posted on the IA's website.
32. The requirements set out in paragraphs 30 and 31 are not applicable to E-learning Activities which form part of Types 2, 3, 4, 5, 6 and 8 Qualified CPD Activities.

Speaker CPD Hours

33. An individual licensee who is a speaker at a Qualified CPD Activity can earn CPD hours based upon the actual length of time which he/she has taken part in the activity as a speaker at a rate of 3 CPD hours for each hour. For example, a speaker delivering a 2-hour lecture in a Qualified CPD Activity can generally earn 6 CPD hours.

⁶ The requirements set out in paragraph 31 for E-learning Activities are not applicable to those Type 7 Qualified CPD Activities offered by the Hong Kong Monetary Authority, Mandatory Provident Fund Schemes Authority and Securities and Futures Commission.

Schedule I

Topics for Qualified CPD Activities

- (a) Local insurance (or related) legislation;
- (b) Regulatory aspects of insurance practice in Hong Kong (including industry updates);
- (c) Insurance (including topics relating to product knowledge, policy provision, underwriting, policy administration, claims management, Insurtech, information technology or other technical knowledge related to insurance but excluding topics relating to company-specific incentive schemes and promotion strategy);
- (d) Actuarial science;
- (e) Risk management;
- (f) Financial planning;
- (g) Ethics;
- (h) Regulations;
- (i) Other disciplines which are directly related to the work of insurance intermediaries, such as investment, law and legal knowledge, finance, Fintech, business, commerce, management, technical subjects (such as engineering, medical knowledge and health science) or communication skills; or
- (j) Any other topics the IA may add from time to time⁷.

⁷ Any new topic to be added will be published on the IA's website.

Schedule II

Topics for Type 4 Qualified CPD Activities

1. Principles and Practice of Insurance
 - (a) Basic Principles of Insurance
 - (b) Claims Management
 - (c) Insurance Broking
 - (d) Policy Administration
 - (e) Reinsurance
 - (f) Risk Management
 - (g) Underwriting Management
2. Insurance Laws and Regulations
3. Life Insurance
 - (a) Annuity
 - (b) Investment-Linked Long Term Insurance
 - (c) Life and Disability Insurance
 - (d) Provident Fund (Mandatory) and Retirement Schemes
4. General Insurance
 - (a) Accident and Health Insurance
 - (b) Aviation Insurance
 - (c) Cargo Insurance
 - (d) Engineering Insurance
 - (e) Liability Insurance
 - (f) Marine Insurance
 - (g) Medical and Health Insurance
 - (h) Motor Insurance
 - (i) Property and Pecuniary Insurance
5. Ethical and Related Issues
 - (a) Anti-Money Laundering and Counter-Terrorist Financing
 - (b) Data Privacy
 - (c) Professional Ethics
6. Related Topics
 - (a) Accounting
 - (b) Actuarial Science
 - (c) Business Studies/Practice
 - (d) Commerce
 - (e) Communication
 - (f) Company and Contract Law
 - (g) Corporate Governance
 - (h) Customer Services
 - (i) Cybersecurity
 - (j) Economics
 - (k) Financial Planning
 - (l) Human Resources Management
 - (m) Information Technology
 - (n) Insurtech
 - (o) Investment
 - (p) Law and Legal Studies
 - (q) Marketing
 - (r) Organizational Behaviour and Management
 - (s) Quantitative Methods
 - (t) Statistics
 - (u) Strategic Management
7. Any other topics the IA may add from time to time⁸

⁸ Any new topic to be added will be published on the IA's website.

Schedule III

Specified Qualifications for Types 5 and 6 Qualified CPD Activities

- (a) Advanced Diploma in Insurance or Fellowship of the Chartered Insurance Institute (ACII/FCII)
- (b) Advanced Diploma in Financial Planning or Fellowship of the Personal Finance Society (APFS/FPFS)
- (c) Associate, Senior Associate or Fellow of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF (Assoc) / ANZIIF (Snr Assoc) / ANZIIF (Fellow))
- (d) Associate Financial Planner or Certified Financial Planner (AFP/CFP)
- (e) Chartered Financial Consultant (ChFC)
- (f) Chartered Life Underwriter (CLU)
- (g) Chartered Life Practitioner (ChLP)
- (h) Chartered Property Casualty Underwriter (CPCU)
- (i) Fellow Chartered Financial Practitioner (FChFP) of the Life Underwriters Association of Hong Kong
- (j) Fellow of the Institute and Faculty of Actuaries of the United Kingdom (FIA/FFA)
- (k) Fellow of the Institute of Actuaries of Australia (FIAA)
- (l) Fellow, Life Management Institute (FLMI)
- (m) Fellow of the Society of Actuaries of the United States of America (FSA)
- (n) Hong Kong Insurance Professional Qualification Examination (HKIPQE) of the Hong Kong Society of Certified Insurance Practitioners
- (o) Life Underwriter Training Council Fellow (LUTCF)
- (p) Professional Diploma in Insurance Programme (PDI) of the Vocational Training Council (VTC)
- (q) Postgraduate Diploma in Insurance in Risk Management (PgDIRM) of VTC
- (r) Any other professional qualifications the IA may add from time to time⁹

⁹ For any new qualification to be added as Types 5 and 6 Qualified CPD Activities, an application may be required to be assessed and approved by the CPD Assessment Authority. Any new qualification so added will be published on the IA's website.

Schedule IV

**Financial Regulators, Law Enforcement Agencies,
Independent Statutory Bodies or Former Self-Regulatory
Organizations for Type 7 Qualified CPD Activities¹⁰**

- (a) Hong Kong Monetary Authority (HKMA)
- (b) Mandatory Provident Fund Schemes Authority (MPFA)
- (c) Securities and Futures Commission (SFC)
- (d) Equal Opportunities Commission (EOC)
- (e) Independent Commission Against Corruption (ICAC)
- (f) Office of the Privacy Commissioner for Personal Data (PCPD)
- (g) The Hong Kong Federation of Insurers (HKFI)
- (h) The Hong Kong Confederation of Insurance Brokers (CIB)
- (i) Professional Insurance Brokers Association (PIBA)
- (j) Any other organizations the IA may add from time to time¹¹

¹⁰ Except for those activities offered by HKMA, MPFA or SFC, any other Type 7 Qualified CPD Activities are subject to prior administrative vetting by the IA.

¹¹ Any new organization to be added as a provider of Type 7 Qualified CPD Activities will be published on the IA's website.

Schedule V

**Examples of Recognized Professional Bodies for
Type 8 Qualified CPD Activities**

- (a) Hong Kong Academy of Medicine
- (b) The Hong Kong Institute of Architects
- (c) Hong Kong Institute of Certified Public Accountants
- (d) Hong Kong Institute of Chartered Secretaries
- (e) The Hong Kong Institute of Housing
- (f) The Hong Kong Institute of Landscape Architects
- (g) The Hong Kong Institute of Planners
- (h) The Hong Kong Institute of Surveyors
- (i) The Hong Kong Institution of Engineers
- (j) The Law Society of Hong Kong
- (k) The Medical Council of Hong Kong
- (l) The Nursing Council of Hong Kong

**CPD Requirements for Individual Licensees
Who Are Newly Licensed in an Assessment Period**

Note:

The CPD requirements set out in this Annex shall take effect from 1 August 2021.

In respect of individual licensees who are newly licensed in an Assessment Period, the minimum number of CPD hours applicable to them for that Assessment Period is set out below.

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	3
November, December and January	6	
February to July	0	0

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 CPD Hours
August to October	3
November, December and January	2
February to July	0

**Transitional CPD Arrangements for Individual Licensees
for the Period from 23 September 2019 to 31 July 2021**

(1) Individual licensees who were registered with a former self-regulatory organization (“former SRO”) immediately before the commencement date (i.e. 23 September 2019)

(1.1) The table below sets out the minimum number of CPD hours required for individual licensees (except for licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only) who were registered with a former SRO, i.e. the Insurance Agents Registration Board (“IARB”), The Hong Kong Confederation of Insurance Brokers (“CIB”) or Professional Insurance Brokers Association (“PIBA”) immediately before the commencement date:

Former SRO with which an Individual Licensee was registered immediately before the Commencement Date		Minimum Number of CPD Hours to be Reported to the IA <i>(Note 1)</i>	
		Assessment Period 23 September 2019 to 31 July 2020 <i>(Note 2)</i>	Assessment Period 1 August 2020 to 31 July 2021
IARB	Registered on or before 31 July 2019	10	10
	Registered between 1 August and 22 September 2019 (both days inclusive)	8	
PIBA	Registered on or before 30 June 2019	10	
	Registered between 1 July and 22 September 2019 (both days inclusive)	8	
CIB	Registered on or before 31 December 2018	15	
	Registered between 1 January and 31 May 2019 (both days inclusive)	12	
	Registered between 1 June and 22 September 2019 (both days inclusive)	8	

(1.2) The table below sets out the minimum number of CPD hours required for licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only and were registered with IARB immediately before the commencement date:

Former SRO with which an Individual Licensee was registered immediately before the Commencement Date	Minimum Number of CPD Hours to be Reported to the IA (Note 1)	
	Assessment Period 23 September 2019 to 31 July 2020	Assessment Period 1 August 2020 to 31 July 2021
IARB	3	3

(2) Individual licensees who are newly licensed by the IA between 23 September 2019 and 31 July 2020

(2.1) The table below sets out the minimum number of CPD hours required for individual licensees (other than licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only) who are newly licensed by the IA between 23 September 2019 and 31 July 2020 (both days inclusive):

Period in which Relevant Licence is Granted	Minimum Number of CPD Hours to be Reported to the IA	
	Assessment Period 23 September 2019 to 31 July 2020	Assessment Period 1 August 2020 to 31 July 2021
23 September to 31 October 2019	8	10
1 November 2019 to 31 January 2020	4	
1 February to 31 July 2020	0	

(2.2) The table below sets out the minimum number of CPD hours required for licensed technical representatives (agent) who are newly licensed by the IA between 23 September 2019 and 31 July 2020 (both days inclusive) to carry on regulated activities in restricted scope travel business only:

Period in which Relevant Licence is Granted	Minimum Number of CPD Hours to be Reported to the IA	
	Assessment Period 23 September 2019 to 31 July 2020	Assessment Period 1 August 2020 to 31 July 2021
23 September to 31 October 2019	3	3
1 November 2019 to 31 January 2020	2	
1 February to 31 July 2020	0	

(3) Individual licensees who are newly licensed by the IA between 1 August 2020 and 31 July 2021

The table below sets out the minimum number of CPD hours required for individual licensees who are newly licensed by the IA between 1 August 2020 and 31 July 2021 (both days inclusive):

Period in which Relevant Licence is Granted	Minimum Number of CPD Hours to be Reported to the IA for Assessment Period 1 August 2020 to 31 July 2021	
	Individual licensees (other than licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only)	Licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only
1 August to 31 October 2020	8	3
1 November 2020 to 31 January 2021	4	2
1 February to 31 July 2021	0	0

Points to Note:

Note 1:

Table 1.1 and Table 1.2 are prepared on the basis that the individual licensee concerned has fully complied with the CPD requirements as of the last CPD cut-off date of the respective former SRO with which he/she was registered immediately before the commencement date, with no outstanding CPD hours in the former SRO's records.

Note 2:

In respect of Table 1.1, for an individual licensee who was registered with a former SRO immediately before the commencement date, the minimum number of CPD hours required to be reported to the IA for the Assessment Period from 23 September 2019 to 31 July 2020 covers the CPD hours for the period from the date immediately after the last CPD cut-off date of the respective former SRO or the date of first registration with the former SRO (as the case may be) to 31 July 2020; and is set by taking into account the last CPD cut-off date adopted by that former SRO. The last CPD cut-off date for IARB, PIBA and CIB was 31 July 2019, 30 June 2019 and 31 December 2018 respectively.

Note 3:

During the Assessment Periods between 23 September 2019 and 31 July 2021, all licensed individuals are not subject to the requirement to earn compulsory CPD hours relating to a topic which falls under "Ethics or Regulations".

Consultation Conclusions on:

(1) Draft Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries and

(2) Draft Guideline on Continuing Professional Development for Licensed Insurance Intermediaries

Annex C

**Final Form of Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries
under the Insurance Ordinance (Cap.41) with Track Changes**

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

Insurance Authority

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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 propriety 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 ~~and do.~~ 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 ~~reserves~~ may from time to time amend the ~~right to review and update~~ whole or any part of this Guideline ~~from time to time as necessary.~~

2. Interpretation

2.1 ~~Unless otherwise specified, words and expressions used in this Guideline shall have the same meanings as given to them in the Ordinance.~~—In this Guideline, unless the context otherwise specifies:

~~(a) “controller” has the meaning given by section 64F of the Ordinance;~~

~~(b)(a) “firm 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~~

~~(e)(iii) a licensed technical representative (broker) (being an individual who has a licence referenced in paragraph 3.1(e));~~

~~(d) “licence” is defined in section 64F of the Ordinance and means:~~

~~(i) in relation to a licensed insurance agency, an insurance agency licence granted under section 64U or renewed under section 64ZV;—~~

~~(ii) in relation to a licensed individual insurance agent, an individual insurance agent licence granted under section 64W or renewed under section 64ZV;—~~

~~(iii) in relation to a licensed technical representative (agent), a technical representative (agent) licence granted under section 64Y or renewed under section 64ZV;—~~

~~(iv) in relation to a licensed insurance broker company, an insurance broker company licence granted under section 64ZA or renewed under section 64ZV; or—~~

~~(v) in relation to a licensed technical representative (broker), a technical representative (broker) licence granted under section 64ZC or renewed under section 64ZV;~~

- ~~(e) “licensed individual insurance agent” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64W;~~
- ~~(f) “licensed insurance agency” is defined in section 2(1) of the Ordinance and means a person who is granted a licence under section 64U;—~~
- ~~(g) “licensed insurance agent” is defined in section 2(1) of the Ordinance and means:~~
- ~~(i) a licensed insurance agency;—~~
 - ~~(ii) a licensed individual insurance agent; or—~~
 - ~~(iii) a licensed technical representative (agent);—~~
- ~~(h) “licensed insurance broker” is defined in section 2(1) of the Ordinance and means:~~
- ~~(i) a licensed insurance broker company; or—~~
 - ~~(ii) a licensed technical representative (broker);—~~
- ~~(i) “licensed insurance broker company” is defined in section 2(1) of the Ordinance and means a company which is granted a licence under section 64ZA;—~~
- ~~(j) “licensed insurance intermediary” is defined in section 2(1) of the Ordinance and means:—~~
- ~~(i) a licensed insurance agent; or—~~
 - ~~(ii) a licensed insurance broker;—~~
- ~~(k) “licensed technical representative (agent)” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64Y;~~

~~(l) “licensed technical representative (broker)” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64ZC;~~

~~(m) “regulated person” is defined in section 80(1) of the Ordinance and means:~~

~~(i) a licensed insurance intermediary;~~

~~(ii) a responsible officer of a licensed insurance agency;~~

~~(iii) a responsible officer of a licensed insurance broker company;~~

~~(iv) a person concerned in the management of the regulated activities carried on by a licensed insurance agency; or~~

~~(v) a person concerned in the management of the regulated activities carried on by a licensed insurance broker company; and~~

~~(n) “responsible officer” is defined in section 2(1) of the Ordinance and means:~~

~~(i) in relation to a licensed insurance agency, means an individual who is approved by the IA as a responsible officer of the agency under section 64ZE; or~~

~~(ii) in relation to a licensed insurance broker company, means an individual who is approved by the IA as a responsible officer of the company under section 64ZF.~~

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 ApplicationApplicability

Persons to whom this Guideline appliesApplication for Licence & Approval of Responsible Officer

3.1 This Guideline applies to Any persons 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, or renewal of such licence 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. must satisfy the IA that they are fit and proper persons to carry on regulated activities in the lines of business concerned.

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 applicantperson concerned; and must satisfy the IA that they are fit and proper persons under section 64U or 64ZA of the Ordinance (as the case may be).—

(b) to Aan individual proposed to be or who is a responsible officer of the applicantperson concerned under section 64ZE or 64ZF of the Ordinance (as the case may be). must also satisfy the IA that he/she is a fit and proper person to discharge his/her responsibilities as a responsible officer, of the applicant concerned.— The IA must not approve an individual as a responsible officer if the individual concerned is not fit and proper.

3.3— The IA must not grant or renew a licence if the applicant concerned or any of the persons mentioned in paragraph 3.2 are not fit and proper persons.

~~The onus is on the applicant to satisfy the IA that he/she/it is a fit and proper person to carry on regulated activities.~~

On-going Matters involving “Fit and Proper” Requirements

~~3.43.3 A licensed insurance intermediary and, where it is a licensed insurance agency or a licensed insurance broker company, its responsible officer(s), controller(s), partner(s) and director(s) (where applicable) should continue to be fit and proper. The onus is on the person to satisfy the IA that he/she/it is a fit and proper person to carry on, or to be associated with the carrying on of, regulated activities. 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).

~~3.5 Under section 81(1) of the Ordinance, the IA may exercise disciplinary powers against a person if the IA is of the opinion that, at the time when the person is or was a regulated person, the person is or was not a fit and proper person or is or was guilty of misconduct. Section 81 of the Ordinance also specifies certain circumstances under which the fitness and properness of a person may be impugned. The disciplinary powers available to the IA are provided in section 81(4) of the Ordinance which include:~~

~~(a) revocation or suspension of a licence;~~

~~(b) revocation or suspension of the approval granted to a responsible officer;~~

~~(c) prohibition from applying for a licence or being appointed as a responsible officer;~~

~~(d) public or private reprimand; and~~

~~(e) pecuniary penalty.~~

~~3.6 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. 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 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.~~

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;
 - (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

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.

(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.

~~(a) a person applying for a licence or renewal of a licence;~~

~~(b) a licensed insurance intermediary;~~

~~(c) the controller(s), partner(s) and director(s) (where applicable) of a firm which is, or is applying to be, a licensed insurance agency or a licensed insurance broker company; and~~

~~(d) a responsible officer or a proposed responsible officer of a firm which is, or is applying to be, a licensed insurance agency or a licensed insurance broker company.~~

~~4.3 In determining the fitness and properness of a person concerned in the management of the regulated activities carried on by a licensed insurance agency or a licensed insurance broker company, the IA may consider the matters listed in paragraph 4.1.~~

4.44.3 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.

4.54.4 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, ~~paragraphs~~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. ~~Notwithstanding that a person fails to meet any of the criteria or matters, the IA may nonetheless be satisfied that the person is fit and proper.~~

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 ~~The IA has the discretion to relax. Even if a person fails to meet any of the criteria and/or matters set out in paragraphs~~sections 5 and 6, ~~on a case-by-case basis, 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:~~

4.7 (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.

~~4.8 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.~~

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 ~~licensed as~~ 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 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;

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.

⁴ For English Language, Grade EC 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.

- (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 IA⁶;
 - (vii) an insurance qualification specified ~~in Annex 1~~ 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; ~~and~~ (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 21).

5.3 An applicant, who meets the conditions set out in paragraph 2 of Annex 32, is exempt from the education criteria set out in paragraph 5.2(a).

Responsible Officer

5.4 A proposed responsible officer of a ~~firm~~ 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 ~~in Annex 1~~ 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, ~~and~~.

(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 ~~A person~~An individual, who meets the conditions set out in paragraph 3 or 4 (as the case may be) of Annex ~~32~~, is exempt from the criteria set out in paragraph 5.4(a).

Ability to carry on a regulated activity competently, ~~honestly~~ 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

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.

impair his/her ability to carry on a regulated activity competently, ~~honestly~~ 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 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 ~~listed~~referenced in paragraph 4.23.1 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 ~~in Hong Kong;~~
- (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 ~~the subject of unresolved criminal charges or~~ 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) ~~has been~~ 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 or employment or refused entry to any profession or occupation in Hong Kong or elsewhere for misconduct, negligence, incompetence or mismanagement;
- (i) was a controller, director or partner of a ~~firm~~ 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 ~~firm~~ 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 ~~firm~~ business entity or towards any members thereof; or

- (k) has been, ~~in connection with the management of a firm in Hong Kong or elsewhere,~~ a controller, director or partner of ~~the firm,~~ 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 ~~the subject of unresolved criminal charges or~~ 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.

Financial status or solvency

Any Individual

- 5.9 In respect of any person ~~listed~~referenced in paragraph ~~4.23.1 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, he/she/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 ~~Firms~~Business Entities

Ability to carry on a regulated activity competently, ~~honestly~~ and fairly

Licensed Insurance Agency

Licensed Insurance Broker Company

6.1 A ~~firm~~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 ensure adequate supervision of 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~~ 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 ~~firm~~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 A licensed insurance agency or a licensed insurance broker company should appoint at least one responsible officer to supervise the carrying on of regulated activities and to ensure proper controls and procedures are in place for the purpose of compliance with the requirements under the Ordinance and other applicable regulatory requirements.~~

~~6.46.3~~ Under certain circumstances, ~~there should be 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.

~~6.56.4~~ The IA will assess the competence of a ~~firm~~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):

⁸ ~~For example, in~~In respect of a small-scale ~~firm~~business entity in terms of income derived from the carrying on of regulated activities, if the insurance service and products provided by the ~~firm~~business entity are relatively simple and there is a limited number of licensed technical representatives (agent)

- (a) Group companies and firmbusiness entities carrying on other business
 - (i) (if the firmbusiness 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 firmbusiness 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 firmbusiness entity has an adequate organizational structure with clear lines of responsibilities and authority;
 - (ii) whether the person(s) concerned in the management responsible for supervising the carrying on of ~~the~~ regulated activities ~~of the firm in the business entity's (proposed) lines of business are composed of individuals with~~ possesses an appropriate range of knowledge, skills and experience that allows ~~them~~ him/her to properly ~~supervise the carrying on of regulated activities in the firm's (proposed) lines of business~~ 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 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 firmbusiness entity has in place adequate and effective policies ~~and~~ procedures and controls concerning compliance with all laws, rules, regulations, codes, guidelines

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 6.54 and allow the firmbusiness entity to use simplified approaches or practices which are commensurate with its scale, to demonstrate its compliance with such requirements.

and other regulatory requirements relevant to the carrying on of regulated activities in its lines of business;

- (ii) whether the firmbusiness entity has identified key risks and has developed strategies to mitigate such risks;
- (iii) in the case of a firmbusiness 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—~~and~~, 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 firmbusiness 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

Any Firm

Licensed Insurance Agencies

Licensed Insurance Broker Companies

6.66.5 In respect of ~~any person listed in paragraph 4.2a~~ business entity which is ~~a firm~~, 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 assessment of the reputation, reliability and integrity of the firmbusiness entity include, but are not limited to, whether the firmbusiness 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 ~~in Hong Kong~~;

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.

- (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) ~~has been~~ 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 ~~a firm~~ 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 ~~firm~~ business entity concerned was a controller, director or partner or within one year after the ~~firm~~ business entity concerned ceased to be such a controller, director or partner;
- (f) has been, ~~in connection with the management of a firm in Hong Kong or elsewhere~~, a controller, director or partner of ~~the firm~~, 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 ~~firm~~ 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 ~~the subject of unresolved criminal charges or~~ 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 6.65 and 6.76 for a firm business entity, as applicable¹⁰.

Financial status or solvency

Any Firm Business Entity

6.76.6 In respect of any person listed/referenced in paragraph 4.23.1 or 3.2 which is a firm business entity, matters relevant to the IA's assessment of the financial status or solvency of the firm business entity include, but are not limited to, whether the firm 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.

Other relevant matters

Licensed Insurance Broker Company

6.86.7 ~~In respect of~~ 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

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.

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.

~~6.96.8~~ 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 ~~[DD MM 23 September 2019]~~.

[DD MM YYYY]

Insurance Qualifications

1. The insurance qualifications specified for the purpose of paragraphs 5.2 (individual licensee) and 5.4 (responsible officer) of this Guideline are in the table below.

—

Insurance Qualification	Individual Licensee	Responsible Officer
The Australian and New Zealand Institute of Insurance and Finance (Senior Associate) (ANZIIF Snr Assoc)	✓	--
The Australian and New Zealand Institute of Insurance and Finance (Fellow) (ANZIIF Fellow)	✓	✓
The Chartered Insurance Institute (Associate) (ACII)	✓	✓
The Chartered Insurance Institute (Fellow) (FCII)	✓	✓
Chartered Life Underwriter (CLU)	✓	✓
Chartered Property Casualty Underwriter (CPCU)	✓	✓
Hong Kong Diploma in Insurance Studies awarded by The Chartered Insurance Institute or the former Insurance Institute of Hong Kong	✓	--
The Institute of Actuaries of Australia (Fellow) (FIAA)	✓	✓
The Institute and Faculty of Actuaries of the United Kingdom (Fellow) (FIA/FFA)	✓	✓
Fellow, Life Management Institute (FLMI)	✓	--
The Society of Actuaries of the United States of America (Fellow) (FSA)	✓	✓

✓ - Acceptable

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:
- ~~Associate~~ Advanced Diploma in Insurance or ~~Fellow~~ 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 ~~of~~ by the Hong Kong Securities ~~and Investment~~ Institute (FPE);

- (viii) person who has passed the HKSI Diploma Programme Examination ~~of by~~ the Hong Kong Securities ~~and Investment~~ Institute (DPE);
 - (ix) HKSI Institute Practising Certificate ~~of by~~ the Hong Kong Securities and Investment Institute;
 - (x) HKSI Institute Specialist Certificate ~~of by~~ the Hong Kong Securities and Investment Institute;
 - (xi) HKSI Institute Professional Diploma in Financial Markets ~~of 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 ~~[the exact date will be inserted when known];~~ (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 ~~firm~~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 firm/business entity which is, is applying to be, or is applying for a renewal of a licence to be, a licensed insurance broker company.

Consultation Conclusions on:

(1) Draft Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries and

(2) Draft Guideline on Continuing Professional Development for Licensed Insurance Intermediaries

Annex D

Final Form of Guideline on Continuing Professional Development For Licensed Insurance Intermediaries with Track Changes

**GUIDELINE ON
CONTINUING PROFESSIONAL
DEVELOPMENT
FOR LICENSED INSURANCE
INTERMEDIARIES**

Insurance Authority

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1. Introduction

- 1.1 This Guideline is issued pursuant to section 133 of the Insurance Ordinance (Cap. 41) (“the Ordinance”) to outline the continuing professional development (“CPD”) requirements for licensed insurance intermediaries.
- 1.2 Licensed insurance intermediaries are required to be fit and proper persons to carry on regulated activities. Licensed insurance intermediaries who are individuals should continuously update their technical and regulatory knowledge and refresh themselves on the ethical standards through CPD in order to ensure their professional competence in carrying on regulated activities.
- 1.3 This Guideline aims to provide general guidance for the following persons to comply with the CPD requirements.
 - (a) An individual licensee (as defined in paragraph 2.1);
 - (b) An authorized insurer which appoints a licensed individual insurance agent;
 - (c) A licensed insurance agency which appoints a licensed technical representative (agent); and
 - (d) A licensed insurance broker company which appoints a licensed technical representative (broker).
- 1.4 A failure to comply with any CPD requirements set out in this Guideline by a person listed above may adversely affect the fitness and properness of that person and may result in a disciplinary action to be taken by the Insurance Authority (“the IA”) against that person.
- 1.5 This Guideline should be read in conjunction with the relevant provisions of the Ordinance and any relevant rule, regulation, code and guideline made or issued under the Ordinance.

1.6 This Guideline is not intended to be exhaustive and 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.

1.7 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 ~~reserves~~may from time to time amend the ~~right to review and update~~whole or any part of this Guideline ~~from time to time as necessary~~.

2. Interpretation

2.1 ~~Unless otherwise specified, words and expressions used in this Guideline shall have the same meanings as given to them in the Ordinance.~~ In this Guideline, unless the context otherwise specified:

(a) “Assessment Period” means:

~~(i) the period beginning on the commencement date and ending on 31 July which immediately follows the commencement date (both days inclusive) (“first Assessment Period”); and~~

~~(ii) the period beginning on 1 August of a year and ending on 31 July of the following year (both days inclusive);~~

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

(c) “individual licensee” means a licensed individual insurance agent, a licensed technical representative (agent) or a licensed technical representative (broker);

~~(d) “licence” is defined in section 64F of the Ordinance and means:~~

~~(i) in relation to a licensed insurance agency, an insurance agency licence granted under section 64U or renewed under section 64ZV;~~

- ~~(i) in relation to a licensed individual insurance agent, an individual insurance agent licence granted under section 64W or renewed under section 64ZV;~~
- ~~(ii) in relation to a licensed technical representative (agent), a technical representative (agent) licence granted under section 64Y or renewed under section 64ZV;~~
- ~~(iii) in relation to a licensed insurance broker company, an insurance broker company licence granted under section 64ZA or renewed under section 64ZV; or~~
- ~~(iv) in relation to a licensed technical representative (broker), a technical representative (broker) licence granted under section 64ZC or renewed under section 64ZV;~~
- ~~(e) “licensed individual insurance agent” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64W;~~
- ~~(f) “licensed insurance agency” is defined in section 2(1) of the Ordinance and means a person who is granted a licence under section 64U;~~
- ~~(g) “licensed insurance broker company” is defined in section 2(1) of the Ordinance and means a company which is granted a licence under section 64ZA;~~
- ~~(h) “licensed technical representative (agent)” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64Y;~~
- ~~(i) “licensed technical representative (broker)” is defined in section 2(1) of the Ordinance and means an individual who is granted a licence under section 64ZC;~~
- ~~(j)(d) “principal” means:~~

- (i) in relation to a licensed individual insurance agent, an authorized insurer which appoints the licensed individual insurance agent;
- (ii) in relation to a licensed technical representative (agent), a licensed insurance agency which appoints the licensed technical representative (agent); and
- (iii) in relation to a licensed technical representative (broker), a licensed insurance broker company which appoints the licensed technical representative (broker); and

~~(k)(e)~~ “Qualified CPD Activities” means activities which fulfil the requirements as specified in Annex 1.

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. CPD Requirements

Individual Licensees

3.1 Subject to paragraph 4.2 and the transitional arrangements as set out in Annex 3, ~~Individual~~ licensees, except for licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business¹ only, are required to attend Qualified CPD Activities to earn not less than 15 CPD hours in each Assessment Period, including a minimum of 3 CPD hours related to a topic which falls under “Ethics or Regulations” as specified in Annex 1.

3.2 Subject to the transitional arrangements as set out in Annex 3, ~~L~~icensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only are required to attend

¹ Under section 64ZZC(6) of the Ordinance, restricted scope travel business, in relation to a travel agent that is a licensed insurance agency—

- (a) means effecting a travel insurance policy that is tied to a tour, travel package, trip or other travel services arranged by the travel agent for its customers; and
- (b) does not include effecting an annual travel insurance policy.

Qualified CPD Activities to earn not less than 3 CPD hours in each Assessment Period. They are not compulsorily required to attend Qualified CPD Activities related to a topic which falls under “Ethics or Regulations” as specified in Annex 1.

- 3.3 Subject to paragraph 4.2 and the transitional arrangements as set out in Annex 3, the CPD hour requirements ~~F~~for individual licensees who are newly licensed in an Assessment Period, ~~the number of minimum CPD hours required for the relevant Assessment Period is~~ are set out in Annex 2.
- 3.4 Individual licensees should comply with the CPD requirements so long as they remain licensed even though their licences are under suspension (for instance, they are not appointed by any principal). Subject to the discretion of the IA, concessions may be granted to individual licensees in special circumstances (such as prolonged illness) which preclude their attendance or completion of Qualified CPD Activities.
- 3.5 Only Qualified CPD Activities attended by individual licensees during the period they are licensed will count towards the total number of minimum CPD hour requirements specified in this Guideline.
- 3.6 Individual licensees should report to the IA the Qualified CPD Activities they have attended in each Assessment Period on a CPD Declaration Form in a format and manner prescribed by the IA no later than 2 months after the endexpiration of the relevant Assessment Period (i.e. by 30 September). Any CPD hours earned during an Assessment Period in excess of the total number of minimum CPD hours required for that Assessment Period cannot be carried forward and cannot be reported in the CPD Declaration Forms for subsequent Assessment Periods. Individual licensees should also inform their principal(s) of the Qualified CPD Activities reported to the IA by the same deadline.
- 3.7 Individual licensees are required to properly retain sufficient documentary evidence² in support of their attendance or completion of all the Qualified CPD Activities reported to the IA on their CPD Declaration Forms for a

² Documentary evidence may include the relevant record/certificate of attendance or graduation, report on examination results and coursework assessment.

minimum of 3 years after the end of the relevant Assessment Period. They should promptly produce such evidence to the IA for compliance check upon request.

Principals

3.8 A principal should ensure that each individual licensee appointed by it complies with the CPD requirements applicable to the individual licensee. For the purpose of discharging such obligation, a principal may:

- (a) arrange adequate Qualified CPD Activities for the individual licensees appointed by it;
- (b) provide adequate facilities such as computers to facilitate the individual licensees appointed by it to attend Qualified CPD Activities which are E-learning Activities (as defined in Annex 1);
- (c) provide sufficient information on Qualified CPD Activities to the individual licensees appointed by it to facilitate their compliance with applicable CPD requirements; or
- (d) liaise with professional bodies to organize Qualified CPD Activities for the individual licensees appointed by it.

3.9 A principal should have in place adequate controls and procedures to monitor and ensure compliance with applicable CPD requirements by the individual licensees appointed by it. In this respect, the principal should request, check and verify the documentary evidence in support of the CPD Declaration Forms submitted to the IA by individual licensees.

4. Commencement

4.1 This Guideline, save for paragraphs 3.1 and 3.3, shall take effect from ~~{DD-MM23 September 2019}~~ (“Effective Date”).

4.2 The requirements in paragraphs 3.1 and 3.3 shall take effect from 1 August 2021.

[DD MM YYYY]

Qualified CPD Activities

Interpretation

1. In this Annex:

“CPD Assessment Authority” refers to the assessment authority as appointed by the IA, i.e. The Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ);

“E-learning Activities” refer to activities in the form of online courses;

“Structured Activities” refer to activities in the form of traditional lecture-based courses; and

“QF” refers to the Qualifications Framework maintained by the Secretary for Education under the Accreditation of Academic and Vocational Qualifications Ordinance (Cap. 592).

8 Types of Qualified CPD Activities

2. Individual licensees may fulfill the CPD requirements by participating in any of the Qualified CPD Activities as set out below:

Type 1: Approved CPD Activities;

Type 2: Degree Programmes;

Type 3: QF Accredited Insurance Programmes;

Type 4: Other QF Accredited Programmes;

Type 5: Studies for Attaining Specified Qualifications;

Type 6: Fulfilment of CPD Requirements of Specified Qualifications;

Type 7: CPD Activities Organized by the IA/Financial

Regulators/Law Enforcement Agencies/Independent

Statutory Bodies/Former Self-Regulatory Organizations

Industry Bodies; and

Type 8: CPD Activities Organized/Approved by Recognized Professional Bodies for their CPD Programmes.

Ethics or Regulations

3. Individual licensees, except for licensed technical representatives (agent) licensed to carry on regulated activities in restricted scope travel business only, are required to attend Qualified CPD Activities to earn a minimum of 3 CPD hours related to a topic which falls under “Ethics or Regulations” as specified in this Annex in each Assessment Period (except for individual licensees who are newly licensed in an Assessment Period, the number of minimum CPD hours required for the relevant Assessment Period is set out in Annex 2). Qualified CPD Activities for earning CPD hours on “Ethics or Regulations” must:
 - (a) be assessed and approved by the CPD Assessment Authority as such (except for those activities which are recognized as Type 2, 3, 4, 5, 6, 7 or 8 Qualified CPD Activities which are dealt with in paragraph 4 of this Annex); and
 - (b) cover contents under either or both of the following:
 - (i) contents in relation to “Ethics” including but not limited to ethical principles concerning integrity, fairness, due care and diligence, good faith and objectivity, best interests of clients, accurate representation, disclosure of clear, accurate and relevant information to clients, conflict of interest, confidentiality of clients’ information, professional competence, etc. and the application of the relevant principles or concepts;
 - (ii) contents in relation to “Regulations” including but not limited to local legislations, rules, regulations, codes, guidelines, best practices, etc directly related to the work of insurance intermediaries, such as guidelines on conduct requirements for insurance intermediaries, protection of personal data, equal opportunities, corruption prevention and prevention of money laundering and terrorist financing.
4. If an individual licensee, as part of a Type 2, 3, 4, 5, 6, 7 or 8 Qualified CPD Activity, attends any activity covering contents relating to

“Ethics” or “Regulations” as set out above in a particular Assessment Period, the individual licensee can earn a corresponding number of compulsory CPD hours on “Ethics or Regulations” for every hour of participation in the activity for that particular Assessment Period.

Type 1: Approved CPD Activities

5. Subject to the requirements set out in paragraphs 3130 and 3231 below, Structured Activities, E-learning Activities or a combination of both relating to the topics set out in Schedule I to this Annex (other than those recognized as Type 2, 3, 4, 5, 6, 7 or 8 Qualified CPD Activities) can be recognized as Type 1 Qualified CPD Activities if they are the activities have been assessed and approved by the CPD Assessment Authority.
6. 1 CPD hour can be earned for each hour of participation in Type 1 Qualified CPD Activities. For the avoidance of doubt, each 30 minutes of participation at an E-learning Activity amounts to 0.5 CPD hour.
7. Type 1 Qualified CPD Activities must last for no less than an hour: (for Structured Activities) or 30 minutes (for E-learning Activities).

Type 2: Degree Programmes

8. Studies for local or overseas bachelor degrees or postgraduate degrees in any disciplines relating to the topics set out in Schedule I to this Annex (“Degree Programmes”) can be recognized as Type 2 Qualified CPD Activities. Overseas bachelor degrees and postgraduate degrees can only be recognized as Type 2 Qualified CPD Activities if they are listed in the register of exempted courses and registered courses maintained by the Registrar of Non-local Higher and Professional Education Courses under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493).
9. Individual licensees can be considered to have satisfied the annual CPD requirements (except for the compulsory CPD hours on “Ethics

or Regulations”³) if they undertake a Degree Programme recognized as Type 2 Qualified CPD Activities during the Assessment Period.

10. For an individual licensee studying a Degree Programme with a study period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that Degree Programme.

Type 3: QF Accredited Insurance Programmes

11. Programmes accredited and categorized under the industry category of “Insurance” in the Qualifications Register⁴ of the QF (“QF Accredited Insurance Programmes”) can be recognized as Type 3 Qualified CPD Activities.
12. Individual licensees can earn 5 CPD hours in an Assessment Period ~~if they earn for every~~ 1 QF credit earned by participating in ~~QF Accredited Insurance Programmes recognized as a~~ Type 3 Qualified CPD ~~Activities~~Activity during ~~that~~the same Assessment Period.
13. For an individual licensee studying a programme with a study period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that programme.

Type 4: Other QF Accredited Programmes

14. Programmes accredited under QF but **NOT** categorized under the industry category of “Insurance” in the Qualifications ~~Register~~Register⁴ of the QF (“Other QF Accredited Programmes”) can be recognized as Type 4 Qualified CPD Activities if:

³ If the contents of the Degree Programme also cover topics relating to “Ethics or Regulations” as set out in paragraph 3 of this Annex, individual licensee can still earn a corresponding number of compulsory CPD hours on “Ethics or Regulations” for every hour of participation (see paragraph 4 of this Annex).

⁴ “Qualifications Register” means the register established by the Secretary for Education under section 3(3) of the Accreditation of Academic and Vocational Qualifications Ordinance (Cap. 592).

- (a) at least 50% of the course contents are related to the topics set out in Schedule II to this Annex; and
 - (b) they are approved by the CPD Assessment Authority after undergoing a vetting process.
15. Individual licensees can earn 5 CPD hours in an Assessment Period ~~if they earn for every~~ 1 QF credit earned by participating in ~~Other QF Accredited Programmes recognized as a~~ Type 4 Qualified CPD ~~Activities~~Activity during ~~that the same~~ Assessment Period.
16. For an individual licensee studying a programme with a study period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that programme.

Type 5: Studies for Attaining Specified Qualifications

17. Individual licensees can be considered to have satisfied the annual CPD requirements for the Assessment Period (except for the compulsory CPD hours on “Ethics or Regulations”⁵) if they undertake a study for attaining any of the qualifications specified in Schedule III to this Annex (“Specified Qualifications”) during that Assessment Period.
18. For an individual licensee undertaking a study for attaining a Specified Qualification with a period exceeding 1 year, CPD hours can be recognized for each year of study up to a maximum of 6 Assessment Periods in respect of that qualification. In order to be considered to have satisfied the annual CPD requirements for a particular Assessment Period, the individual licensee should have passed at least one examination paper of the Specified Qualification in that Assessment Period.

Type 6: Fulfilment of CPD Requirements of the Specified

⁵ If the contents of a Type 5 or Type 6 Qualified CPD Activity also cover topics relating to “Ethics or Regulations” as set out in paragraph 3 of this Annex, individual licensee can still earn a corresponding number of compulsory CPD hours on “Ethics or Regulations” for every hour of participation (see paragraph 4 of this Annex).

Qualifications

19. Individual licensees who are holders of any of the Specified Qualifications during an Assessment Period are considered to have satisfied the annual CPD requirements for the Assessment Period (except for the compulsory CPD hours on “Ethics or Regulations”²⁴) if:
- (a) they have satisfied the CPD (or similar) requirements imposed by the relevant institutes or professional bodies granting such Specified Qualifications for the Assessment Period; and
 - (b) the CPD (or similar) requirements in (a) should be no less than the annual CPD requirements as set out in paragraph 3.1 of this Guideline.
20. In order to be considered to have satisfied the annual CPD requirements for the Assessment Period, the individual licensee should be a holder of such qualification/title and compliance by the individual licensee with the CPD requirements imposed by the institute or professional body is an essential condition for holding such qualification/title.

Type 7: CPD Activities Organized by the IA/Financial Regulators/Law Enforcement Agencies/Independent Statutory Bodies/~~Industry Bodies~~Former Self-Regulatory Organizations

21. CPD activities organized by the IA, the financial regulators, the law enforcement agencies, the independent statutory bodies or ~~the industry bodies~~former self-regulatory organizations (being the industry bodies which, prior to the Effective Date of this Guideline, exercised regulatory functions in relation to insurance intermediaries in Hong Kong) as mentioned in Schedule IV to this Annex, or those activities approved or exempted by the IA, can be recognized as Type 7 Qualified CPD Activities provided that their contents are related to the list of topics set out in Schedule I to this Annex.
22. These activities are not required to be assessed and/or approved by the

CPD Assessment Authority.

23. Subject to the requirements set out in paragraphs ~~31~~30 and ~~32~~31 below, these activities could be Structured Activities, E-learning Activities or a combination of both, as the case may be.
24. 1 CPD hour can be earned for each hour of participation in Type 7 Qualified CPD Activities. For the avoidance of doubt, each 30 minutes of participation at an E-learning Activity amounts to 0.5 CPD hour.
25. Type 7 Qualified CPD Activities must last for no less than an hour: (for Structured Activities) or 30 minutes (for E-learning Activities).

Type 8: CPD Activities Organized/Approved by Recognized Professional Bodies for their CPD Programmes

26. CPD courses organized or formally approved by professional bodies which are established under an Ordinance of Hong Kong or those required to perform statutory duties under an Ordinance of Hong Kong, including but not limited to those mentioned in Schedule V to this Annex, for their own CPD (or similar) programmes can be recognized as Type 8 Qualified CPD Activities, provided that their contents are related to the list of topics set out in Schedule I to this Annex.
27. These activities are not required to be assessed and/or approved by the CPD Assessment Authority.
28. ~~Subject to the requirements set out in paragraphs 31 and 32 below, these~~These activities could be Structured Activities, E-learning Activities or a combination of both, as the case may be.
29. 1 CPD hour can be earned for each hour of participation in Type 8 Qualified CPD Activities. For the avoidance of doubt, each 30 minutes of participation at an E-learning Activity amounts to 0.5 CPD hour.
30. ~~Type 8 Qualified CPD Activities must last for no less than an hour.~~

E-Learning

~~31.30~~. Individual licensees cannot earn more than 5 CPD hours for each Assessment Period through participation in E-learning Activities recognized as Type 1,~~7~~ or ~~8~~⁷ Qualified CPD Activities (in aggregate).

~~32.31~~. E-learning Activities can only be recognized as Type 1,~~7~~ or ~~8~~⁷ Qualified CPD Activities if the E-learning Activities:

- (a) ~~they~~ have a proper login and identity-checking system to prevent abuse and unauthorized logins;
- (b) ~~they~~ provide continual verification and assessment elements;
- (c) have a proper audit trail keeping which keeps track of participants' login time, idle-time and activities undertaken ~~are embedded~~; and
- (d) ~~they~~ can meet the other requirements applicable to E-learning Activities as specified by and posted on the IA's website.

~~33.32~~. The requirements set out in paragraphs ~~3130~~ and ~~3231~~ are not applicable to E-learning Activities embedded in any which form part of Types 2, 3, 4, 5, ~~6~~ and ~~6~~⁸ Qualified CPD Activities.

Speaker CPD Hours

~~34.33~~. An individual licensee who is a speaker at a Qualified CPD Activity can earn CPD hours based upon the actual length of time which he/she has taken part in the activity as a speaker at a rate of 3 CPD hours for each hour. For example, a speaker delivering a 2-hour lecture in a Qualified CPD Activity can generally earn 6 CPD hours.

⁶ The requirements set out in paragraph 31 for E-learning Activities are not applicable to those Type 7 Qualified CPD Activities offered by the Hong Kong Monetary Authority, Mandatory Provident Fund Schemes Authority and Securities and Futures Commission.

Schedule I

Topics for Qualified CPD Activities

- (a) Local insurance (or related) legislation;
- (b) Regulatory aspects of insurance practice in Hong Kong (including industry updates);
- (c) Insurance (including topics relating to product knowledge, policy provision, underwriting, policy administration, claims management, Insurtech, information technology or other technical knowledge related to insurance but excluding topics relating to company-specific incentive schemes and promotion strategy);
- (d) Actuarial science;
- (e) Risk management;
- (f) Financial planning;
- (g) Ethics;
- (h) Regulations;
- (i) Other disciplines which are directly related to the work of insurance intermediaries, such as investment, law and legal knowledge, finance, Fintech, business, commerce, management, technical subjects (such as engineering, medical knowledge and health science) or communication skills; or
- (j) Any other topics the IA may add from time to time⁷.

⁷ Any new topic to be added will be published on the IA's website.

Schedule II

Topics for Type 4 Qualified CPD Activities

1. Principles and Practice of Insurance
 - (a) Basic Principles of Insurance
 - (b) Claims Management
 - (c) Insurance Broking
 - (d) Policy Administration
 - (e) Reinsurance
 - (f) Risk Management
 - (g) Underwriting Management
2. Insurance Laws and Regulations
3. Life Insurance
 - (a) Annuity
 - (b) Investment-Linked Long Term Insurance
 - (c) Life and Disability Insurance
 - (d) Provident Fund (Mandatory) and Retirement Schemes
4. General Insurance
 - (a) Accident and Health Insurance
 - (b) Aviation Insurance
 - (c) Cargo Insurance
 - (d) Engineering Insurance
 - (e) Liability Insurance
 - (f) Marine Insurance
 - (g) Medical and Health Insurance
 - (h) Motor Insurance
 - (i) Property and Pecuniary Insurance
5. Ethical and Related Issues
 - (a) Anti-Money Laundering and Counter-Terrorist Financing
 - (b) Data Privacy
 - (c) Professional Ethics
6. Related Topics
 - (a) Accounting
 - (b) Actuarial Science
 - (c) Business Studies/Practice
 - (d) Commerce
 - (e) Communication
 - (f) Company and Contract Law
 - (g) Corporate Governance
 - (h) Customer Services
 - (i) Cybersecurity
 - (j) Economics
 - (k) Financial Planning
 - (l) Human Resources Management
 - (m) Information Technology
 - (n) Insurtech
 - (o) Investment
 - (p) Law and Legal Studies
 - (q) Marketing
 - (r) Organizational Behaviour and Management
 - (s) Quantitative Methods
 - (t) Statistics
 - (u) Strategic Management
7. Any other topics the IA may add from time to time⁸

⁸ Any new topic to be added will be published on the IA's website.

Schedule III

Specified Qualifications for Types 5 and 6 Qualified CPD Activities

- (a) ~~Associate Advanced Diploma in Insurance~~ or ~~Fellow Fellowship~~ of ~~The~~ Chartered Insurance Institute (ACII/FCII)
- (b) ~~Associate, Chartered Advanced Diploma in~~ Financial ~~Planner Planning~~ or ~~Fellow Fellowship~~ of ~~The~~ Personal Finance Society (APFS/~~Chartered Financial Planner~~/FPFS)
- (c) Associate, Senior Associate or Fellow of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF (Assoc)/ ANZIIF (Snr Assoc)/ ANZIIF (Fellow))
- (d) Associate Financial Planner or Certified Financial Planner (AFP/CFP)
- (e) Chartered Financial Consultant (ChFC)
- (f) Chartered Life Underwriter (CLU)
- (g) Chartered Life Practitioner (ChLP)
- (h) Chartered Property Casualty Underwriter (CPCU)
- (i) Fellow Chartered Financial Practitioner (FChFP) of the Life Underwriters Association of Hong Kong
- (j) Fellow of the Institute and Faculty of Actuaries of the United Kingdom (FIA/FFA)
- (k) Fellow of the Institute of Actuaries of Australia (FIAA)
- (l) Fellow, Life Management Institute (FLMI)
- (m) Fellow of the Society of Actuaries of the United States of America (FSA)
- (n) Hong Kong Insurance Professional Qualification Examination (HKIPQE) of the Hong Kong Society of Certified Insurance Practitioners
- (o) Life Underwriter Training Council Fellow (LUTCF)
- (p) Professional Diploma in Insurance Programme (PDI) of the Vocational Training Council (VTC)
- (q) Postgraduate Diploma in Insurance in Risk Management (PgDIRM) of VTC
- (r) Any other professional qualifications the IA may add from time to time⁹

⁹ For any new qualification to be added, as Types 5 and 6 Qualified CPD Activities, an

Schedule IV

**Financial Regulators, Law Enforcement Agencies,
Independent Statutory Bodies or ~~Industry Bodies~~ Former Self-
Regulatory Organizations for
Type 7 Qualified CPD Activities¹⁰**

- (a) Hong Kong Monetary Authority (HKMA)
- (b) Mandatory Provident Fund Schemes Authority (MPFA)
- (c) Securities and Futures Commission (SFC)
- (d) Equal Opportunities Commission (EOC)
- (e) Independent Commission Against Corruption (ICAC)
- (f) Office of the Privacy Commissioner for Personal Data (PCPD)
- (g) The Hong Kong Federation of Insurers (HKFI)
- (h) The Hong Kong Confederation of Insurance Brokers (CIB)
- (i) Professional Insurance Brokers Association (PIBA)
- (j) Any other organizations the IA may add from time to time¹¹

application may be required to be assessed and approved by the CPD Assessment Authority. Any new qualification so added will be published on the IA's website.

¹⁰ Except for those activities offered by HKMA, MPFA or SFC, any other Type 7 Qualified CPD Activities are subject to prior administrative vetting by the IA.

¹¹ Any new organization to be added as a provider of Type 7 Qualified CPD Activities will be published on the IA's website.

Schedule V

**Examples of Recognized Professional Bodies for
Type 8 Qualified CPD Activities**

- (a) Hong Kong Academy of Medicine
- (b) The Hong Kong Institute of Architects
- (c) Hong Kong Institute of Certified Public Accountants
- (d) Hong Kong Institute of Chartered Secretaries
- (e) The Hong Kong Institute of Housing
- (f) The Hong Kong Institute of Landscape Architects
- (g) The Hong Kong Institute of Planners
- (h) The Hong Kong Institute of Surveyors
- (i) The Hong Kong Institution of Engineers
- (j) The Law Society of Hong Kong
- (k) The Medical Council of Hong Kong
- (l) The Nursing Council of Hong Kong

**CPD Requirements for Individual Licensees
Who Are Newly Licensed in an Assessment Period**

Note:

The CPD requirements set out in this Annex shall take effect from 1 August 2021.

1. In respect of individual licensees who are newly licensed in an Assessment Period, the minimum number of CPD hours applicable to them for that Assessment Period is set out below.

~~2. The CPD requirements for individual licensees (except for licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only) are set out in the table below.~~

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

~~3. The CPD requirements for licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only are set out in the table below.~~

<u>Licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only</u>	
Month in which Relevant Licence is Granted	Minimum Number of CPD Hours
August to October	3
November, December and January	2
February to July	0

**Transitional CPD Arrangements for Individual Licensees
for the Period from 23 September 2019 to 31 July 2021**

(1) Individual licensees who were registered with a former self-regulatory organization (“former SRO”) immediately before the commencement date (i.e. 23 September 2019)

(1.1) The table below sets out the minimum number of CPD hours required for individual licensees (except for licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only) who were registered with a former SRO, i.e. the Insurance Agents Registration Board (“IARB”), The Hong Kong Confederation of Insurance Brokers (“CIB”) or Professional Insurance Brokers Association (“PIBA”) immediately before the commencement date:

<u>Former SRO with which an Individual Licensee was registered immediately before the Commencement Date</u>		<u>Minimum Number of CPD Hours to be Reported to the IA</u> <i>(Note 1)</i>	
		<u>Assessment Period</u> <u>23 September 2019 to 31 July 2020</u> <i>(Note 2)</i>	<u>Assessment Period</u> <u>1 August 2020 to 31 July 2021</u>
<u>IARB</u>	<u>Registered on or before 31 July 2019</u>	<u>10</u>	<u>10</u>
	<u>Registered between 1 August and 22 September 2019 (both days inclusive)</u>	<u>8</u>	
<u>PIBA</u>	<u>Registered on or before 30 June 2019</u>	<u>10</u>	
	<u>Registered between 1 July and 22 September 2019 (both days inclusive)</u>	<u>8</u>	
<u>CIB</u>	<u>Registered on or before 31 December 2018</u>	<u>15</u>	
	<u>Registered between 1 January and 31 May 2019 (both days inclusive)</u>	<u>12</u>	
	<u>Registered between 1 June and 22 September 2019 (both days inclusive)</u>	<u>8</u>	

(1.2) The table below sets out the minimum number of CPD hours required for licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only and were registered with IARB immediately before the commencement date:

<u>Former SRO with which an Individual Licensee was registered immediately before the Commencement Date</u>	<u>Minimum Number of CPD Hours to be Reported to the IA (Note 1)</u>	
	<u>Assessment Period</u> <u>23 September 2019 to 31 July 2020</u>	<u>Assessment Period</u> <u>1 August 2020 to 31 July 2021</u>
<u>IARB</u>	<u>3</u>	<u>3</u>

(2) Individual licensees who are newly licensed by the IA between 23 September 2019 and 31 July 2020

(2.1) The table below sets out the minimum number of CPD hours required for individual licensees (other than licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only) who are newly licensed by the IA between 23 September 2019 and 31 July 2020 (both days inclusive):

<u>Period in which Relevant Licence is Granted</u>	<u>Minimum Number of CPD Hours to be Reported to the IA</u>	
	<u>Assessment Period</u> <u>23 September 2019 to 31 July 2020</u>	<u>Assessment Period</u> <u>1 August 2020 to 31 July 2021</u>
<u>23 September to 31 October 2019</u>	<u>8</u>	<u>10</u>
<u>1 November 2019 to 31 January 2020</u>	<u>4</u>	
<u>1 February to 31 July 2020</u>	<u>0</u>	

(2.2) The table below sets out the minimum number of CPD hours required for licensed technical representatives (agent) who are newly licensed by the IA between 23 September 2019 and 31 July 2020 (both days inclusive) to carry on regulated activities in restricted scope travel business only:

<u>Period in which Relevant Licence is Granted</u>	<u>Minimum Number of CPD Hours to be Reported to the IA</u>	
	<u>Assessment Period</u> 23 September 2019 to 31 July 2020	<u>Assessment Period</u> 1 August 2020 to 31 July 2021
<u>23 September to 31 October 2019</u>	<u>3</u>	<u>3</u>
<u>1 November 2019 to 31 January 2020</u>	<u>2</u>	
<u>1 February to 31 July 2020</u>	<u>0</u>	

(3) Individual licensees who are newly licensed by the IA between 1 August 2020 and 31 July 2021

The table below sets out the minimum number of CPD hours required for individual licensees who are newly licensed by the IA between 1 August 2020 and 31 July 2021 (both days inclusive):

<u>Period in which Relevant Licence is Granted</u>	<u>Minimum Number of CPD Hours to be Reported to the IA for Assessment Period</u> 1 August 2020 to 31 July 2021	
	<u>Individual licensees (other than licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only)</u>	<u>Licensed technical representatives (agent) who are licensed to carry on regulated activities in restricted scope travel business only</u>
<u>1 August to 31 October 2020</u>	<u>8</u>	<u>3</u>
<u>1 November 2020 to 31 January 2021</u>	<u>4</u>	<u>2</u>
<u>1 February to 31 July 2021</u>	<u>0</u>	<u>0</u>

Points to Note:

Note 1:

Table 1.1 and Table 1.2 are prepared on the basis that the individual licensee concerned has fully complied with the CPD requirements as of the last CPD cut-off date of the respective former SRO with which he/she was registered immediately before the commencement date, with no outstanding CPD hours in the former SRO's records.

Note 2:

In respect of Table 1.1, for an individual licensee who was registered with a former SRO immediately before the commencement date, the minimum number of CPD hours required to be reported to the IA for the Assessment Period from 23 September 2019 to 31 July 2020 covers the CPD hours for the period from the date immediately after the last CPD cut-off date of the respective former SRO or the date of first registration with the former SRO (as the case may be) to 31 July 2020; and is set by taking into account the last CPD cut-off date adopted by that former SRO. The last CPD cut-off date for IARB, PIBA and CIB was 31 July 2019, 30 June 2019 and 31 December 2018 respectively.

Note 3:

During the Assessment Periods between 23 September 2019 and 31 July 2021, all licensed individuals are not subject to the requirement to earn compulsory CPD hours relating to a topic which falls under "Ethics or Regulations".

Consultation Conclusions on:

- (1) Draft Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries and
 - (2) Draft Guideline on Continuing Professional Development for Licensed Insurance Intermediaries
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Annex E**List of Acceptable Insurance Qualification**

Acceptable Insurance Qualification	Individual Licensee	Responsible Officer
The Australian and New Zealand Institute of Insurance and Finance (Senior Associate) (ANZIIF Snr Assoc)	✓	--
The Australian and New Zealand Institute of Insurance and Finance (Fellow) (ANZIIF Fellow)	✓	✓
Chartered Insurance Institute (Advanced Diploma in Insurance) (ACII)	✓	✓
Chartered Insurance Institute (Fellowship) (FCII)	✓	✓
Chartered Financial Planner (CFP)	✓	--
Chartered Life Underwriter (CLU)	✓	✓
Chartered Property Casualty Underwriter (CPCU)	✓	✓
Hong Kong Diploma in Insurance Studies awarded by the Chartered Insurance Institute or the former Insurance Institute of Hong Kong	✓	--
The Institute of Actuaries of Australia (Fellow) (FIAA)	✓	✓
The Institute and Faculty of Actuaries of the United Kingdom (Fellow) (FIA/FFA)	✓	✓
Fellow, Life Management Institute (FLMI)	✓	--
The Society of Actuaries of the United States of America (Fellow) (FSA)	✓	✓

✓ - Acceptable

Consultation Conclusions on:

(1) Draft Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries and

(2) Draft Guideline on Continuing Professional Development for Licensed Insurance Intermediaries

Annex F

List of respondents (in alphabetical order)

1. Ada Chiu
2. AIA International Limited
3. Apex Insurance Brokers Limited
4. Apex Insurance Management Limited
5. AXA China Region Insurance Company Limited
6. Bill Ho
7. Billy Kong
8. Carmen Lee Ka Man
9. Cecilia Lau Sum Kiu
10. Chan Chun Tat Ray
11. Cheung Sau Hung
12. Chiu Chun Keung
13. Consumer Council
14. Equal Opportunities Commission
15. Fung Yin Man Margaret
16. FWD Life Insurance Company (Bermuda) Limited
17. Hada Tam
18. Ho Gok Tung Josephine
19. Ho Suk Han
20. Hong Kong General Insurance Affairs Association Limited
21. Hong Kong Institute of Certified Public Accountants
22. Hong Kong Insurance Practitioners General Union
23. Hong Kong Insurance Professionals Federation
24. Insurance and Finance Practitioners Solidarity Sector
25. Insurance Industry Training Advisory Committee
26. Joeie Lo
27. Kwok Luk Yun Queenie
28. Kwok Wai Lam
29. Lam Chi Keung
30. Lam Chiu Lo
31. Lam Pui Shan Ivy
32. Lam Yin Kwan Yvonne
33. Lau Chung Wing
34. Lau Yiu Cheung
35. Lee Yee Ching
36. Li Kit Ying
37. Li Kwok Chuen
38. Li Wai Ching

Consultation Conclusions on:

(1) Draft Guideline on Fit and Proper Criteria for Licensed Insurance Intermediaries and

(2) Draft Guideline on Continuing Professional Development for Licensed Insurance Intermediaries

39. Life Underwriters and Sales Executives Board (H.K.) Limited
40. Lo Kam Wai Raymond
41. Lung Sze Wing Tiffany
42. Old Mutual International Isle of Man Limited
43. Privacy Commissioner for Personal Data
44. Professional Insurance Brokers Association
45. Qualifications Framework Secretariat
46. Ray Ching
47. Shuet Sau Wai
48. Simmonds Leung
49. The Chartered Insurance Institute Hong Kong Limited
50. The Hong Kong Association of Banks
51. The Hong Kong Confederation of Insurance Brokers
52. The Hong Kong Council for Accreditation of Academic and Vocational Qualifications
53. The Hong Kong Federation of Insurers
54. The Institution of Financial Planners of Hong Kong
55. The Insurance Industry Regulatory and Development Concern Group
56. The Law Society of Hong Kong
57. Vocational Training Council
58. Wing Tai
59. Wong Ching Yin
60. Wong Dan Miu Jennifer
61. Wong Hok Man
62. Wong Yim
63. Yim Yee-kei
64. Yu Wai Yuen Stella
65. Yung Wing Tao
66. 小虎牙
67. 保險公司工作超過二十年的員工
68. 黃文陞
69. 潘嘉欣
70. 劉世宏

In addition to the above, there are 4 respondents who requested non-disclosure of their names.