

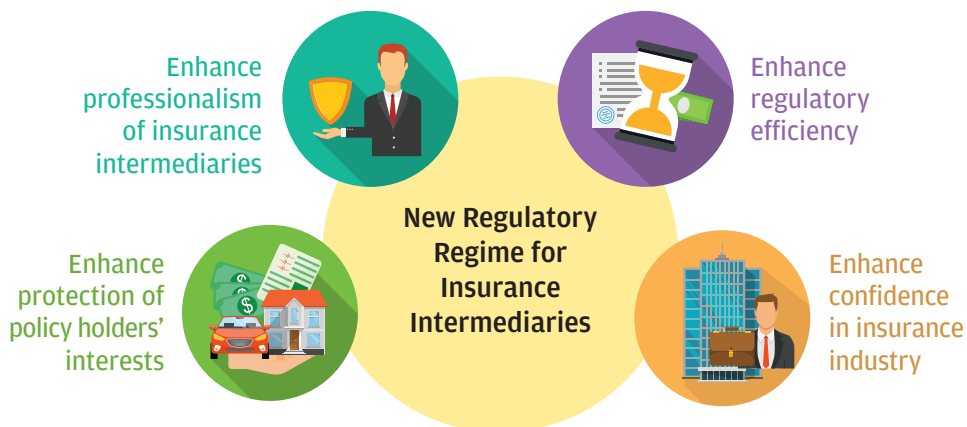


What Insurance
Intermediaries
Need to Know About
the **New Regime**

*New Regulatory
Regime for Insurance
Intermediaries*

Commencement of New Regulatory Regime on 23 September 2019

Upon commencement of new regulatory regime for insurance intermediaries on 23 September 2019, the Insurance Authority (“IA”) becomes responsible for licensing and regulation of insurance intermediaries in Hong Kong.



Types of Licensed Insurance Intermediaries

Type	Licensed Insurance Agent	Licensed Insurance Broker
Business Entity	Licensed Insurance Agency	Licensed Insurance Broker Company
Individual	Licensed Individual Insurance Agent Licensed Technical Representative (Agent)	Licensed Technical Representative (Broker)



Transitional Arrangements for Deemed Licensees

During a 3-year transitional period (i.e. 23 September 2019 – 22 September 2022)

- An insurance intermediary validly registered with a SRO* immediately before the commencement of the new regime is deemed to be a licensed insurance intermediary under the new regime (“deemed licensee”)
- The Responsible Officer of an insurance agency and the Chief Executive of an insurance broker company validly registered with a SRO immediately before the commencement of the new regime is deemed to be the Responsible Officer of the licensed insurance agency or licensed insurance broker company concerned (as the case may be)

* SRO (Self-Regulatory Organization) refers to :

- Insurance Agents Registration Board (IARB)
- The Hong Kong Confederation of Insurance Brokers (CIB)
- Professional Insurance Brokers Association (PIBA)



Requirements for an Individual Licensee

- Appointment by Principal

Types of Individual Licensee	Principal
Licensed Individual Insurance Agent	Authorized Insurer
Licensed Technical Representative (Agent)	Licensed Insurance Agency
Licensed Technical Representative (Broker)	Licensed Insurance Broker Company

- Compliance with the new education requirements as specified in the Guideline on “Fit and Proper” Criteria for Licensed Insurance Intermediaries
- Compliance with Insurance Intermediaries Qualifying Examination (“IIQE”) requirements unless exempted
- Absence of concerns about reputation or financial soundness



Requirements for a Licensed Insurance Agency

- Appointment by an Insurer
- Appointment of a Responsible Officer approved by the IA
- Proper corporate governance, internal controls and risk management (organizational competence)



Requirements for a Licensed Insurance Broker Company

- Appointment of a Responsible Officer approved by the IA
- Maintain a client account with a bank in Hong Kong
- Compliance with the requirements set out in the Insurance (Financial and Other Requirements for Licensed Insurance Broker Companies) Rules
- Proper corporate governance, internal controls and risk management (organizational competence)



Guideline on “Fit and Proper” Criteria for Licensed Insurance Intermediaries

Education and Qualifications Requirements for Individual Licensees

- Hong Kong Diploma of Secondary Education Examination (HKDSE) - Level 2 or above in 5 subjects, including Chinese/English and Mathematics
- Hong Kong Certificate of Education Examination (HKCEE) - Grade E or above in 5 subjects, including Chinese/English and Mathematics
- International Baccalaureate (IB) Diploma
- Diploma Yi Jin (with completion of Maths Plus)
- Specified insurance qualifications published on the IA’s website

	Who can be Exempted?	Conditions
Exemption	Deemed Licensees	<ul style="list-style-type: none"> • Applying for a formal licence during the 3-year transitional period
	Former Insurance Intermediaries (Registered with SRO within 2 years before 23 Sept 2019)	<ul style="list-style-type: none"> • Have not ceased to be engaged in insurance-related work in Hong Kong for 2 consecutive years

Education and Qualifications Requirements for Responsible Officers

- Bachelor degree
- Specified insurance qualifications published on the IA’s website

	Type of Insurance Intermediary	Who can be Exempted?
Exemption	Licensed Insurance Agency	<ul style="list-style-type: none"> • Responsible Officers previously registered with IARB • Individual Agents/Technical Representatives registered with IARB with at least 15 years’ industry experience before 23 September 2019
	Licensed Insurance Broker Company	<ul style="list-style-type: none"> • Chief Executives previously registered with CIB/PIBA • Technical Representatives registered with CIB/PIBA with at least 15 years’ industry experience before 23 September 2019

Experience Requirements for Responsible Officers

Commensurating with the nature and scale of the business of the licensed insurance agency/insurance broker company concerned (General Benchmark: at least 5 years’ industry experience including 2 years’ management experience)



Guideline on Continuing Professional Development for Licensed Insurance Intermediaries

- **Assessment period: 1 August to 31 July**
- CPD hours requirements for the first two assessment periods (23.9.2019 to 31.7.2020 and 1.8.2020 to 31.7.2021) remain unchanged (no compulsory courses)
- **Minimum CPD hours will be increased from 10 to 15 with a minimum of 3 CPD hours on Ethics or Regulations for assessment periods from 1 August 2021 to 31 July 2022 onwards** (CPD requirements for travel insurance agents remain unchanged)
- E-learning up to 5 CPD hours is acceptable
- Report on CPD compliance to the IA no later than 30 September



Insurance (Maximum Number of Authorized Insurers) Rules

The maximum number of authorized insurers represented by a licensed individual insurance agent or a licensed insurance agency remains unchanged, i.e. a maximum of 4 insurers of which no more than 2 can be long term business insurers



Insurance (Financial and Other Requirements for Licensed Insurance Broker Companies) Rules

Capital and Net Assets

Minimum paid-up share capital and net assets are increased to \$500,000

Transitional Arrangements for Licensed Insurance Broker Companies Being Deemed Licensees
Phased Increase in Minimum Paid-up Share Capital and Net Assets

23 September 2019 to 31 December 2021	\$100,000
1 January 2022 to 31 December 2023	\$300,000
From 1 January 2024 onwards	\$500,000

Professional Indemnity Insurance (PII)

- Minimum and maximum indemnity limit remain unchanged at \$3 million and \$75 million respectively
- Maximum deductible amount (if any) under a PII policy is capped at 50% of the broker company's net assets (effective from 1 January 2024 for licensed insurance broker companies being deemed licensees)

Client Account

Monthly reconciliation on client account is required



Codes of Conduct



General Principles



Code of Conduct for Licensed Insurance Agents

1. Honesty and Integrity
2. Best Interests of Clients
3. Exercising Care, Skill and Diligence
4. Competence to Advise
5. Disclosure of Information
6. Suitability of Advice
7. Conflicts of Interest
8. Client Assets



Code of Conduct for Licensed Insurance Brokers

Points to Note for Deemed Licensees

- ✓ Deemed licensees will be arranged to make application for formal licence during the 3-year transitional period
- ✓ Register of licensed insurance intermediaries on IA's website
- ✓ New licence number for deemed licensees (search function is available on IA's website)
- ✓ E-submission for licence application via IA's Online Portal
- ✓ Individual licensees should consult their appointing principals for enquiries about their licence information
- ✓ Please refer to the IA's website at www.ia.org.hk for information about the new regime