

Chairman's Message



I am extremely honored and delighted to have been elected as Chairman of the HKCIB for another term. On top of thanking the CIB General Committee and CIB Secretariat for their support and hard work in continuing to provide our usual high standard of

service to our Members, I would also like to express our deepest gratitude to Ricky Chan for his contributions to the Committee over the past years as he did not stand for re-election at the last AGM. Congratulations go out to Shi Qianli, who was elected as a new Member of the CIB General Committee, as well as Mr. John Richardson, Mr. Paul Winkelmann, Mr. Robert Lewington, Mr. Michael Lintern-Smith, Mr. Andrew Mak, and Mr. Jonathan Zhao, who were appointed as Honorary Members of the CIB. Besides serving and supporting CIB in various roles for many years, they have also made valuable contributions to CIB, particularly when CIB was acting as SRO.

The Year of the Tiger was full of challenges for our Members. Due to the ever-evolving pandemic, quarantine, gathering, and travelling restrictions continued to prohibit many in-person activities – making the theme of our Annual Conference, “A Time for Reflection – Maintaining the Professional Obligation” a very timely one, as we slowly moved towards normality. If you were not able to join the Conference, I would highly recommend that you take some time to read the extremely well thought out and structured speeches delivered by insurance veterans Adrian King, Mark Johnson, and Doug White, which can be found in the conference booklet. In his opening keynote speech, Stephen Yiu, Chairman of the Insurance Authority

(IA), commented that the IA had been working with CIB in formulating discussions with the Mainland authorities to explore opportunities for Hong Kong insurance brokers to expand their scope of services into the GBA. To that end, CIB will continue to work closely with the IA to represent our Members' interests for the future development of our profession, both in Hong Kong and in the GBA.

In 2022, five new Members joined CIB. In addition to extending a warm welcome to them, we thank all of you for continuing to support CIB in our endeavors to represent Members and uphold CIB as a respected professional organization. Should you have any questions, please reach out to our Help Desk for assistance or our Legal Officer and Secretariat for support. In the new year, we will be rolling out longer, bilingual CPD courses with our CIB Legal Officer Yvonne Lam on the compulsory three core points revolving around ethics and regulations to meet our Members' demands. We will also actively stay in touch with you via our Bulletins, circulars, website, and social media to keep you updated on all CIB news and future events.

The Year of the Rabbit is symbolically a lively, energetic, and peaceful one. As such, we hope to see a vibrant Hong Kong and a return to normalcy as the pandemic slowly becomes a thing of the past. Here's to a prosperous, fruitful, and happy new Year of the Rabbit for all our Members and friends! ■

Yours sincerely,

Alex YIP

Chairman | January 2023

KUNG HEI FAT CHOY!

The Chairman, Members of the CIB General Committee and Staff of the Secretariat of the Hong Kong Confederation of Insurance Brokers would like to wish all Members and Readers of this Bulletin a very Happy, Prosperous, and Successful Year of the Rabbit! ■



The Asian Insurance Forum 2022 – A Broker's View

Contributed by Mark Johnson, Deputy Chairman

The Asian Insurance Forum is the Insurance Authority's (IA) annual marquee event that provides an opportunity to reflect on the current market and set out a direction for the future. The emphasis was very much on the latter this year, with the launch of the Financial Services and the Treasury Bureau's Development Roadmap for the Insurance Sector in Hong Kong. This article is, therefore, a commentary on the Forum and the Roadmap as the main foundation of the Forum agenda. We encourage members to read and consider the Roadmap, which can be found at:

https://gia.info.gov.hk/general/202212/05/P2022120400606_407761_1_1670202994571.pdf

The Forum was well organized and informative with a good mix of industry and external speakers. The participation of Hong Kong's Chief Executive, John Lee, and Financial Secretary, Paul Chan, demonstrated not only the influence of the IA, but also the importance placed by the Government on the insurance industry as an economic contributor. The overarching theme of the Forum and the Roadmap was the integration of Hong Kong into the Greater Bay Area (GBA) – a subject of immense importance to many CIB members. However, it was disappointing that the role of professional brokers was not mentioned once by any of the speakers, panelists or the Roadmap document. The CIB feels that this is an important and damaging omission from a Government strategy standpoint.

As the Chief Risk Officer of the China Banking and Insurance Regulatory Commission (CBIRC), Mr. Liu Fushou's keynote speech was of particular interest. He was very encouraging and inspirational, as he addressed the need to focus on the GBA as well as the integration of the Hong Kong and GBA markets while calling on all regulators to work together. The CIB fully supports this and is pleased to hear that mainland regulators value contributions from the Hong Kong insurance industry. While he welcomed international companies, he also advised that there would be an equal playing field for both domestic and international companies operating in the GBA. We view this as essential for the development of the GBA insurance industry and growth opportunities for our industry in Hong Kong. Unfortunately, he did not mention anything about intermediaries, let alone brokers. This demonstrates one of the fundamental differences between the Hong Kong and mainland markets. The CIB has been actively working with the IA to promote the role of brokers in the GBA, as the expert knowledge and professionalism of brokers will be key to the development of a sophisticated GBA insurance market.

In his presentation, the Secretary for Financial Services and the Treasury Bureau, Mr. Christopher Hui, promoted cross-border products but, rather disappointingly, only mentioned consumer lines such as motor and individual life products. As he spoke of developing Hong Kong into a sophisticated risk management and insurance hub, it would have been the perfect opportunity to promote the specialist commercial line products that the Hong Kong industry can offer. Hong Kong is home to a wealth of insurance talent in all facets of specialist insurance products and we would like to see

our regulators and politicians actively promoting this. Our industry has so much more to offer than merely motor and individual life products. The ability to broke, underwrite, and pay claims for the many specialist classes of insurance and reinsurance demanded by sophisticated and complex clients is what will mark out Hong Kong as an insurance hub.

The Forum also featured several panel discussions that focused largely on the development of the life assurance industry. A good deal of time was devoted to the advantages of group-wide supervision and how this might attract larger insurers to base their global or regional operations in Hong Kong. The CIB feels that measures to encourage insurers (whether life or general) to establish global or regional offices in Hong Kong are certainly welcome, as this would give Hong Kong brokers access to a much wider and more sophisticated range of products and capacities. However, it is essential that measures are taken in tandem to encourage the influx of talent required to manage and maintain this. It was mentioned that Hong Kong boasts some of the world's top universities, but it is clear that more needs to be done to attract the graduates from those universities into the industry.

Much was made of the advantages Hong Kong has to offer for global and regional insurers. The panels identified:

- Robust but nimble regulator
- Gateway to the PRC/GBA
- Access to capital
- Access to talent

While the CIB agrees with all of the above, we feel that the advantages are currently not being made the most of in a meaningful manner. A set of incentives should be developed to encourage insurers and brokers to base their product specialists in Hong Kong. This suite of incentives should cover financial and non-financial aspects to make it easier for companies to bring individuals into the territory and train them, as well as do business here. Access to the GBA is a unique advantage that Hong Kong has over our rivals and if we are to be an insurance and risk management hub, the companies based here must be able to do business in any part of the Area.

The themes of the Forum and the Roadmap were Talent, Data, Connectivity, and Technology.

The key to connectivity, as outlined in the Roadmap document, lies in refining legislative regimes to allow insurance groups to participate in the GBA. The CIB certainly supports this and insists that Hong Kong brokers have a valuable role to play.

In terms of talent, the Roadmap calls for attention to be placed on attracting seasoned professionals from abroad, as well as nurturing local talent. Although there was not a great deal of discussion on this at the Forum, it is certainly a subject that the CIB wholeheartedly supports. ■

Expanded Talent List For The Insurance Sector

The Government's proposal on "Trawling Talent" as raised in the Chief Executive's recent Policy Address is of great interest and importance to businesses in Hong Kong. It is also an issue of particular concern to the insurance industry and brokers who have seen their staff depleted by regional specialists transferring to other centers like Singapore and by the emigration of experienced senior and middle-level local staff.

This issue was addressed in further detail at the recent CIB Conference, not only through the speeches, but also during the Panel Discussion relating to the reducing number of experts in specialist classes of general insurance available to serve corporate clients and how this is being seen as an impediment to the Government's wish to see Hong Kong established as a "Regional Insurance Hub" that is in a position to take the technical leadership role in the GBA.

The insights shared during the CIB Conference clearly kick-started the thought process, as almost immediately, we were approached by the IA for our views on our specific talent needs and how these should be expressed to the Government. Although the IA shared a draft paper which called for the provision of actuaries and "marine insurance professionals", the CIB has long taken the view that Hong Kong can never compete with the historic and trusted marine underwriting markets in London and Scandinavia. As such, a broader approach to corporate general underwriting abilities, as well as related direct and reinsurance market capacities is required. The CIB therefore responded with a proposal recommending that the definition of "marine" be broadened to "specialty insurance professionals", along with a supplementary exhaustive list of categories.

Our response also took the broad view to include specialist talent from all areas of the industry including brokers, specialist insurance and reinsurance underwriters, risk management specialists, as well as loss adjusters, as the provision of insurance is an integrated activity that requires the input and cooperation of all sectors to be successful. In addition, we proposed that qualification levels should be appropriate to those recognized in the global market.

In return, the IA kindly shared their revised draft paper with the CIB and we were most gratified to find that virtually all of our proposals were adopted. Although CIB Conferences require significant effort and support to arrange, all of it is justified when the extent of our practitioners' knowledge and experience of the local market and global insurance structure is demonstrated and accepted.

In our proposal, we also pointed out that while a captive market is desirable, it is not a stand-alone factor. Rather, it is one that may arise if all the aforementioned general specialists are available to develop and support it. During the Panel Discussion, a further point was made in that while attracting insurance specialist talent is needed not only to develop a hub, but also to support the significant global business activities headquartered in Hong Kong, this in itself will not be enough as they would need to be employed by broking, insurance and reinsurance companies that have been persuaded that the economic and political environment is right for them to make such a substantial investment. The responsibility falls on the Government and IA to create opportunities and attractiveness by introducing more incentives – tax or otherwise – as Singapore has so successfully done, such as by opening up access to the GBA, which is the only real justification for relocating existing regional and hub assets from elsewhere to Hong Kong. ■

CIB Annual Conference 2022

After two and a half years into the pandemic, the Confederation's 19th Annual Conference was finally held in person at the Park Lane Hotel on 24 October 2022, drawing a record attendance of 205 Members, Sponsors, and representatives from the industry, Insurance Authority (IA) and Government. The newly appointed Chairman of the IA, Mr. Stephen Yiu, opened the Conference with a Keynote Address that spoke very positively of the cooperation between the IA and the Confederation.

Due to the disruptions that Covid has caused on the insurance industry and economy in general, the Conference's timing and theme of "A Time for Reflection – Maintaining the Professional Obligation" was considered most appropriate. According to the speakers, what had seemed like a straightforward theme quickly unraveled to reveal further layers of problems arising out of the restrictions imposed on face-to-face meetings. The situation that we found ourselves in over the past years has indeed been a wake-up call and "time for reflection" as to the steps brokers should take to reestablish the full professional services that clients require and are entitled to expect. The speakers also raised the issues of Covid fatigue and broking frustrations, which have made a difficult situation worse.

In keeping with the program of previous conferences, the opening addresses by the Chairmen of the CIB and IA were followed by three specific topical presentations by prominent speakers from the insurance fraternity, where Adrian King set the scene with "Self Searching – Self Evaluation", Mark Johnson followed with "The Drawbacks of Social Distancing", and Douglas White addressed "Reinvigorating Innovation". The Conference concluded with a Panel Discussion moderated by Patrick Chan, with the three speakers joined by Benjamin Cheng to address questions from the floor.

Transcripts of the speeches which contain valuable insights have been circulated to Members, Conference attendees, the IA, Government and industry bodies.

Ultimately, the Conference was considered a success with useful knowledge imparted to all. The opportunity for meeting and interacting in person was much appreciated and helped to underscore the deprivations and negative effects of the pandemic. ■

CIB Awards First Honorary Memberships

The CIB General Committee has long been wanting to honor its most valued and supportive volunteers who have willingly contributed their time and talents but was sensitive to the perception of their independence under the SRO regime's legal framework. Freed of that limitation under its new "professional association" role, the CIB has adopted new Articles that incorporate the provision for awarding both Life and Term Honorary Memberships to deserving persons identified by the Chairman and the General Committee. Therefore, it was with great pleasure that the first six awards were presented at the conclusion of the recent Annual General Meeting.

The first and sole Life Honorary Membership was awarded to our corporate legal advisor, **Mr. John Richardson** of Deacons, who has rendered exceptional service to the Confederation over a significant period. In fact, it has been no less than 29 years since John drafted the Memorandum and Articles of the Confederation upon its foundation and steered it through incorporation. John has been a close advisor to the Chairmen and Officers on every issue they have faced ever since; and continues to be the most trusted and valued advisor to the CIB.

Although many individuals gave their assistance during the SRO years, which often involved complex disciplinary proceedings, the General Committee identified five people who each made a meritorious contribution to the development of the insurance broking profession and the Confederation. The persons honored with a five-year Honorary Membership are:



▲ (from left to right) Paul Winkelmann, Michael Lintern-Smith, John Richardson, Robert Lewington and Jonathan Zhao. Andrew Mak was unavailable to join the ceremony.

Mr. Paul Winkelmann who supervised the CIB audit and was instrumental in advising on the establishment of the independent CIB secretariat in the late 1990s. Subsequently, he acted as a go-between for the Institute of Chartered Public Accountants in the establishment of the Insurance Brokers' Compliance Audits. Paul has served on the Disciplinary Committee since 2016. Throughout this time, Paul has been a trusted advisor to various CIB Chairmen and Officers on financial, secretarial and corporate governance matters to the considerable benefit of the CIB.

Mr. Robert Lewington joined the CIB Disciplinary Committee in 2007 and subsequently assumed the Chairmanship providing a stabilizing and guiding presence and using his considerable personal effort rebuilt it into a highly regarded body.

Mr. Michael Lintern-Smith was the guiding hand behind the establishment of the CIB Disciplinary Committee's Legal Clerk position and prosecuting procedures from the beginning. His extensive legal experience was invaluable in building the basis and underlying structure of the organization.

Mr. Jonathan Zhao served as Chairman of the Investigation Board from 2010 following a number of years as Deputy. He handled almost every complaint case seriously and expeditiously either resolving them in the IB or assisting their resolution by the DC.

Mr. Andrew Mak was appointed Chairman of the Disciplinary Appeals Committee in 2011 developing it into a very impartial, honorable and experienced body. Such was the exemplary status of the DAC under his stewardship that CIB never faced any legal challenge to its disciplinary decisions.

These citations are of necessity abbreviated due to space constraints but fuller detail may be found in the AGM Minutes.

The CIB congratulates all Honorary appointees and is most grateful for their generous service. ■

Life Honorary Member

CIB's first and very deserving Life Honorary Member, John Richardson, is an unassuming man who is also extremely dedicated and loyal to those he chooses to serve. In that regard, CIB has indeed been most fortunate to have him involved with us since the very beginning of our incorporation almost 30 years ago as an SRO up to the professional representative body we have become. During the entire time, John has always been there for CIB waiting to support successive Chairmen and Officers as inevitable problems arose, bringing with him a sense of confidence that led to matters being successfully resolved.

It was therefore gratifying that when John graciously accepted his award, he said that it had been a pleasure to serve CIB for so many years.



He went on to note that his role as a lawyer is to advise, educate and guide his clients but that they come with different levels of sophistication which make the role more or less challenging. He generously went on to say that with CIB he found a higher level of sophistication than with many of his clients with a lesser need for education. From CIB's point of view, much of our acquired legal knowledge comes from our long association with John as variations of similar problems recurred but John has also been quick to pick up the finer points of the law and practice as well as the developing regulation of insurance broking as we have struggled to brief him on our latest needs. His long experience of the regulatory practices and governance of the financial and professional

sector have been immensely valuable to CIB and if we have given him added insights into the complexities of insurance practice then we are happy to have been able to return some of his expertise in kind.

Reflecting his long and close association with us as well as his innate sense of humor, John concluded his thanks with the comment that as a Life Honorary Member, it would now be necessary for him to try to live as long as possible to take maximum advantage of the award. We at CIB most certainly agree with him and wish him well in his endeavors, so that we may enjoy his company at our functions for many years to come! ■

2022 Regulatory Updates

Formal licence

2022 marked the end of the Transition Period. From 23 September 2022, all broker companies and technical representatives (brokers) are required to hold formal licenses granted by the Insurance Authority (IA). A formal licence is typically valid for 3 years. All licensees should know their respective licence expiry dates and prepare to apply for renewal 45 days before expiry. Licensed insurance broker companies should renew their applications in paper form, while licensed technical representatives should submit their renewal applications via the "Insurance Intermediaries Connect" electronic portal. Renewal procedure details can be found on the IA's website.

Premium financing

Long-term insurance brokers should be aware of the new regulatory requirements to make sufficient enquiries when ascertaining whether a client should purchase a life insurance policy using premium financing. If premium financing is recommended after a proper financial needs analysis, an additional "Important Facts Statement" must be completed. These new requirements took effect from 1 January 2023.

Good practices

While most regulatory updates in 2022 were relevant to insurers, such as updates on authorization and group-wide supervision, the IA also published extensively on the conduct of intermediaries. In one of its important circulars, "Common Findings from On-site Inspection and Off-site Monitoring", the IA identified areas requiring improvements and made good practice recommendations. For instance, accounting staff should be sufficiently trained in financial rules for brokers; a written referral agreement should be entered into with the referrer with sufficient controls to ensure that the referrer is not carrying on regulated activities; and in a trust structure, the policy should be delivered to the client instead of the trustee etc. Practitioners should use their best endeavors to adhere to these good practice recommendations.

CPD compliance

The IA is taking disciplinary action in batches against individual licensees who have failed to attain the required CPD hours or have failed to submit or been late in submitting the CPD declaration forms for the 2019/21 and 2021/22 assessment periods. The IA has emphasized the importance of CPD compliance and deems there to be a correlation between CPD compliance and the ethical culture of a company. Broker companies may consider enhancing some good practices, such as offering CPD courses to its technical representatives for free up to a certain date well before the compliance deadline or setting advanced compliance and reporting deadlines internally. Maintaining a good reputation with the IA for ethical and CPD compliance will serve broker companies well into the future.

In the pipeline...

The Financial Services and the Treasury Bureau has launched a consultation paper on the long-standing proposal to establish a policyholders' protection scheme. The last consultation took place in 2011, during which the CIB tendered its detailed written submission. The CIB continues to deliberate on the matter and be the voice of the brokers' community. It may be felt that this proposal is now superfluous given the much-vaunted imposition of the Risk Based Capital regime on insurers.

On the other hand, the IA is empowered to impose licence fees starting September 2024. How the IA will go about it remains unknown, but the CIB will continue to represent brokers' interests in the meantime.

Members are welcome to share any views in relation to the above matters with the CIB.

In relation to financial rules, by the end of 2023, all phased increases and transitional arrangements will come to an end. This means that starting from 1 January 2024, all licensed broker companies must maintain their minimum paid-up share capital and net assets at HK\$500,000; and the deductible of their professional indemnity insurance policy must not be more than 50% of the company's net assets. Broker companies should prepare ahead of time to ensure they will be able to meet the new requirements. ■

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

Where Did The Time Go?

It is with a great sense of pride tinged with disbelief that during this year 11 February to be exact, the Confederation will be celebrating 30 years of service to Hong Kong's insurance broking community and the insurance industry at large. Through these eventful years, many people from both within and outside of the profession have generously contributed their time and expertise to develop the Confederation into the successful and reputable organization that it is today.

The Confederation was fortunate to have a good pedigree and firm foundation formed through the amalgamation of the former Hong Kong Insurance Brokers Association and the Hong Kong Society of Insurance Brokers to

provide a platform for the establishment of a Self-Regulatory Organization licensed by the Commissioner of Insurance at that time, under the new intermediary legislation. Performing this role until the implementation of direct regulation by the Insurance Authority in 2019, the Confederation has since continued in its significant role as the professional representative body for insurance brokers within Hong Kong and in the global context.

The General Committee is currently planning celebrations to mark this important milestone including a cocktail reception for Members and guests probably in September and please watch for further announcements in the coming months. ■

KUNG HEI FAT CHOY!

Office Bearers 2023

Following the Annual General Meeting held on 5 December 2022, the following persons were confirmed as Members of the General Committee and appointed as Office Bearers. The appointed Convenors of Sub-Committees and Working Groups have also been listed in the table below.

General Committee 2022 – 2023

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
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. Qianli SHI Taiping Reinsurance 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
Life and Investment-linked	Mr. Benjamin CHENG
Greater China Affairs - Greater Bay Area (GBA) and Insurance Hub	Mr. Alex YIP
Working Group	Convenor
CIB Bulletin and Annual Conference	Mr. Adrian KING
Spring Dinner	Mr. Patrick CHAN
Young Professionals	Mr. Alex YIP
Website and Social Media	Mr. Benjamin CHENG
Membership Promotion and Social Recreation	Mr. Andy WONG
International Affairs	Mr. BS RATH

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