

Chairman's Message



I was very pleased to have been elected as the Chairman by the General Committee following our last Annual General Meeting in December 2021. I would like to express my thanks and gratitude to Patrick Chan as our Immediate Past Chairman

for leading CIB during the very challenging time of COVID. I would also like to welcome our new General Committee Member, Benjamin Cheng. The Year of the Tiger will be full of opportunities and challenges. The tiger symbolises courage, talent and acting fast. We wish all our Members a prosperous and fruitful year!

CIB endeavours to deliver value for and represent our Members. We work closely with the Insurance Authority (IA) regarding all regulatory changes. We are currently updating the CIB Compliance Manual with the latest amendments. An updated version will be sent to our Members once this complex exercise has been completed. The IA is also seeing CIB as an important partner in seeking consultative advice for the development of our industry. CIB has regular meetings with the IA to discuss issues raised and feedback from our Members. Our

Helpdesk is a key function enabling Members to reach out to CIB for any support or assistance they may require. Our CPD programmes will continue to offer quality courses for our Members to develop and uphold our professionalism as an industry. We are revamping our CIB Website and refreshing it with a new look and enhanced content. Please visit our new website; we welcome any feedback to help us continue to improve it. We have also launched our CIB LinkedIn and Facebook pages for our updated news and postings. Please join and follow these new media outlets.

We are still fighting COVID. As it becomes the new normal, our Members will continue to use modern technology to help and support the interests of their clients. The CIB General Committee continues to work together as a unified team to represent the interests of our Members and to support the development of our professionalism, as in the past and in the years to come.

Wishing our Members prosperity in the Year of the Tiger! ■

Yours sincerely,

Alex YIP
Chairman | February 2022

WORKING FOR YOU!

Remembering CPD Obligations

We are very much in times of change, and as old habits die hard, we must keep up to date with new requirements. One of these which is easy to slip the mind is the Insurance Authority's (IA) change of the CPD reporting period from year-end to 31st July each year. For those of you who imagined you had ten months to complete your new requirement of 15 hours, the reality is only half of that. So now is the time to plan your seminars. To help, CIB, which is the largest supplier of quality CPD sessions in both English and Cantonese online, including local and international expert presenters, has recently released its schedule of courses for the next few months to enable practitioners to plan ahead. The list is set out on the back page hereof for your ready reference.

Apart from increasing the total number of required hours from 10 to 15, the new IA rules require these to include 3 hours of approved "ethics or regulations" content. To assist Members, CIB's in-house Legal Officer has already

made an excellent three-hour presentation in three separate seminars in English and Cantonese, which exactly meet this requirement. These were very well accepted and will be repeated in the next round and in future to fulfil this new need.

Sourcing good speakers with useful and interesting content is a challenging and time-consuming job. CIB's "Education including FIS Sub-Committee", led by past chairman BS Rath and supported by the Secretariat, commits considerable time and effort to identifying and organising worthwhile seminars. The search for high-quality advanced technical material has been greatly assisted by the Government's "Financial Incentive Scheme for Professional Training" (FIS), which provides funds to bring to Hong Kong audiences recognised international specialists. CIB has become the largest organiser of FIS seminars, having established relationships with providers in the UK, Australia and New Zealand and the USA.

Members are encouraged to support the CIB's CPD programmes. ■

CIB Helpdesk for Members

CIB Helpdesk was created in April 2020 to assist CIB members through the complexities of transitioning to direct regulation and with compliance issues generally. Technical Representatives and employees of CIB members would call or email CIB Helpdesk to ask about issues relating to the law, regulations and practices under the new regulatory regime. Most of the time, CIB Helpdesk would be able to provide a solution right away or within a short timeframe. At other times, CIB Helpdesk would conduct further investigation and research on the subject and render a detailed and considered response. Some issues of importance and significance to the practice of brokers generally would be escalated, to bring up for discussion with the Insurance Authority (IA).



Deemed Licensee Application

Last year, CIB Helpdesk assisted CIB members in navigating through the Deemed Licensee application process. With the 3-year transition period quickly coming to an end on 22nd September 2022, the IA is requiring all Deemed Licensees, including Insurance Broker Companies and Technical Representatives (Brokers), to obtain formal licences before that date. The application process involves a combination of conventional paper forms and an online portal, the latter of which may be taxing even for more tech-savvy members.

Understanding the complexities involved and being conscious of the timeline, CIB Helpdesk rolled out six briefing sessions in both Cantonese and English from February to May, giving CIB members a walkthrough of the application process. In these sessions, we highlighted issues to look out for during form-filling, drew attention to common technical issues and had Q&A time for open discussion.

In addition to the briefing sessions, with the support of the IA, CIB Helpdesk provided on-site assistance. These are one-on-one sessions during which Insurance Broker Companies would bring in their laptop computers to complete the setting up of online portal accounts and for troubleshooting. CIB Helpdesk assists members through the whole process and provides ongoing telephone support to answer questions and, more importantly, provide solutions.

Our value is also recognised in the feedback we give to the IA about problems that CIB members have faced as end-users of the online portal. CIB communicates closely with the IA to relay both technical issues about the usage of the online portal and more practical concerns in the course of form-filling, with

a view to negotiating compromises that are acceptable to the regulator and regulatees, so that both sides can move towards building up a more effective regulatory ecosystem.

We were tremendously encouraged by the following remark made by the CEO of the IA in his Opening Address at the CIB Annual Conference 2021:

“CIB is leading the pack. As of this month, we have received 51,000 Deemed Licence applications (we have processed 42,000) and TR brokers are leading the way; you guys have done 69%. That gives me a very good reason to whip some of the bigger insurers and the banks, because if brokers can do 69%, there is no hiding how far they are falling behind. So thank you for giving me the big stick and thank you for setting an example for the others, and we are very confident that we will finish well ahead of the deadline next September.”

The IA is now in the final leg of the Deemed Licensee application exercise and CIB Helpdesk will continue to back up members and tackle problems along the way to ensure that all CIB members will smoothly transition into direct regulation. All formal licences have a validity period of three years, at the end of which they are subject to renewal procedures. The IA has yet to announce the renewal procedures or the applicable licence fees.

CPD Reporting

To complement the IA's new CPD requirements and its brand-new reporting system, CIB Helpdesk held a briefing session for the Responsible Officers and administration staff of Insurance Broker Companies on completing CPD reporting.

Unlike in the past when Technical Representatives would submit signed declaration forms to CIB to declare that they have completed the CPD requirements, the new system requires Technical Representatives to submit declaration forms to the Insurance Broker Company, and it falls to the Insurance Broker Company to verify attendance and the information on the declaration forms. CIB Helpdesk has helped members with the computation of CPD hours, the accreditation status of courses and reporting procedures via the online portal.

Time flies, and before we knew it, we found ourselves halfway through the new CPD assessment period, ending 31st July 2022. Companies should monitor CPD attendance periodically so that Technical Representatives attend courses regularly, rather than rushing attendance at the eleventh hour. Companies should be familiar with the new measures in addition to the reporting system, namely the introduction of mandatory CPD on “ethics or regulations”, e-learning (with an increased cap of 7 CPD hours) and COVID-related facilitative measures such as accepting CPDs held virtually (without a cap) and the new CPD penalty framework for non-compliance, etc.

Compliance Issues

CIB Helpdesk receives email and telephone enquiries throughout the year and has answered questions on compliance with rules and regulations, usually by drawing attention to the relevant provision in the Insurance Ordinance, Financial Rules, Code of Conduct, IA Guidelines (1-33) and the relevant Interpretation Notes and IA circulars.

However, we do not always have a ready answer to a question, therefore we also seek clarification and guidance from the IA when the need arises. An example was when CIB Helpdesk received enquiries from several companies about the restriction on rebates of commissions in relation to long-term insurance products under the Guideline on the Offering of Gifts (GL25). The issues were escalated for discussion within the General Committee, which led to a meeting with the IA to specifically address these concerns of CIB Members.



This example demonstrates how CIB not only keeps its members up to date with the regulatory proclamations but is also a channel through which the experience and sometimes hardship of Insurance Broker Companies could be fed back to the regulator, all done with a view to enhancing a two-way communication and understanding between the regulator and regulatees.

It is CIB's intention to be a partner in the compliance process to all CIB members, which is of great value to all and to some even indispensable. There are countless times when CIB Helpdesk has received notes of thanks and appreciation from members, which are huge encouragements and will be reciprocated with greater efforts to grow. Members should make good use of this facility and feel free to contact CIB Helpdesk at 2526-3951 in the mornings or by email at helpdesk@hkcib.org. ■

2021 Regulatory Updates



In 2021, the Insurance Ordinance underwent two amendments to introduce supervision of insurance groups and in relation to the issuance of insurance-linked securities (ILS) through a special purpose vehicle. Those amendments came into operation on 29th March 2021. Consequently, the Insurance Authority (IA) issued GL32 (Guideline on Group Supervision) and GL33 (Guideline on Application for Authorization to Carry on Special Purpose Business), bringing the total number of guidelines issued to date to 34 (and counting).

In addition, there were numerous regulatory updates during the year. Although the issued guidelines have not been formally amended, the IA has from time to time issued circulars that have the effect of extending or amending the rules. Practitioners should read the guidelines in conjunction with the relevant circulars containing these interpretation notes, FAQs and Q&As.

The list on the next page contains a summary of some of these legislative and regulatory updates. Except for the CPD Penalty Framework, which concerns all licensees, most of these latest developments are more relevant to insurers and those in long-term insurance. Nevertheless, it is essential that brokers are up to date with what is happening in the industry and also what is in the regulatory pipeline.

Legislative or Regulatory Instrument	Subject	Effective Date
Supervision of Insurance Groups		
Insurance Ordinance – Part XIA, Sections 95A to 95ZZW added	Under the new provisions, the IA may designate a company within an insurance group as a designated insurance holding company (DIHC). A DIHC is subject to direct regulatory powers exercisable by the IA including governance, inspection, investigation, intervention and disciplinary actions. The DIHCs to date are AIA Group Limited, FWD Management Holdings Limited and Prudential Corporation Asia Limited.	29.03.2021
Guideline on Group Supervision (GL32)	The Guideline sets out principles and standards for DIHCs in respect of their supervised groups on designation, “fit & proper” criteria, group capital adequacy, financial and regulatory reporting and disciplinary powers, etc.	14.05.2021
Insurance-linked Securities		
Insurance Ordinance – Sections 8A, 8B, 8C and 129A added	The amendments introduce the regime for the authorisation of special-purpose insurers (SPI) to carry on special-purpose business and issue insurance-linked securities (ILS) in Hong Kong. The operation of ILS typically involves an insurer or reinsurer setting up and transferring risk to an SPI through a reinsurance contract. The SPI issues ILS such as cat bonds to investors to finance the full amount of such risks.	29.03.2021
Guideline on Application for Authorization to Carry on Special Purpose Business (GL33)	The guideline sets out the supervisory principles and requirements in relation to SPIs, including application for authorisation, filing requirements and restrictions on sales of ILS.	30.06.2021
Continuing Professional Development (CPD)		
Penalty Framework for Non-compliance with CPD Requirements	The circular outlines the disciplinary penalties that the IA would impose on a failure to complete the requisite CPD hours, failure to submit or late submission of CPD declaration forms and declaring false information in a CPD declaration form. Penalties include fines, licence suspension, licence revocation and criminal and disciplinary proceedings.	23.07.2021
Interpretation Notes relating to the Guideline on CPD for Licensed Insurance Intermediaries (GL24)	The interpretation notes raise the cap for e-learning activities from 5 CPD hours to 7 CPD hours for each assessment period, while clarifying that there is no cap on CPD hours earned through virtual classroom platforms such as Zoom. The notes explain the computation of CPD hours for persons whose licence has been suspended or revoked.	02.08.2021
FAQ on CPD Penalty Framework and CPD Compliance Reporting	The circular addresses some practical questions and clarifies that an individual licensee may make written submissions as to why the fine imposed should not apply or should be for a lower amount, or explain his reasonable excuse for non-compliance.	17.09.2021
Definition of “Regulated Activity” under the Insurance Ordinance		
Explanatory Note on “Regulated Activity” under the Insurance Ordinance (Cap. 41)	The note sets out the IA’s general approach in considering whether or not a person is carrying on “regulated activity” and thus required to be licensed, and the factors which the IA takes into account when considering the scope of different types of “regulated activity”. It also sets out case studies regarding a collaboration arrangement between an insurance intermediary and a non-regulated entity, a non-insurance entity providing assistance to clients in procuring insurance, and the issues with price comparison websites.	12.10.2021
Guideline on Sale of Investment-Linked Assurance Scheme (ILAS) Products (GL26)		
Interpretation Notes relating to Guideline on Sale of ILAS Products (GL26) – Q&A 31A, 32A to 32E and 34 added	Following a highly publicised incident involving the default of an investment fund which was unauthorised in Hong Kong and was linked to Class C (linked long term) products with open architecture (OA ILAS), the IA has updated the interpretation notes aiming to ensure that intermediaries selling OA ILAS products possess the necessary knowledge and expertise to assess whether a potential customer is a professional investor, and to comply with enhanced risk disclosure requirements.	01.07.2022
Interpretation Notes relating to Guideline on Sale of ILAS Products (GL26) - Q&A 11A added; Appendices 1 and 2 updated	The IA issued the note on the Green Light Process to formalise the process by which an ILAS product is assessed by the IA before seeking SFC authorisation. In tandem with issuing the note, the IA has made consequential amendments to cover additional disclosure in the Important Facts Statement for ILAS products with an embedded high level of insurance protection and clarification for the calculation methodology and disclosure of remuneration.	28.12.2021 (with transitional period until 30.04.2023 for existing SFC-authorized ILAS products)
In the pipeline...		
Subject	Details	
Premium financing	The IA and the Hong Kong Monetary Authority have issued key findings from their joint inspection on premium financing activities, which highlight some deficiencies in certain areas of industry practice. In view of those findings, the IA intends to publish further standards and requirements for more prudent suitability assessment to avoid over-leveraging, and additional disclosure of risks associated with premium financing.	
Risk-based capital regime	Under the risk-based capital (RBC) regime, the capital requirements of an insurer will be determined based on the level of risk faced by the insurer. After rounds of industry-wide impact studies, the parameters for capital requirements have been largely concluded and the IA is preparing for the legislative process to target to implement RBC for insurers in 2024.	

The above list is not exhaustive. Full text of guidelines and circulars is available on the IA’s website. ■

Annual General Meeting 2021

The Annual General Meeting for the past year was held on 8th December 2021 at the HKUST Business School in the Hong Kong Club Building in Central. As required by the Articles of Association, this meeting was held live, fortunately before the latest social distancing restrictions were imposed as a result of the fifth wave of COVID-19. Nonetheless, as could be expected, the turnout was low.

The Chairman, Patrick Chan, gave his Report on the year, followed by the Financial Report by the Hon. Treasurer, Ricky So, who also proposed the reappointment of PricewaterhouseCoopers as Honorary Auditors, which was agreed.

In the General Committee election, Messrs. Adrian King, Ricky So and Alex Yip retired by rotation and being eligible, offered themselves for re-election and were duly reappointed, together with Benjamin Cheng of International Planning Group Insurance Brokers Ltd, who was welcomed as a new member of the General Committee.

Former Chairman BS Rath proposed a vote of thanks to the outgoing Chairman Patrick Chan for his hard work during his two-year term, after which the new General Committee met briefly to appoint Alex Yip as the new Chairman and the Confederation's Officers for the coming year. ■



Members of the Finance & Administration Sub-committee
Ricky So, Adrian King, Alex Yip, Mark Johnson, BS Rath, Patrick Chan

General Committee Members and Office Bearers for 2022

Following the Annual General Meeting held on 8th December 2021, new office bearers for the General Committee and various Sub-Committees and Working Groups have been updated as follows:

General Committee 2021 – 2022

Mr. Alex YIP Lockton Companies (Hong Kong) Limited	Chairman
Mr. Mark JOHNSON Howden Insurance Brokers (HK) Limited	Deputy Chairman
Mr. Adrian KING Aon Hong Kong Limited	Honorary Secretary
Mr. Ricky SO Pacific World (Asia) Ltd	Honorary Treasurer
Mr. Patrick CHAN Nova Insurance Consultants Limited	Immediate Past Chairman
Mr. James BOLUS International Financial Services Hong Kong Limited	Committee Member
Ms. Iris CHAN Willis Hong Kong Limited	Committee Member
Mr. Ricky CHAN Jebsen Insurance Brokers Limited	Committee Member
Mr. Benjamin CHENG International Planning Group Insurance Brokers Ltd.	Committee Member
Ms. Tiffany LUNG MI Insurance Brokers Limited	Committee Member
Mr. BS RATH Premier Insurance Brokers Limited	Committee Member
Mr. Andy WONG Marsh (Hong Kong) Limited	Committee Member

Sub-Committee	Convenor
Finance & Administration	Mr. Alex YIP
Education including FIS (Financial Incentive Scheme for Professional Training)	Mr. BS RATH
Legislation and Regulation	Mr. Adrian KING
Publicity, Promotion and Members Relations	Ms. Iris CHAN
<i>Task Groups of Sub-committee</i>	<i>Group Leader</i>
• Editorial Board for CIB Bulletin	Mr. Adrian KING
• Spring Dinner	Mr. Patrick CHAN
• Annual Conference	Mr. Adrian KING
• Website and Social Media	Ms. Iris CHAN
• Social Recreation	Ms. Tiffany LUNG
• Membership Promotion	Mr. Andy WONG
• Young Professionals	Ms. Iris CHAN
Greater China Affairs – Greater Bay Area (GBA) and Belt & Road Initiatives (BRI)	Mr. Alex YIP
Working Group	Convenor
International Affairs	Mr. BS RATH

Developing CIB Services

The new General Committee is determined not only to maintain and improve its services to Members but also to develop additional new areas where further value can be provided. While the Education including FIS Sub-Committee continues to develop and expand the CPD seminar offering, the Publicity, Promotion and Members Relations Sub-Committee is setting up Task Forces with specific projects to pursue both for now and for when gatherings and activities resume once the COVID pandemic recedes.

Please contact CIB with your ideas - we want to hear your views!

Upcoming CPD Webinars

CIB is arranging a wide range of CPD seminars in both English and Cantonese to be attended via Zoom and we set out the following seminar titles and dates which are either confirmed or subject to final arrangement.

Date	Time	Topic	Language
17 March (Thu)	9:30am – 12:30pm	Code of Conduct for Licensed Insurance Brokers "ethics or regulations" course	Cantonese
28 March (Mon)	9:30am – 12:30pm	Advanced Client Relationship Management – Establishing client relationships	English
29 March (Tue)	9:30am – 12:30pm	Advanced Client Relationship Management – Optimising client relationships	English
April / May		Business Interruption Insurance	English
April / May		Contractor All Risks and Claims Management	English
April / May		Dealing with Theft, Money and Fidelity Insurance	English
April / May		Employees' Compensation & Personal Injuries Claims – An update	Cantonese
May / June		Global Property and Casualty Insurance Market Update – pricing trend	English

For further details, please watch out for our CIB Circulars. ■

FIS Figures – January to December 2021



Number of courses

27



Number of course hours

90



Number of participants

1,743

Non-FIS Figures – January to December 2021



Number of courses

25



Number of course hours

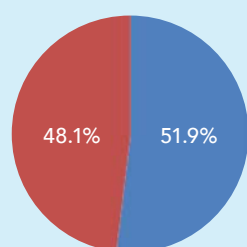
52



Number of participants

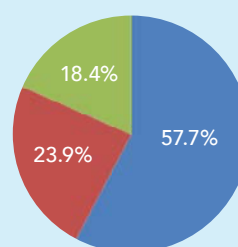
1,228

Types of the Courses



■ FIS ■ Non-FIS

Topics of the Courses



■ Technical Knowledge ■ Management / Soft skills ■ Ethics / Regulations and Others

Talk to us today – CIB is your voice within the industry!

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