

Chairman's message

Time flies. We now seem to be very close to handing over our SRO responsibilities to the Insurance Authority (IA). In the months leading up to the publication of the second issue of CIB Bulletin, a lot has happened within the insurance industry in Hong Kong. The Code of Conduct, Rules and Regulations and Guidelines are almost in the final stages of consultation. Indeed, many of them are now under public consultation. Another development is that the Voluntary Health Insurance Scheme (VHIS) is all set to roll out on 1 April 2019.

Repositioning Hong Kong's insurance industry in the region has gathered momentum since the central government announced its Belt and Road Initiative and Greater Bay Area development plan. In December 2018, the IA put Hong Kong further into the limelight by hosting the first Asian Insurance Forum. Amidst these initiatives, we played our role by taking part in all regulatory matters relating to the growth of the insurance industry, training its practitioners and developing the VHIS programme. We also hosted our 25th Anniversary cocktail reception in September 2018 and held our 15th Annual Conference in November 2018. After a series of discussions within the General Committee, we came to the conclusion that, for the benefit of members, the insuring public and the industry in general, CIB will continue to focus on the following areas after the change of regime:



- Promoting higher professional standards among insurance brokers
- Assisting members on compliance matters
- Imparting higher standards of training for industry practitioners

Thank you all for your immense contributions during the consultation process and on other matters. We have a lot of ongoing tasks in hand and look forward to working closely with you for a better broker community and a prosperous insurance industry in Hong Kong. ■

B.S. Rath
Chairman | March 2019

High praise for CIB's expertise

Since last year's Bulletin, CIB's senior team has continued to work tirelessly to ensure that insurance brokers' rights will be protected after the regulatory handover to the Insurance Authority (IA). This is an ongoing process; however, CIB's role as an essential advisory body to the IA will continue long after the handover.

As a case in point, the keynote speaker at our Annual Conference, held in November last year, was none other than Mr Clement Cheung, Chief Executive Officer of the IA. During his speech, he had this to say about CIB's involvement thus far:

"It will be remiss of me if I forget to pay tribute to the office-bearers of CIB for their active involvement in shaping the future regulatory regime for insurance intermediaries, an issue which is no doubt dear to your hearts."

"Rath and Adrian are sitting on one of our working groups and they deserve credit for the satisfactory progress made on a suite of rules and guidelines concerning 'fit and proper'

criteria, continuing professional development, minimum licensing requirements and power to impose pecuniary penalties. The two gentlemen conveyed their views forcefully yet diplomatically helping to improve and refine the final products."

We feel that Mr Cheung's comments were high praise indeed, but they also serve to highlight the important work we have been carrying out in preparation for the handover. As members are aware, CIB sits on two panels at the IA relating to regulatory changes: the Working Group and the Discussion Group for Brokers. This ensures we are best placed to represent the interests of brokers and our members, and to speak out when necessary.

CIB thanks its members for their contributions during the consultation process. ■

To read more about how CIB has been striving for the rights of its members, please see overleaf.

Updates on the IA's new regulatory regime

As part of CIB's involvement in the regulatory handover process, we have been able to scrutinise the IA's thirteen consultation papers and have offered our recommendations based on vast industry experience garnered over the years.

Each paper must undergo two stages of consultation: soft and public. During the soft consultation period, CIB followed a scrupulously objective, detailed process when reviewing each paper. We have submitted all findings to our independent corporate lawyer, as well as to our members. We have also presented our recommendations to the IA for their comment.



We are delighted to report that the majority of our recommendations have been accepted by the IA. In cases where they have not been adopted, we will continue to voice our concerns during the public consultation process.

One area of particular concern to our members pertains to the disciplinary process for brokers. We have been paying particular attention to protecting brokers' rights under the IA's proposed disciplinary process. Our members should rest assured that we will continue to uphold their interests in this area – and all others – while the new regulations are enacted. ■

At the time of printing, papers covered so far are:

- Draft Guideline on Fit and Proper (F&P) Criteria for Licensed Insurance Intermediaries (soft and public consultations)
- Draft Guideline on Continuing Professional Development (CPD) (soft and public consultations)
- Draft Insurance (Maximum Number of Insurers) Rules (soft and public consultations)
- Draft Guideline on Exercising Power to Impose Pecuniary Penalty in Respect of Regulated Persons (soft and public consultations)
- Draft Insurance (Financial and Other Requirements for Licensed Insurance Broker Companies) Rules (soft and public consultations)
- Draft Code of Conduct for Licensed Insurance Agents (soft and public consultations)
- Draft Code of Conduct for Licensed Insurance Brokers (soft and public consultations)
- Draft Guideline on Cooling-off Period (soft consultation)
- Draft Guideline on Financial Needs Analysis (soft consultation)
- Draft Guideline on Offering Gifts (soft consultation)
- Draft Guideline on Benefit Illustrations for Long-term Insurance Policies (soft consultation)

Greater Bay Area a boost for brokers

Part of our responsibility to our members is to interpret and adapt to initiatives launched by the central government in Beijing. In response to the ongoing roll-out of the Belt and Road Initiative, we have set up a dedicated sub-committee to discuss and communicate all changes that will affect members in the future, if and when they arise.

Regarding the Greater Bay Area plan, the details of which were set out in February this year, CIB's position is that closer involvement with all parties will be of huge benefit to brokers in Hong Kong. The city, due to its position as a global financial hub, has a central role to play in the new initiative. It has been reported that the Hong Kong insurance industry will be one of the key sectors to benefit because further integration "will enable more cross-border insurance policy sales, claims and investigations",¹ according to an article published in the South China Morning Post in February 2019.

As was also reported, Hong Kong's reinsurance industry has grown quickly, thanks to the central government's China Banking and Insurance Regulatory Committee (CBIRC)

agreeing to give preferential treatment to Hong Kong-based reinsurers.² We welcome this move as it will help Hong Kong develop into a regional reinsurance hub, which can only be beneficial to our members.

We look forward to a period of sustained growth and development in the insurance sector in Hong Kong driven by the central government's initiatives, such as Belt and Road and the Greater Bay Area. As such, our industry will benefit from economic development which will also provide stable conditions in which both Hong Kong and China can thrive. ■

Remarks

¹ <https://www.scmp.com/business/companies/article/2186678/hong-kongs-banking-and-insurance-sectors-among-biggest-winners>

² <https://www.scmp.com/business/banking-finance/article/2185205/hong-kongs-reinsurance-industry-boosted-favourable-mainland>

Supporting brokers' rights in the new regime

In the coming months, we will see regulatory authority being handed over from CIB to the IA. Throughout this period of negotiation, CIB has worked tirelessly behind closed doors on this hugely important matter. As such, we are pleased to be able to report in this issue of the Bulletin that discussions have finally reached the stage where we are beginning to talk about registration and administration, as well as disciplinary matters, passing from CIB as one of the self-regulatory organisations (SRO) to the IA as the new direct regulator.

So, what can members expect from CIB after the handover? Fundamentally, we will continue to be the main professional representative body for insurance brokers in Hong Kong and, in this capacity, we will reflect your interests and views to the IA, the industry and the government. Members will continue to receive CIB's assistance and support on compliance matters, as well as notifications on updates from the IA.

The second benefit is continued education for brokers. As CIB is a key member of the World Federation of Insurance Intermediaries (WFII), the Council of Asia Pacific Insurance Brokers Associations (CAPIBA) and the International



Association of Insurance Supervisors (IAIS), we are ideally placed to share our collective knowledge with our members. We will continue to engage with the IA on future entry requirements for brokers, as well as continuing professional development. Furthermore, CIB is now recognised as the leading course provider of the Hong Kong government's Financial Incentive Scheme for Professional Training – Insurance Sector (FIS). We are currently applying for the fourth tranche of sessions with some of the best speakers in the world.

Finally, with digitalisation and fintech becoming ever more crucial to our industry, we are in the process of assessing the establishment of a new IT platform which will enable more effective digital distribution of information and intermarket communications to and for our members. In January this year, we conducted a survey to ascertain our members' opinions about digitalisation and fintech. A large proportion of those asked, some 42%, felt that new technology will have a growing impact on their insurance business over the next few years. Furthermore, 56% of respondents reported that having a technology and mobile strategy will be important to their company in the future, with 28% saying it was very important. When asked what CIB's upcoming role would be in terms of fintech, more than a third expect CIB to provide training that defines what fintech means and how it can be deployed effectively.

When you remain a member of CIB, you receive the benefit of our strong legal backing based on years of industry expertise. We feel it is our duty to continue in our role as the main channel of communication between brokers and the IA. This enables us to stand up for your rights as brokers and provide a steady guiding hand in what is bound to be a period of uncertainty for our industry in Hong Kong. ■

“ We want to hear your thoughts and opinions, so please get in touch! ”

– Mr B.S. Rath, Chairman, CIB

Preparing members for the VHIS

As members will be aware, the Food and Health Bureau (FHB) introduced the Voluntary Health Insurance Scheme (VHIS) on 1 April 2019.

CIB conducted a Financial Incentive Scheme seminar on the VHIS on 29 January, which was very well received by attendees and garnered positive feedback. CIB continues to be supportive and is doing its best to disseminate all the information possible for the benefit of brokers. Please also look out for notifications on VHIS seminars in the near future. ■

Upcoming FIS courses to cover marine insurance

Possible courses in May and June 2019:

- Marine Cargo (2 days)
- Marine Hull (2 days)
- Marine Hull Claims (1 day)
- Marine Cargo Claims – Final Aspect of Management (1 day)
- Marine Liability (1 day)
- Project Cargo Insurance and Related DSU Cover (1 day)

These marine-focused courses are in line with the Hong Kong government's drive to establish the city as a major marine-industry hub. As usual, all speakers will be industry recognised experts. We look forward to seeing you there. ■



Recent appointments

- Ms Agnes Choi**
Appointed as Member of the Disciplinary Appeals Committee
- Mr Benedict Kent**
Appointed as co-opted Member of the Life and Investment-linked Sub-committee
- Mr Donald Soo**
Appointed as co-opted Member of the Life and Investment-linked Sub-committee and as co-opted Member of the FinTech and Digital Distribution Sub-Committee

Recent events

▶ Spring Dinner 2019



- Mr B.S. Rath, Chairman of CIB, delivers his welcome speech



- Mr Clement Cheung, CEO of the IA, addresses the guests



- Cheers and Kung Hei Fat Choi!

▶ Annual Conference 2018 and Annual Cocktail



- Mr Clement Cheung speaks at the CIB Annual Conference



- Mr Chris Hewison shares his thoughts on "The New Fintech Reality"



- Panel discussion

▶ 25th Anniversary Cocktail Reception



- Guest of honour Dr Moses Cheng at the Anniversary Cocktail



- Our chairman and distinguished guests



- Toasting!

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

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