

Chairman's Message



I would like to take this opportunity to express my sincere thanks to our Immediate Past Chairman Mr. BS Rath for his tremendous contribution to CIB during his great leadership as our Chairman for the past 5 years. This is indeed the longest tenure of Chairmanship in

CIB's history. His job had never been easy during the transition period yet he handled it very well. I first knew BS in 2006 when I joined the General Committee and we became good friends since then. His enthusiasm always inspires me and I learnt a lot from him.

It was my great honour to be elected as the Chairman. Though this is not a new task for me since I had been the Chairman during 2012 to 2014, the challenges CIB faces today are in fact quite different as we have new roles and we are no longer the regulator for insurance

brokers. We are well into the transition and CIB is adjusting its role to assist members in various aspects, in particular compliance, to continue to represent them to IA and to promote professionalism amongst brokers in the industry. As I mentioned during my presentation at the CIB Annual Conference last November, **PRC**, i.e.:

"**P**rofessionalism"; "**R**epresentation"; and "**C**ommunication" are CIB's key roles in the future.

As announced at our AGM on 9th December 2019, we had four new Committee members joining the General Committee. They are all with different expertise and from members of various size. I am sure they will make a great contribution to CIB. This is very exciting news indeed and I look forward to leading and working with the new committee. ■

Yours sincerely,

Patrick Chan
Chairman | January 2020

ON THE MOVE

Office Bearers 2020

Following the Annual General Meeting held on 9th December 2019, new office bearers for the General Committee and various Sub-Committees and Working Groups have been updated as follows:

General Committee 2019 – 2020	
Mr. Patrick CHAN (Nova Insurance Consultants Limited)	Chairman
Mr. Alex YIP (Lockton Companies (Hong Kong) Limited)	Deputy Chairman
Mr. B. S. RATH (Premier Insurance Brokers Limited)	Immediate Past Chairman
Mr. Adrian KING (Aon Hong Kong Limited)	Honorary Secretary
Mr. Ricky SO (Pacific World (Asia) Ltd)	Honorary Treasurer
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. Kevin DURRANT (Marsh (Hong Kong) Limited)	Committee Member
Mr. Kenneth LAM (Convoy Financial Solutions Limited)	Committee Member
Ms. Tiffany LUNG (MI Insurance Brokers Limited)	Committee Member

Sub-Committee	
Administration & Finance	
Mr. Patrick CHAN	Convenor
Education including FIS (Financial Incentive Scheme for Professional Training)	
Mr. B. S. RATH	Convenor
Legislation and Regulation	
Mr. Adrian KING	Convenor
Publicity and Promotion	
Mr. Patrick CHAN	Convenor
Greater China Affairs - Greater Bay Area (GBA) and Belt & Road Initiatives (BRI)	
Mr. Patrick CHAN	Convenor
Mr. Alex YIP	Deputy Convenor
Working Group	
Membership Relationship	
Mr. Alex YIP	Convenor
Mr. James BOLUS	Deputy Convenor
International Affairs	
Mr. B. S. RATH	Convenor

Achieving Compliance

When considering the greatest hurdles facing insurance brokers in the transition to direct regulation by the Insurance Authority ("IA") and how CIB can best help its members, the issue that immediately stands out is regulatory compliance.

Having been closely involved with the IA during the process of developing the various codes of conduct, guidelines and regulations (collectively referred to herein as "the regulations"), CIB is well aware of the complexity of these and numerous references to one issue such as "fit and proper" in several of the regulations and sometimes more than once in one document. This especially for small and medium-sized brokers who do not have in-house counsel and can ill afford to employ external solicitors or advisors to analyse and interpret the regulations as applicable to their own circumstances.

This is all the more important as the IA expects detailed compliance with all of the regulations and requires the appointment of a responsible person (who can also be the responsible officer) to supervise and ensure such full compliance. To achieve this, the most basic requirement would be a Compliance Manual that would be always available and required reading for the responsible officer and all company staff.

These concerns developed within the CIB General Committee into the concept of a draft framework document from which each member could base their own individual company Compliance Manual, but it soon became apparent that this would be a very large, complicated and expensive exercise. This was further complicated by legal advice received that CIB should not include any "interpretation" of the regulations as such may vary from the interpretation given by the IA, which is the only party who can interpret their own regulations.

However, still determined to provide members with assistance in this difficult area, CIB pressed ahead to create a basic Compliance Manual which small and medium-sized broker firms could use either on its own or with individual embellishments to reflect the major activities of each. This document has been written by our legal staff in the CIB Secretariat working closely with and using input from the CIB's corporate lawyers. One of the main intentions in drafting this document has been to provide an index of topics and to gather all references to each topic in the regulations into that one reference point. Additionally, the document includes numbered footnotes on each page referring to the regulation document and its paragraph numbers for easy reference to the official source document.

The final document is now being printed and a copy has been sent to each member company of CIB for their reference. It is the intention that updates will be issued as and when required as additional regulations or amendments are promulgated by the IA to keep the manual up to date. The need for this is highlighted by the IA having already issued a further regulation that will come into effect at the end of 2020 since the manual went to print.

The Compliance Manual is the intellectual property of and copywritten to the CIB for the exclusive use of CIB members and it is hoped to be of valuable assistance to members.

CIB is also developing a "Help Desk" to further assist members with compliance issues that they may have and details of this will be circulated to members soon. ■

ADAPTING TO THE NEW REGIME

Transitional Issues with the IA

Since the transition, the CIB Secretariat has received calls from members asking for advice as to how to best communicate with the IA. There have been two major points of concern.

Firstly, when contacting the IA through its automated telephone system, they are asked to leave recorded messages but they complain that either there is a long delay in receiving a response or that no response is received at all.

Secondly, that they are experiencing long delays of weeks or months for receiving approval of applications for registration of technical representatives or responsible officers. As a result, they may have newly employed staff sitting in their office for an inordinate period of time unable to work until approval is received. We understand that this is due to unexpected problems with the online registration system and steps will be taken to rectify this.

CIB comprehends the difficulties that these issues are causing for members and intends to take them up with the IA to see what can be done to speed up the process in future. ■

Mark of Excellence

Over its many years as an SRO, the CIB has become recognised as a first-class professional body and it is desirable to maintain the level of respect to enable CIB to discuss and negotiate matters with the regulator on behalf of members. This is a two-way street as while CIB must retain the trust of its members, the public needs to recognise that CIB has the continued support of high-calibre professional insurance brokers as its members.

As a mark of excellence, the CIB logo represents Ethics, Expertise, Reliability and Professionalism.

CIB therefore strongly encourages members to continue to print the CIB logo together with a statement of their membership on business cards and correspondence, including electronic documents and presentation material. This will enhance recognition by the public as to the high status of CIB and to the sterling reputation and quality of its individual members.

We hope that we can work together to support the CIB as a mark of excellence. ■

New Articles for CIB

When CIB was formed 26 years ago and was appointed as a self-regulatory organisation ("SRO") by the Government, the Articles for the new organisation were written to reflect that self-regulatory role particularly including extensive rules for membership and registration and to provide authority and support for the disciplinary process. These issues are now redundant and it has been necessary to write new articles reflecting the CIB's new role as a professional representative association. This detailed and complex work has been proceeding over the last several months in conjunction with our corporate legal advisors, Messrs. Deacons.

Because the CIB is a company limited by guarantee and with permission to avoid using the word "Limited" in our title, both of which are considered beneficial, there are more restraints than for normal limited-liability companies. In particular the full wording of the Articles must be submitted for approval by the Companies Registry and they must include "aims and objects", which do not apply to ordinary limited companies. In drafting these Articles, the aims and objects have largely been based on those of the Hong Kong Insurance Brokers Association, which preceded the CIB.

Within the recent major amendments to the Companies Ordinance, there is included a model form of articles. While CIB has certain issues as a professional association rather than a trading company, we have, on advice of our lawyers, adopted the model document as far as possible as this should be more acceptable to the Registrar of Companies and thus facilitate the approval.

The draft Articles have been discussed extensively by the General Committee and have been circulated twice to members in consultation. It is worth mentioning that there were virtually no comments received from members, which hopefully

confers approval on the detailed work put in by the General Committee and our legal advisors.

Salient points from the new Articles relate to membership criteria and the composition of the General Committee:

There will be four categories of members:

1. Ordinary Members - who shall be approved firms of insurance brokers;
2. Associate Members - who shall be firms or persons related to CIB;
3. Term Honorary Members - individuals who have given meritorious service to CIB;
4. Honorary Life Members - individuals who have rendered exceptional service to CIB over a significant period.

The Associate and Honorary Members will be appointed by the Chairman on the advice of the General Committee. They will be able to attend general meetings and may speak but have no vote. They shall not pay any subscription.

The General Committee shall comprise not more than 12 members nominated by the Ordinary Member of which they are a director, responsible officer or technical representative ("TR"). The quorum at General Committee meetings shall be not less than 5 persons.

Having been put to consultation of our members and approved by the General Committee, our legal advisor has now submitted to the Registrar of Companies for approval. Once approved, which process we are advised may take quite some time, the new Articles will become effective after approval by members in a general meeting and members will be notified when this occurs. ■



Compliance Help Desk

In parallel with the Compliance Manual, CIB is also developing a "Help Desk" to further assist members with compliance issues that they may have and details of this will be circulated to members soon. It has always been CIB's intention to provide this service to members but launching has been delayed as our Secretariat staff have been concentrating on drafting and compiling the Compliance Manual, besides handling other urgent transitional and office relocation issues.

The service will be provided by a legally trained and highly experienced person from the Secretariat and will focus on explaining the provisions in the Compliance Manual and their interpretation.

The current proposal is that members should submit their questions by email to the Help Desk so that these will be dealt with in order of receipt. The Help Desk official will then either give simple straightforward explanations by return email or, for

more complex questions, will call the enquirer to discuss and explain the issues as appropriate.

This service will only be available to members of CIB and we hope it will be of great assistance to members in the future. Finalised procedures will be circulated to members shortly. ■

FAQ Assistance

CIB has issued Circular No. 113/19 setting out explanations to frequently asked questions on the new regulations and compliance. To expand on this useful reference, CIB would appreciate members advising the Secretariat of any other matters that may require clarification and that they would like to see included in a future update of the FAQ listing.

CIB on the Move!

After nearly 12 years comfortably established at AIA Tower in Fortress Hill, CIB will move to its new smaller premises at the end of March. With the approval of the General Committee, some of whom have visited and inspected the premises, the Secretariat is currently arranging a lease on Room 1504 on the 15th floor of Tai Tung Building at No. 8, Fleming Road. Located in the heart of Wanchai, this is a very convenient location with easy access to the MTR and trams.

This will be CIB's third home, the first before AIA Tower having been in St. George's Building in Central. Like its predecessors, Tai Tung Building is smart and well maintained with an attractive street frontage and entrance lift lobby, spacious and attractive floor lobbies and is light and open with cityscape views. The General Committee believes this to be up to the standards as befitting a professional representative organisation such as CIB, up to the expectations of the regulatory authorities and other organisations with which we interrelate and of which members can be proud.

The move has been predicated by the transition to IA regulation from last September and the reduced staff levels in the CIB Secretariat, reflecting the termination of the registration and disciplinary functions under our former SRO responsibilities. This has been a deliberate and calculated move in the planning since early 2019 and represents a downsizing from 1,388 square feet in AIA Tower to roughly

500 square feet in Tai Tung Building. A discount off the asking price has been negotiated and the agreed rental for a three-year lease is considered beneficial.

The rationale for this reduced floor area is to provide premises for not more than four staff and with a smaller but comfortable meeting room eminently suitable for sub-committee meetings, interviews and receiving visitors. In this we have forgone the much larger former boardroom used for General Committee meetings and the now discontinued disciplinary hearings as being a luxury we cannot justify at today's rental levels. However, by judicious juggling of the space and by downsizing the furniture, we have managed to expand this room so as to be just adequate to accommodate the regular General Committee meetings. Design of the decor and other details are now being obtained, as are quotes from contractors for the new renovation and for returning the AIA space to its original condition to hand back to the landlord. All of this is being proceeded with as fast as possible to meet the 31st March deadline with the Chinese New Year break intervening. We are all very excited with this development.

Formal notification and details of the move will be officially circulated to members in due course. ■

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

Phone: 2882 9943

Fax: 2890 2173

Email: info@hkcib.org

Letter from a Past Chairman

How does one become a successful insurance broker?

The question has always been in my mind, even though I retired from my position 13 years ago. There are many factors affecting the rise and fall of a broking business. I have also seen many household names disappear during the last four decades. The Hong Kong insurance market is ever changing and now a new era lies ahead for all insurance brokers. CIB's regulatory function has ended.

Apart from the day-to-day competition in business, and adapting to this change of policy, I think there are two basic requirements for a successful insurance broker that should always be borne in mind: professionalism and service. Professionalism – product and market knowledge

are core for any insurance broker. However, we must remember that continuing study or training will be absolutely necessary. Service – I don't mean the routine services of finalising a deal or servicing an insurance claim, I mean caring about our customers, putting ourselves in their position and checking if our job is done!

If you can master these two areas, I think you have a much better chance of growing your business successfully.

Congratulations to CIB for promoting professionalism among its members over the past 25 years! ■

Raymond Sit