

## Chairman's Message



It has been another satisfactory fiscal year for HKCIB. I would like to take this opportunity to thank all members who renewed your membership with HKCIB. It is so important to have your support to enable HKCIB to continuously represent you in this dynamic business and regulatory environment.

This year marks the 30th anniversary of HKCIB. We will be hosting a cocktail party in September to celebrate this remarkable milestone. HKCIB has successfully developed through its 20-plus years as a Self-Regulatory Organization up until September 2019, when it became an insurance industry body representing and supporting the interests of our members following the formation of the Insurance Authority (IA).

With travel now returning to more or less normal, we expect face-to-face meetings to increase among the regulators and industry bodies across the region. This will facilitate the effective discussion and exchange of ideas among different jurisdictions and foster industry best practices. HKCIB will continuously work with the IA to explore opportunities where Hong Kong insurance brokers can serve their clients who have invested or plan to invest in the Greater Bay Area. The communication between the two regulatory authorities in Hong Kong and the mainland will become more effective when such face-to-face meetings can be resumed.

A representative of HKCIB joined the World Federation of Insurance Intermediaries (WFII) Annual Meeting in March this year and continued to represent our members on the global insurance broking industry platform, keeping abreast of international developments, promoting the Hong Kong insurance broking profession, and sharing experiences with other industry bodies around the world.

The end of COVID has enabled HKCIB to host its first welcome drinks gathering for new members and newly appointed Responsible Officers. It was a nice opportunity to see so many of the talented people in our insurance broking industry, including talent coming to Hong Kong from elsewhere in the region. We welcome them all and will continue working together to develop Hong Kong as a hub to attract talent from around the world. Deliberating how Hong Kong can develop into a hub for insurance in the region is another important initiative for HKCIB and the IA.

Here in Hong Kong, 2023 has been filled with exciting economic developments as activities resumed following the pandemic. Our clients will come out of the difficult time and their businesses will improve. We hope all our members are benefitting from these developments and enjoying a fruitful and successful year! ■

Yours sincerely,

**Alex YIP**

Chairman | June 2023

## CELEBRATING 30 YEARS!

### 30<sup>th</sup> Anniversary Logo

This year, 2023, marks the 30th anniversary of the founding of HKCIB. To recognise this important milestone, we have created a special logo, which will appear on all correspondence including emails and other Confederation documentation throughout this year. Professionally designed, the anniversary logo features the colour red, signifying happiness and enjoyment, while the gold signifies celebration of success alongside the blue of the Confederation in a style similar to the historic HKCIB logo. An article relating to the planned celebratory activities appears within this Bulletin on page 4. ■



# Responsible Officer Applications

Recently, HKCIB held a drinks gathering to welcome new members and newly appointed Responsible Officers (RO). More and more broker companies may be looking to appoint more than one RO as their business expands, or may need to appoint a new RO as their current RO moves on to new endeavours. There are also experienced technical representatives aspiring to take up more responsibilities to become RO themselves. This article will share some experience gathered by HKCIB from helping broker companies with their applications to the Insurance Authority (IA) for approval of RO. It will discuss the new, enhanced qualification requirements and exemptions, the application process, the application form, supporting documents required and other useful tips, which will hopefully make the process smoother.

## Academic qualification

The IA has raised the bar, requiring new RO to hold a bachelor's degree. Persons who may be exempt from this enhanced academic requirement are those who registered as a chief executive with HKCIB or the Professional Insurance Brokers Association (PIBA) at any time in the past, or had been a technical representative with HKCIB or PIBA with more than 15 years' insurance experience.

## Actual power and authority

The IA expects the RO of a licensed insurance broker company to have actual power and authority in the company, rather than being merely a salaried figurehead. The RO needs to ensure that the company maintains proper controls and procedures for securing compliance, and that all technical representatives observe those controls and procedures. The IA may revoke the approval to an RO if it finds that the RO ceases to have sufficient authority.

## Application form

Great care should be taken in completing the application process to demonstrate the due care and diligence of the prospective candidate and good governance of the company. The starting point is Form A3 – Application for Proposed Appointment of an Individual to be a Responsible Officer of a Licensed Insurance Agency or Licensed Insurance Broker Company. These forms may be updated from time to time, so users should ensure that they obtain the most up-to-date version from the IA's website.

In Form A3, there are questions about the status of the prospective RO in the company's management hierarchy. It is easier to establish their management status if the RO is a director, controller (i.e., shareholder of at least 15% shareholding) or a member of the governance committee of the company. Otherwise, it must be clearly shown that the RO is an individual in the highest rank reporting directly to the board of directors of the company.

Unless the broker company will have more than one RO, the prospective RO should be licensed in the same line(s) of business carried on by the broker company and should be responsible for managing and supervising all the technical representatives in the company.

## Insurance and management experience

An RO should possess a minimum of 5 years' insurance experience, including 2 years of management experience. Experience may be gained in Hong Kong or elsewhere.

Details of past work and management experience must be given, especially for those who have not held the position of chief executive or RO in other broker companies before. Do not be misled by the little space provided in the form; applicants are expected to provide detailed information on previous insurance and management experience on separate sheets. For each position, state clearly the duties and responsibilities, line(s) of business, supervisory duties involved and number of staff under supervision.

When stating one's management experience, do not just put in the job description of the position. Applicants should, under each job description, elaborate and explain what was actually done, how it was done, and the incumbent's specific role in a particular task. For example, give an account of a typical workday or workweek – who assigns workload, who conducts staff appraisals, who handles complaints, who signs off the budget and who oversees financial reporting, etc. Be specific and give as much detail as possible. If the experience was gained outside Hong Kong, it would be useful to give a summary of the regulatory requirements in that overseas jurisdiction. As a useful rule of thumb, a description of past insurance and management experience all contained in one A4-sized sheet of paper is deemed not sufficient, generally speaking.

## Supporting documents

Apart from the description of insurance and management experience in separate sheets as mentioned above, the following supporting documents should be provided:

### • Organisation chart

This refers to the internal organisation chart of the broker company. It should show reporting lines – i.e., to whom does the RO report and who reports to the RO. Each company's structure is different, but typically, the reporting lines should show the board of directors, the RO and different departments within the company, and all technical representatives should report directly or indirectly to the RO. State the job positions, not the names of the staff involved. State the approximate number of technical representatives.

### • Reference letters from previous employers

Usually, the simple one-page reference letter or employment record stating the job position, period of employment and reason for termination should suffice.

### • Reference letters from insurers (optional)

HKCIB used to require reference letters from insurers. This is no longer required by the IA in RO applications, although some applicants continue to do so. These reference letters are issued by the insurers confirming that they agree to continue to transact business with the broker company when the proposed RO is appointed.

Attachments should be clearly marked and paginated, preferably with a document index in front for easy reference.

## Processing and further information

The application form and supporting documents should be sent to the IA in hard copy. After submission, the IA will acknowledge receipt of the application by email to the email address stated on the application form. The proposed RO will not be required to attend any interview, but the IA will seek further documentary support and specific details based on the information provided.

The IA may require the applicant to set out the work experience in a specific format, such as in the form of the table below, to facilitate processing.

For example,

- Period of Service (from MMYYYY to MMYYYY)
- Name of Employer
- Nature/Line of Business (LOB)
- Job Title
- Supervisory duties if applicable
- No. of TR(B) under supervision
- Experience, no. of years (relevant insurance experience, management capacity)

Be prepared to go through several rounds of communications with the IA. The IA will return the application if documents are incomplete or if the applicant does not provide further information or documents well past the stated deadline.

#### Other points to note

- If the proposed RO is not currently a licensed technical representative (broker), such as one who works in an insurance company or insurance agency or works in an overseas jurisdiction, the application should be accompanied by a technical representative (broker) application in Form A1 together with all the education and qualifying examination proofs.
- If the proposed RO is to replace an outgoing RO, the application should be accompanied by the termination form of the outgoing RO in Form N1. The effective date of termination of the outgoing RO could be stated as upon approval of the new RO, to ensure a seamless transition.

- A licensed insurance broker company may appoint more than one RO. The company needs to give reasons to justify having more than one RO, such as having different RO to oversee different lines of business. In practice, the IA also looks at the size of the broker company in considering whether it is justified to have more than one RO.

- Conversely, if an RO is proposed to act for more than one licensed insurance broker company, the company also needs to give compelling reasons to justify doing so. The IA will normally not allow a person to act as an RO of more than one company unless the insurance broker companies concerned belong to the same group of companies or have a common shareholder. The applicant should address the issues of conflicts of interest, i.e., how to avoid and manage conflicts of interest when one RO acts for two broker companies; and given the onerous duties imposed on an RO, how one person will effectively manage and supervise all aspects of the regulated activities of two companies.

The above considerations have been consolidated from the relevant statutory provisions, rules and regulations of the IA, experience shared by members and information gathered by HKCIB. HKCIB will be pleased to assist members and proposed RO in navigating these seemingly arduous procedures. HKCIB Helpdesk Service is a member's benefit and is included in the annual fee without any extra charges. Members are welcome to contact HKCIB to discuss the above and other questions on compliance by phone at **2526 3951** or by email to [helpdesk@hkcib.org](mailto:helpdesk@hkcib.org). ■

## HKCIB organised career talks at local universities

Sustainability is essential not only to the growth and success of businesses but also to the recruitment and retention of new talent. A sustainable practice can lead to cost savings and increased efficiencies, which can help businesses remain competitive and financially stable in the long run. This stability can provide greater job security for employees and create a more attractive work environment for potential new hires. However, the insurance industry, like others, has been suffering from talent attrition over the past couple years, losing an average of 5% of its labour force every year. This has impacted the profitability of our member companies. To remain competitive and sustainable, we must act quickly and build our own talent pools.

One of the mandates of HKCIB is to promote professionalism amongst brokers in the industry and to the public. To this end, HKCIB began holding a series of career talks for undergraduates in Hong Kong, with the aim of providing students with valuable information to help them better understand the insurance broking sector. Ultimately, HKCIB's goal is to help students make informed decisions about their career paths, thereby attracting fresh talent to the industry.

In the last quarter of 2022, HKCIB conducted two career talks, and the attendance rates were encouraging. We

had 30 students from Hong Kong Metropolitan University attending a face-to-face event on 28 September 2022, and over 90 students from Hang Seng University of Hong Kong joining a virtual event on 11 November 2022. During those sessions, we introduced HKCIB and covered topics including the role of an insurance broker (as opposed to an agent), career prospects (including market information and experience sharing) as well as the qualifications and skills required. During the Q&A session, several post-graduate students from mainland China expressed concerns about career opportunities in Hong Kong and asked about the duties of brokers, to which we replied that duties within a broker firm are wide ranging and not limited to sales. At the end of the sessions, we connected with those who were interested in learning more or considering insurance brokering as their first job.

We trust that the two presentations were well received and gave participants a better understanding of the role of an insurance broker. HKCIB will continue to deliver career talks in 2023 in hopes that this will create a more sustainable and competitive environment for our members. Our next events have been tentatively scheduled for the third quarter of 2023 at another two universities. ■



## HKCIB Celebrates 30 Successful Years!

In an article entitled "Where Did The Time Go?" in our last edition of the Bulletin, we briefly reminded readers that 2023 is the 30th Anniversary Year of the founding of the Hong Kong Confederation of Insurance Brokers (HKCIB). During those years, HKCIB has performed many functions, from being the Government-appointed statutory Self-Regulatory Organisation for Insurance Brokers to the professional representative body that it is today. Throughout this time, HKCIB has developed a strong base of corporate governance designed to take care of the concerns of Hong Kong's insurance brokers by representing their interests to the Insurance Authority and the Government; by offering guidance and assistance to members through changing times and regulatory regimes; and by providing first-class Continuing Professional Development (CPD) courses, editing our regular information Bulletin and arranging our well-respected Annual Conferences and Spring Dinner gatherings. All of these are to ensure high standards of professionalism and to maintain the strong reputation of HKCIB members among regulators and the industry. With all of these achievements accomplished by the HKCIB, indeed, Where Did The Time Go!

While there is still much more under action and still to be done, HKCIB will take a brief break to step back and celebrate this great occasion. We believe that the individuals who have given their time to support HKCIB as officers or General Committee members, as well as those within and without of the membership who have volunteered their personal time in various capacities over the years, not to mention the members who have made the effort by their professional behaviour to enhance the image of HKCIB, deserve nothing less!

Our major celebratory event of the year will be a Cocktail Reception to be held in the Garden Lounge of the Hong Kong Club on the evening of Thursday, 21 September

2023. We will be sending invitations to all senior members, responsible officers and honorary members of HKCIB to join us on this special occasion, together with our friends from the Insurance Authority, Government and insurance industry organisations. We were very pleased to see how much members and guests enjoyed the rare opportunity to meet in person at HKCIB's Annual Conference last October after such a long period of isolation, and we expect this Anniversary Reception to be a joyful gathering of old friends and colleagues as we celebrate this wonderful occasion.

As we have done for our previous 20th and 25th anniversaries, we intend to publish an Anniversary Booklet containing messages from leading individuals and companies with relevant articles of interest, supported by congratulatory messages and advertisements from our industry friends. We hope this will make a useful memento for future reference.

Following our highly successful Conference last October, this year's Conference will appropriately celebrate its own 20th anniversary on Monday, 30 October 2023, thus forming part of our "Celebration of Anniversaries!" When we tentatively organised our first Conference 20 years ago, we never imagined that it would develop into such a successful and long-running series of highly regarded annual events, each presenting themes relevant to the times addressed by well-respected speakers, all following the foundational precepts of professionalism, corporate governance and the necessary corporate and regulatory compliance to support the interests of brokers' clients.

Thus, many activities are under planning for the participation of our members and to ensure that this 30th Anniversary Year of HKCIB will be memorable and enjoyable as we move onward into our next 30 years of service to Hong Kong's insurance brokers and the insurance industry in general. ■

## Welcoming New Members

We are delighted to welcome the following insurance broker companies who have recently joined HKCIB as members.

**Automate Wealth Management Limited**

**Hanson Insurance Brokers Limited**



## WFII World Council Annual Meeting, 3-5 March 2023

Contributed by BS Rath, Past Chairman

HKCIB is a member of the World Federation of Insurance Intermediaries (WFII) and the Council of Asia Pacific Insurance Brokers Association (CAPIBA). WFII held its Annual Meeting in Singapore in early March 2023. The discussion focused on changes, challenges and opportunities encountered by insurance intermediaries, as well as changes in the regulatory and supervisory landscape. Important topics discussed comprised sustainable finance; cyber risk; protection gaps; diversity, equity and inclusion (DEI); the impact of artificial intelligence (AI) on insurance; the hybrid insurance intermediary model and value-add of insurance intermediaries; regulatory pressures; liberalisation; and the affordability, capacity and challenges of reinsurance.

Visiting speakers included *Mr Yoshihiro Kawai*, Chair of the OECD – Insurance and Private Pensions Committee (IPPC); *Ms Hanne Van Voorden*, Head of Supervisory Practices and Operations, and *Ms Lauren Eckermann*, Senior Policy Advisor from the IAIS; *Mr Thomas Wang*, CEO, North Asia at Arthur J Gallagher Asia; and *Mr Philip Weiner*, Chief Data Officer at Bolttech. The meeting ended with a presentation on the Asian insurance market by *Mr Clemens Philippi*, CEO of the Asian regional office of Mitsui Sumitomo Insurance (MSIG).

*Mr Kawai* discussed challenges for the insurance sector due to increasing risks and protection gaps, and how brokers can contribute.

*Ms Voorden* and *Ms Eckermann* from IAIS discussed climate risks, risk protection gaps, the implementation of DEI within the existing insurance supervisory framework, and digital innovation and operational resilience.

*Mr Wang* and *Mr Weiner* focused on the impact of AI technology in insurance intermediation activities. Matters

discussed included data protection rules, digital resilience requirements, and rules relating to the ethical use of AI. It was observed that a hybrid model, i.e., technology and human intervention in combination, continues to be the preferred model. AI solutions can help facilitate and optimise processes such as improvement of claims processing, fraud detection and customer analysis, but human interaction continues to be key.

*Mr Philippi* made a presentation on motivation for an international exchange for the industry, as well as challenges and opportunities for the insurance industry in the coming years.

The CAPIBA meeting was held prior to the WFII meeting at the same venue. Singapore representatives expressed their concerns over a lack of young graduates joining the industry, disintermediation and regulatory load. Indian delegates discussed the challenges they are facing due to changing regulations and market practices. Hong Kong shared views similar to those expressed by Singapore. It was concluded that CAPIBA would ideally meet each year at least once in addition to their meeting prior to the WFII meeting.

### Important appointments at WFII

As the meeting concluded, *Mr Patrick M Gallagher* of the Council of Insurance Agents & Brokers (CIAB) was elected the Chairperson of WFII for 2023-2024. He succeeded *Mr Ulrich Zander* of the European Federation of Insurance Intermediaries (BIPAR), who was elected the Immediate Past Chairperson. *Ms Butsi Tladi* of Financial Intermediaries Association (FIA) of South Africa was elected Vice-Chairperson. ■

## Upcoming CPD Webinars

Listed below are scheduled CPD webinars for July 2023.

Date	Time	Topic	Language	Contributor
6 July (Thur)	10am – 12noon	Operational Risk Management	English	ANZIIF
12 July (Wed)	4pm – 6pm	Verbal Communication Skills	Cantonese	HKMA
17 July (Mon)	3pm – 5pm	Facultative Reinsurance	English	CIIHK
26 July (Wed)	9:30am – 12:30pm	Code of Conduct for Licensed Insurance Brokers "Ethics or regulations" related topic	Cantonese	HKCIB

Please refer to HKCIB Circulars for enrolment details. ■

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

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