

## Chairman's Message



always welcome to contact us for assistance should they have any questions, whether these are related to licence application or other issues.

We have been offering CPD courses under the Financial Incentive Scheme for Professional Training (FIS) for a number of years now. I am very pleased to announce that we have successfully applied for subsidies in the fifth round and will be able to continue providing high-quality CPD courses in

The Insurance Authority (IA) has launched the new licence application process for deemed licensees of insurance broker companies, and certain members in the first batch have already had their licences approved. At CIB, we offer Help Desk services and members are

association with overseas professional institutes such as the Chartered Insurance Institute (CII), the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) and the Risk Management Society (RIMS) at a nominal fee.

Membership renewal has been encouraging, and most of our members have renewed their membership. Thank you for all your support to CIB.

The General Committee is planning for our coming Annual Conference, which has been scheduled for the last week of October. We do hope that the COVID-19 situation improves and we can hold a physical conference. Details will be announced later.

Stay safe and healthy! ■

Yours sincerely,

**Patrick Chan**  
Chairman | June 2021

## The New Normal

### Deemed Licensee Application

To date, about one-third of broker companies have received invitations from the Insurance Authority (IA) to complete the deemed licensee application for formal licences. The rest should expect the invitation sometime within this year. The whole process is a learning curve, and CIB has been supporting members as they navigate the myriad of forms and online procedures in three ways.

In February and March, CIB organised four briefing sessions to give responsible officers and heads of administration an overview of the process. The feedback has been positive, and CIB will continue organising these sessions to assist members who have newly received invitations. In addition, with the support of the IA, CIB hosted five onsite sessions whereby IA's officers were present to give one-on-one technical support to members who had trouble using the online portal and had signed up for assistance. CIB also backs up its members through CIB Helpdesk, where members could call or send in an email when they encounter problems with completing the forms or using the online portal. Through the briefing sessions, onsite assistance and CIB Helpdesk enquiries, CIB has built up comprehensive knowledge and is ready to share with all members whenever required. ■

### CPD Reporting

As the onset of the COVID-19 pandemic started to seriously disrupt the availability of CPD courses, CIB requested an extension of time from the IA to achieve the necessary hours, which very reasonably they gave.

Originally due for the calendar year ending 31 December 2019, the deadline was subsequently extended to the new Insurance Authority (IA) mid-year reporting date of 31 July 2021. For those practitioners who have been registered for the full period of two and a half years, a total of 25 CPD hours is required to have been completed by 31 July 2021, with lesser numbers for those more recently registered/licensed, as indicated in the table on page 3. Reporting must be completed through Member companies into the IA's online portal by 31 October 2021, as detailed in the recent IA Circular and explained in the article inside this Bulletin.

Future cut-off dates will be on an annual basis on 31 July each year, requiring completion of 15 CPD hours of approved live or online courses. These must include three hours on "ethics or regulations" topics and may include up to five hours of approved e-learning CPD activities. For assistance, please contact the CIB Help Desk at helpdesk@hkcb.org or by telephone on 2526 3951. ■

# Responding to the COVID-19 and pandemic protection gap in insurance

Contributed by BS Rath, Immediate Past Chairman of CIB

The Organisation for Economic Co-operation and Development (OECD) issued an update on COVID-19 in the form of an article titled "Responding to the COVID-19 and pandemic protection gap in insurance". The report highlights the gap in business interruption (BI) insurance for non-material damage losses and suggests how the gap can be minimised with support from governments, as well as the associated challenges and considerations. This was followed by OECD organising a Virtual Conference on 23 and 24 March 2021, addressing the protection gap for pandemic risk. Speakers included, among others, representatives of the insurance sector (intermediaries, insurers and reinsurers), policyholders (film industry and risk managers) and insurance supervisors.

CIB received a note from the World Federation of Insurance Intermediaries (WFII) summarising the key takeaways from the Conference. This article highlights some of the key areas of the article and takeaways from the Conference.

## Correlation between pandemic control and business revenue loss:

Government-imposed confinement measures with the objective of slowing down the spread of the virus have resulted in serious losses in business revenue in most sectors, though business continued as normal in certain sectors and grew in others. The OECD article suggested the business revenue loss for the 27 OECD countries could be approximately US\$1.7 trillion per month in 2020.

## Responses to the COVID-19 BI protection gap:

Governments and supervisors have checked the coverage and wordings of insurance contracts in their respective jurisdictions and have found in most cases that BI cover was not available unless BI followed material damage. In some cases, the cover specifically excluded BI cover following a pandemic, which was introduced following the SARS outbreak in Hong Kong. In a few jurisdictions, some insurance companies are offering additional coverage and/or making voluntary payments to provide some relief.

- Governments, supervisors and the judiciary have come to one common conclusion – that there were no standard wordings for inclusion or exclusion of BI cover following a pandemic.
- In many jurisdictions, the wordings have been subjected to legal interpretation, which has provided much-needed clarity. A Supreme Court decision in the UK is one of the significant moves.
- Policymakers and other stakeholders are examining longer-term solutions to the pandemic BI protection gap, whereas many insurance/reinsurance markets have expressed their concern over providing comprehensive cover without loss sharing from governments and businesses.
- The roles of insurance intermediaries and risk advisers have been rightly amplified.
- Key uninsured or underinsured exposure in general insurance is business interruption.
- The cost of pandemic cover could be very substantial.
- The cost of insurance could be lowered by the ability of reinsurance markets (including alternative risk transfer through capital markets) to provide coverage for risks at a lower cost than primary insurers operating in a single market.
- Robust, long-term solutions such as public-private partnerships (PPPs) are the best options for covering future pandemic risks.
- Together with PPPs, the right incentives should be put in place to achieve risk mitigation.
- The level of involvement of each party – taxpayers/governments, insurers, reinsurers and businesses – and the exact set-up of a PPP will be different in different regions and countries.
- Though businesses became more resilient due to this pandemic, the big gamechanger remains insurance. Businesses need the support of insurance to cover their losses.
- Clarity in cover and affordability of premium are concerns for businesses.
- Self-insurance is not an option; businesses need a PPP from the government and insurance sector, together with government as the backstop. ■



## CPD Reporting Procedures

The Insurance Authority (IA) issued a new circular in April 2021 to announce the CPD reporting procedures. The new reporting procedures require the use of IA's online portal, and the submission is to be done by the broker companies on behalf of all the technical representative employees.

### Instructions for individual licensees

Individual licensees, i.e. the technical representatives, are required to complete the CPD requirements by 31 July 2021 and submit CPD declaration forms to their appointing principals, i.e. their employing broker companies, by the submission deadline of 30 September 2021.

On the CPD declaration form, a technical representative needs to fill in his basic particulars, the name of his broker company, the required number of CPD hours and the hours earned, and explain for shortfall (if any). A technical representative employed by more than one broker company should choose only one company to report CPD compliance. The declaration form is now available on the IA's website ([www.ia.org.hk](http://www.ia.org.hk)). Go to [Information Center](#) → [Public Forms](#) → [Forms – Insurance Intermediaries](#) → [CPD Declaration Form](#).

Unless otherwise instructed by the broker company, technical representatives may submit the declaration forms to the broker company as soon as they have duly completed the CPD requirements.

The majority of CIB's long-standing members and their technical representatives who were registered in CIB before 2019 are required to complete 25 CPD hours before 31 July 2021. CPD hours earned under CIB regulation between 1 January 2019 and 22 September 2019 are also counted towards the CPD hours required.

Newly joined colleagues may refer to the table below, which summarises the requirements set out in Annex 3 to the Guideline on Continuing Professional Development for Licensed Insurance Intermediaries (GL24).

CIB Registered or newly Licensed by IA	Period	CPD Hours Required Before 31 July 2021
CIB	On or before 31.12.2018	25
CIB	Between 01.01.2019 - 31.05.2019	22
CIB	Between 01.06.2019 - 22.09.2019	18
IA	Between 23.09.2019 - 31.10.2019	18
IA	Between 01.11.2019 - 31.01.2020	14
IA	Between 01.02.2020 - 31.07.2020	10
IA	Between 01.08.2020 - 31.10.2020	8
IA	Between 01.11.2020 - 31.01.2021	4
IA	Between 01.02.2021 - 31.07.2021	0

### Instructions for broker companies

Broker companies are required to report CPD compliance to the IA, via the IA's online portal called "Insurance Intermediaries Connect", on behalf of their technical

representatives. The prerequisite is to have activated the online portal by opening a supervisor account. Companies which have already activated the online portal can download the finalised CPD List starting 6 August 2021.

The CPD List is an Excel spreadsheet showing names of all technical representatives within the company and the total number of CPD hours required from 2019 to 2021. The broker company needs to use the CPD List to report to the IA the compliance status of each technical representative.

Before completing the CPD List, the broker company should collect all declaration forms from its technical representatives by 30 September 2021. What is not said in the IA's circular, but which CIB recommends broker companies to do, is that when the technical representatives submit the declaration forms to the company, they should attach to the forms all documentary evidence such as certificates of attendance to support the CPD hours claimed. The broker company is expected to verify the declaration forms against the documentary evidence.

After the broker company has verified the declaration forms, it should complete the CPD List by indicating the compliance status as follows:

- "Y" meaning due compliance;
- "N1" meaning non-compliance due to failure to fully complete all CPD hours required;
- "N2" meaning non-compliance due to failure to submit the declaration form; or
- "N/A" if it is not the responsible company for reporting.

The completed CPD List should be uploaded to the online portal by 31 October 2021.

Neither the declaration form nor the documentary evidence needs to be submitted to the IA. After verification, the broker company may return the documentary evidence to the technical representatives for their own keeping for at least 3 years. The broker company should nevertheless keep the declaration forms.

CIB Helpdesk is available to assist with issues on activating the online portal, required CPD hours and CPD reporting via phone (2526 3951) or email ([helpdesk@hkciib.org](mailto:helpdesk@hkciib.org)).

### Action Checklist

Action	Date
<b>Technical Representative</b>	
<input type="checkbox"/> Attend required CPD hours	Before 31.07.2021
<input type="checkbox"/> Download and complete CPD declaration form	Before 30.09.2021
<input type="checkbox"/> Submit CPD declaration form to broker company together with documentary evidence	Before 30.09.2021
<b>Broker Company</b>	
<input type="checkbox"/> Open supervisor account in IA's online portal	Now
<input type="checkbox"/> Download finalised CPD list	Starting 06.08.2021
<input type="checkbox"/> Collect CPD declaration forms from technical representatives together with documentary evidence	Before 30.09.2021
<input type="checkbox"/> Verify CPD declaration forms	Before 31.10.2021
<input type="checkbox"/> Complete and upload CPD List	Before 31.10.2021



## Next phase of FIS funding approved

We are delighted to announce that we have secured a new tranche of funding for the next round of Financial Incentive Scheme (FIS) training, which will be launched in July 2021 and continue until summer 2022. The coming round comprises a variety of topics including both general knowledge and specialised topics. You may find it relevant or be interested in attending some of the following CPD topics:

- Claims Handling
- Cyber Insurance
- Engineering Insurance
- Extreme Weather Events and Related Liability Risks
- Fine Arts and Specie Insurance
- Global Property and Casualty Insurance Market updates
- High Net Worth Household Insurance
- Marine Cargo and Marine Hull Insurance
- Reinsurance
- Reinsurance Law
- Risk Management
- Understanding Captives

Due to uncertainties under COVID-19 and for the sake of public health, all courses in the next round will be delivered in the mode of virtual classroom. Please watch for CIB Circulars for enrolment details. ■

## Upcoming locally presented CPD seminars

Listed below are scheduled CPD webinars for June and July 2021.

Date	Time	Topic	Contributor	Language
8 June 2021 (Tue)	4pm – 6pm	What's New in High Net Worth Insurance	CIIHK	English
11 June 2021 (Fri)	3pm – 5pm	Integrity for Success	ICAC	Cantonese
17 June 2021 (Thu)	4pm – 6pm	How Insurance Brokers can Design the Employee Experience Post COVID-19	CIIHK	English
23 June 2021 (Wed)	4pm – 6pm	Verbal Communication Skills	HKMA	Cantonese
9 July 2021 (Fri)	3pm – 5pm	Integrity for Success	ICAC	English
15 July 2021 (Thu)	3pm – 5pm	Conduct of MPF intermediaries and 20 <sup>th</sup> Anniversary of the MPF System	MPFA	Cantonese
19 July 2021 (Mon)	4pm – 6pm	Interpersonal Skills and Managing Difficult people	HKMA	Cantonese

## New Profits Tax Concessions for Insurance Brokers

The Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 came into effect on 19 March 2021. Since then, the profits tax rate charged on assessable profits derived from certain types of insurance-related business has been reduced by 50%, i.e., 8.25%. This new tax incentive is also applicable to licensed insurance brokers for selected insurance brokerage businesses.

CIB specially organised two CPD webinars in April to introduce this new tax incentive, highlighting the

qualifying insurance brokerage businesses and the threshold requirements, and elaborated by practical illustrative examples. It was our pleasure to have invited Ms Winnie Wong, Board Member of the Financial Services Development Council (FSDC), as well as Mr Paul Ho and Mr Ming Lam, who are tax specialists from Ernst & Young, to be our guest speakers.

The webinars were well attended by more than 120 CIB members and positive feedback and comments were received. ■

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

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