

## Chairman's message



I am happy to inform you that the CIB Bulletin is now back in circulation with a new layout and different content. The timing of its relaunch couldn't have been better: on the 25th anniversary year of HKCIB. The Bulletin will be published every two months in English and Chinese. It will be our endeavor to provide information in the Bulletin on matters concerning HKCIB and its members, the insurance industry in Hong Kong and the world.

Over the last few months, on many fronts, activities have gathered momentum in preparation for the handover to the Insurance Authority (IA). HKCIB is engaged in discussions between the Self-Regulatory Organisations and with other intermediary organisations and with the authorities, including the IA, on matters concerning changes to the Code of Conduct, Rules and Regulations, Minimum Requirements and Qualification Criteria for practitioners, etc. We have also had extensive involvement in discussions regarding education, the

Voluntary Health Insurance Scheme (VHIS), the industry's image-building efforts and so on. What is certain is CHANGE. For how much and how long the industry will be allowed to adapt to those changes will be something which needs to be worked out for a smooth transition to the new regime.

One of the objectives of relaunching the Bulletin is to let you know what is happening in the industry and with the IA, as well as the important role which HKCIB is playing in all of this. If you would like to share your ideas or concerns with us, please write to us at [bulletin@hkсіб.org](mailto:bulletin@hkсіб.org), which is a new email account created under the domain of HKCIB especially for the Bulletin. ■



**B.S. Rath**  
Chairman

## CIB gains recognition for brokers in legislation milestone

Brokers and agents are to operate under separate Rules and Regulations when the Insurance Authority (IA) extends independent regulation of the insurance intermediaries, a move attributable in large part to sustained lobbying by CIB. The fundamental difference between brokers and agents, namely that brokers need to operate for the exclusive benefit of their clients, whereas agents are ultimately beholden to their principal insurance companies, is to be officially recognised in the new draft regulations.

Negotiations over the new rules are progressing well. Since 2013, CIB has sat on the Government-led Working Group to Facilitate Smooth Transition to an Independent Insurance Authority under the Financial Services and the Treasury Bureau (FSTB) and, since October 2017, has participated in the new Working Group on Direct Licensing Regime for Insurance Intermediaries, as well as the more

recently formed Discussion Group (Insurance Brokers), both established by the IA, to help shape the new independent regulations. Within the next two months, CIB will review the draft regulations and will continue to have constant contact with the IA and the Government to ensure the new rules are reasonable and appropriate.

The recognition under the regulations of the distinction between brokers and agents, and the need for separately appropriate regulations, is a milestone in the process of moving to independent regulation. Indeed, we have been lobbying for this official recognition since the first consultation on the new independent regulatory regime. Thanks to our leadership team's experience, knowledge and trust gained from the Government and the IA, this important distinction will be reflected in the final regulations. ■

## Timeline of key events

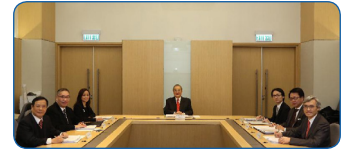
### February 1993

38 broker members from the Hong Kong Insurance Brokers Association and the Hong Kong Society of Insurance Brokers form CIB after succeeding in preserving self-regulation in the face of strong government opposition



### 2014

CIB begins talks with the government's Financial Services and the Treasury Bureau about independent regulation



### By 2013

there are 243 broker members of CIB



### June 2014

CIB makes representations on the proposed legislation to FSTB and the Bills Committee

### 7 December 2015

The independent Insurance Authority (IA) is formed



## Striving for our members – past, present and future

In 2014, CIB orchestrated initial talks with the Financial Services and Treasury Bureau (FSTB) regarding self-regulation in view of the establishment of the Insurance Authority (IA). However, after the passage of the Insurance Companies (Amendment) Bill and leading up to the formation of the IA, things have been rather quiet, with few developments to report. Nevertheless, in recent months the momentum has gathered pace, with extensive meetings, discussions and reviews of proposed regulations and the Code of Conduct all occurring in quick succession.

In addition to commenting on, or objecting to, the IA's proposals, we have given extensive explanations as to business practices and the practical realities of insurance broking so that the IA can understand the real circumstances they propose to regulate.

When CIB objects to a proposed provision by the IA, we have made it clear as to why we feel it unreasonable or inappropriate, and have not simply objected blindly. The IA appreciates the openness and rationale of our approach in this matter, and values the frank and genuine advice it receives from us.

### What the IA will mean to you

In general, the IA's remit is to regulate and supervise the insurance industry in Hong Kong to ensure its stability for the protection of existing and potential policy holders. To deliver this aim, they have set up four committees: Corporate Services, External Relations, Audit, and Codes and Guidelines.

It is our responsibility to you, our members, to work closely with all these committees of the IA, and to provide the appropriate level of scrutiny. The reason for this is that the new regulatory regime under the IA will be more intrusive and demanding, with requirements for more declarations and regular detailed financial and other related reporting. It is our role to ensure that brokers in Hong Kong are not affected adversely by these changes.

### Upholding the rights of our members

We firmly believe that CIB is still the best-placed organisation to serve its members in respect to the changes that will occur when independent regulation arrives. Far from being irrelevant, we currently sit on a number of boards so that we can influence policy and decision making at the very heart of our industry, and protect our members' interests.



## 2017-2018

CIB works closely in an advisory capacity with the IA on new direct licensing and regulatory regime requirements for brokers

### 26 June 2017

The changeover period from self-regulation to regulation by the IA is enacted

### June 2019

The transfer will be complete and the IA will regulate brokers

## 2019 onwards

CIB will continue to work with the IA in the best interests of its members

Over the last few years, CIB has sat on the board of the Working Group of Direct Licensing, the decisions of which affect every broker in the Special Administrative Region. Simultaneously, we have continued to monitor how new regulatory requirements are applied and implemented. CIB has also played a leading role in the provisions of FIS and other related CPD and educational services. A further success in 2017 was the part we took in establishing the Voluntary Health Insurance Scheme, the introduction of which has proved to be a milestone in the industry.

### Facing the future, together

While we have undoubtedly achieved a great deal so far, there are still challenges ahead that we all must face. CIB is in an ideal position to act as the mediator of choice for brokers with the IA, and we shall continue to do so long after the duty of regulation passes to the IA in 2019.

So, while, the future can be viewed with a degree of uncertainty, there is also a lot to look forward to. We at CIB have always stood up for you, and will continue to do so in the years to come. We are your voice within our industry, and this will never change. ■

## More relevant than ever

There is a common assumption that when the era of self-regulation is over, CIB may no longer have a role. Nothing could be further from the truth.

CIB will continue to serve our members by working with the Government and the Insurance Authority (IA). With two-and-a-half decades of experience in the industry, and the lack of clarity amongst legislators about what brokers do and how much they contribute to Hong Kong's economy, it is essential that we influence policy makers to ensure the best outcome for brokers and the industry at large. Recent successes in separating brokers from agents in the upcoming IA regulation demonstrates the impact CIB makes, and this will be sustained into the future.

When the IA finally takes over from the current system of self-regulation, slated for mid-2019, a certain degree of uncertainty may arise within the industry, particularly among smaller broker firms who do not have compliance teams or in-house counsel to explain what the new regulations mean in practice. CIB will be there for those members to offer support and best practice guidelines on these matters. Our General Committee comprises senior members of the broker community who are playing key roles in consulting with the Government and the IA on the new regulations. No other organisation is in a better

position to help brokers understand these new rules when they come into force.

The importance of education cannot be overstated at such a significant time for the industry. With the rule change comes a great opportunity to learn from brokers and experts around the world who have been working under the Government or independent regulation for decades. CIB is well placed to take advantage of its membership of the World Federation of Insurance Intermediaries (WFII) and the Council of Asia Pacific Insurance Brokers Associations (CAPIBA), as well as our affiliation with the International Association of Insurance Supervisors (IAIS). The knowledge and experience gained from these organisations will be shared with CIB members. We are actively engaged with the IA as to the future entry requirements for insurance brokers and the extent and nature of future continuing professional development (CPD). We will continue to provide the best training and qualified speakers for our members and the wider community. All of our FIS courses are fully compliant with and supported by the Government's Financial Incentive Scheme for Professional Training.

During this period of change, and moving into the new era of independent regulation, we will strive on behalf of our members to ensure they have a voice. ■

## Spring Dinner

It was a great pleasure to see many of our members at this year's Spring Dinner, where we hosted 29 tables. This ever-popular celebration was held at the Renaissance Hong Kong Harbour View Hotel in early March, and was well attended by many familiar faces from within the industry and Government. ■

