

## Chairman's Message



It has been a busy few months for HKCIB, with several successful events taking place. To celebrate the 30<sup>th</sup> Anniversary of the founding of HKCIB, we held a Cocktail Reception at the Hong Kong Club where over 200 members and guests attended to commemorate this milestone. It was one of the biggest industry events held since COVID. Mr Stephen Yiu, Chairman of the Insurance Authority, was present to deliver the Opening Remarks. He mentioned the positive reception of the mainland regulatory authority considering limited access to Hong Kong insurance brokers to provide broking services for their clients in the Greater Bay Area (GBA). CIB has been working closely with the Insurance Authority on this GBA initiative and has been very pleased to hear positive feedback.

Our 20<sup>th</sup> Annual Conference was very recently held on 31 October 2023 at the Park Lane Hotel and also enjoyed great success. The theme of the event was 'Back to Business - The New Tomorrow'. We had three experienced

senior industry executives, Mr Duncan Stockley, Mr Patrick Graham and Mr Chris Mo share their views on this new tomorrow. Mr Clement Cheung, Chief Executive Officer of the Insurance Authority, gave the Opening Remarks. It is notable and remarkable for HKCIB that we have managed to consistently hold our Annual Conference throughout the last 20 years, notwithstanding the time we held our Conference virtually in 2020 during COVID.

The HKCIB Annual General Meeting will be held on 4 December 2023. For members who are interested in nominating their RO or TR for the election of the HKCIB General Committee 2023-24, please contact our HKCIB Secretariat on or before 27 November 2023. I would like to take this opportunity to encourage members to take part in our Annual General Meeting and we look forward to seeing you there. The future of the HKCIB relies on all your support. ■

Yours sincerely,

**Alex YIP**

Chairman | November 2023

## A TRUSTED PARTNER!

### Year of Anniversaries



This has indeed been the Confederation's year of anniversaries with the 30<sup>th</sup> Anniversary of its inauguration and the 20<sup>th</sup> Annual Conference both occurring in 2023. Both milestones were celebrated in style - the 30<sup>th</sup> Anniversary was marked by a popular Cocktail Reception attended by some 250 guests at the Hong Kong Club while the 20<sup>th</sup> Annual Conference, appropriately entitled 'Back to Business - The New Tomorrow', recently took place at the Park Lane Hotel. Details and photographs of both these events can be found within this Bulletin. ■



## Celebration Time!

On 21 September 2023, around 250 members and guests gathered at the Garden Lounge of the Hong Kong Club to celebrate thirty years of the Confederation and its service to the insurance broking business and the general insurance industry of Hong Kong. Current members were joined by a number of former chairmen and officers, as well as industry and government representatives.



Mr Alex Yip, Chairman of HKCIB, opened the proceedings with an address highlighting the Confederation's historical achievements over the past thirty years and the professionalism which enabled it to function at different times as the Self-Regulatory Organization (SRO) for brokers and as the representative professional body and education centre that it is today. He added that this was only possible with the selfless support of external professional volunteers.

Mr Yip went on to thank the Confederation's founding chairman, Mr Adrian King, who has continued to serve on the General Committee and as Honorary Secretary for the full thirty years of the Confederation's existence and presented him with a Certificate of Distinguished Service.



The Guest of Honour was Mr Stephen Yiu, Chairman of the Insurance Authority, who addressed the gathering and congratulated the Confederation on its continuing success and for its support of the brokers and the professional standards. He noted that the Insurance Authority had been working closely with the Confederation on proposals to grant Hong Kong brokers access to serve their clients in the Greater Bay Area, and that they supported this proposal by opening it up for negotiation with Mainland Authorities.

The Reception was thoroughly enjoyed by members and guests, especially after a dearth of in-person insurance events due to the restrictions of COVID. Among these guests were a good number of representatives from insurers and related firms who had generously provided sponsorship for the event. The Confederation sincerely appreciates this support and looks forward to working with them again in the future.

### Welcoming Remarks by Chairman of HKCIB

To Mr Stephen Yiu, Chairman of the Insurance Authority; to our distinguished guests, ladies and gentlemen - good evening and a very warm welcome. Thank you for joining us for the 30<sup>th</sup> Anniversary Cocktail Reception of the HKCIB. This year marks an important milestone for CIB and a celebration of an amazing 30 years since our formation in 1993.

CIB started with 38 founding members and our membership grew to more than 300 over the last many years. On 30 June 1995, CIB became the approved body under the Insurance Companies Ordinance as the Self-Regulatory Organization for insurance brokers. Since then, CIB acted as the self-regulatory body for 24 years and 84 days until 23 September 2019, when this function moved to the Insurance Authority. Thank you for all the support from our members during the last 30 years. I am also pleased to report that 15 new members joined CIB since 2019.

The role of CIB is now becoming an industry body to help and support our members in upholding their professionalism and representing our members' interests for their continuous development in Hong Kong as well as future opportunities that await them in the Greater Bay Area (GBA). CIB has been continuously discussing with the Insurance Authority and expressing the benefits and advantages of allowing insurance brokers in Hong Kong to serve their local clients in the GBA. Our members will bring along their experience, technical knowledge, innovative products and solutions that can help the long-term development of the GBA insurance industry. This will also give entrepreneurs in Hong Kong confidence to invest in the GBA, as they know their Hong Kong brokers can provide them with suitable and necessary insurance covers.



This GBA opportunity will also help Hong Kong regain momentum to develop as a hub so that talents can be attracted to the city for opportunities far greater than those found in one single market. However, such efforts to pursue the GBA opportunity would not be sufficient with just CIB alone - it would require a joint effort from the entire industry together with the IA to lobby the mainland regulatory authority in terms of building Hong Kong as an insurance hub for the GBA, and for the whole of Mainland China and North Asia in the long run. It would also require the insurance industry to support the investment and attraction of talent into their Hong Kong offices, including both senior and experienced underwriters and brokers.

Another milestone CIB will achieve this October is the Confederation's 20<sup>th</sup> Annual Conference. These have been held continuously and uninterrupted for 20 years, even during COVID when the 2020 Conference was held virtually. Now recognised as significant annual events in the insurance calendar, before was addressed by the Commissioner of Insurance and now by the Chief Executive Officer of the Insurance Authority who is also the guest of honour, various themes covering professional, ethical and developmental issues have been addressed by speakers of high reputation and excellence. The 20<sup>th</sup> Annual Conference will be held on 31 October 2023 and we hope to see many of you there.

While we are celebrating the 30<sup>th</sup> anniversary of CIB, there is one person I must not miss saying a big thank you to. He is such an important person as he has witnessed and been involved in the development of CIB since its initiation. He was one of the founding members of CIB in 1993, was its first Chairman and has subsequently held the position of Honorary Secretary in the General Committee ever since. He has given his unwavering support and provided tremendous contributions to CIB during the last 30 years. Without him, CIB would not be what it is today. Mr Adrian



King, a tremendous thank you for your unreserved efforts in leading and helping CIB for its achievement today. Please give a big, big hand to Adrian!

I also want to thank all our General Committee members, our Secretary General, Legal Officer and Administrative Assistant for all your work in helping CIB reach this remarkable milestone today. You are such a great team! Taking this opportunity, I also want to thank all our sponsors for your generosity and support to CIB.

On that note, I would like to introduce our guest of honour, Mr Stephen Yiu, Chairman of the Insurance Authority, to give his opening remarks. Mr Yiu, please. ■



# “Good News: You’ve Won a Free Medical Check-Up!!”

One might think this is just another spam email, but this article is actually about the Insurance Authority’s (IA) on-site inspections of licensed insurance broker companies. In the last issue of the Insurance Authority’s enforcement newsletter, the IA wrote about on-site inspections drawing comparisons between an on-site inspection and a free medical check-up - even though one may not have any medical issues or symptoms, it is still beneficial to have a check-up to ensure that everything is in order, much like with an on-site inspection.

When the author of the article joined CIB 10 years ago, she noticed something peculiar happening in the office on some mornings. A staff member would present a deck of playing cards to the secretary-general, who would then draw some cards from the deck. She thought this might just be a sign of a fun workplace, only to find out months later that they were randomly drawing cards for numbers to determine which broker companies to conduct a site inspection of. This practice was later replaced by more sophisticated methodologies, but the fairness of the system was maintained.

The IA carries out on-site inspections of licensed insurance broker companies in a similar vein. It selects a different variety of broker companies using a risk-based approach, regardless of whether the broker companies may be suspected of any non-compliance. The IA considers quantitative and qualitative factors in the risk assessment matrix including a broker company’s line of business, insurance brokerage income, number of technical representatives, number of complaints and other parameters. For example, if a broker company carries on long term insurance business, has a large business volume with just a handful of technical representatives, is frequently changing its responsible officers or if its auditor’s compliance report has been qualified, then this company will most likely be on the IA’s short list for on-site inspection.

From 2021 to 2022, the IA conducted on-site inspections of 15 licensed insurance broker companies. This is not a huge number, considering there are around 800 licensed insurance broker companies in Hong Kong, but these were completed against a backdrop of social distancing measures and work from home arrangements during COVID. In the IA’s post-transition roadmap of enforcement, it emphasised an increased focus on standards of conduct through routine inspections. As such, licensed insurance broker companies should be prepared for more on-site inspections to come.

If a broker company is selected for an on-site inspection, the IA will allocate a few employees to the selected company’s office. They will spend two to three weeks reviewing files, raising enquiries and discussing matters with different levels of staff. This is indeed a very thorough, almost forensic, examination. It is therefore perfectly normal to be nervous about the upcoming procedure, just as people sometimes feel when their annual medical check-up is due. However, if a person maintains a healthy lifestyle, a medical check-up should be nothing to fear. This is the same for broker companies who maintain good corporate governance and conduct a self-assessment of their processes and procedures to ensure compliance.

The following list can be a helpful reference for broker companies to check that the necessary documents and procedures are in place or are readily accessible in the case of on-site inspections. Members are recommended to conduct a regular self-assessment using this list as an internal audit to ensure they will be able to satisfy an inspection notice from the IA, who normally gives one month’s notice prior to the inspection.

## Background Information

- Latest annual return filed with the Companies Registry
- Shareholding chart
- Group organisation chart
- Internal organisation chart showing management and operational departments

## Financial Information

- Audited financial statements and compliance reports from the past 3 years
- General ledger
- Monthly management accounts
- Monthly reconciliation statements of each client account
- Bank statements of all client and operating accounts
- Client account names contain the word “client” with a Section 71 notice given to the bank
- Procedures for keeping separate accounts and proper accounting
- Professional indemnity insurance policies from the past 3 years

## Transaction Records

- A list of insurance applications handled in the past 2 years
- Copies of insurance application forms signed by clients
- Copies of needs analysis forms and suitability assessments
- Policy delivery records
- Invoices, debit notes, cheque copies and remittance slips

## Disclosure Requirements

- Business cards
- Terms of business agreement
- Disclosure notice and acknowledgement of unauthorised insurer
- Disclosure statement in relation to referral business
- Remuneration disclosure statement

## CPD Records

- List of training courses arranged for technical representatives
- Procedures for monitoring CPD compliance and reporting

## Complaints Handling

- Complaints handling policies and procedures
- Register of complaints including assessment, findings and remedial action

## AML Compliance

- Appointment of Compliance Officer and Money Laundering Reporting Officer
- AML procedures and staff training records
- Institutional risk assessment record

- Client risk assessment record
- Client due diligence documents for up to 5 years after the end of business relationship
- Record of ongoing monitoring
- Database screening mechanism
- Register of internal ML/TF reports made to Money Laundering Reporting Officer
- Register of Suspicious Transaction Reports made to the Joint Financial Intelligence Unit

#### MPF Business

- Documentation of annual review of controls and procedures
- Record of order instructions received from clients
- Record of provision of copies of signed forms to clients

The above list is neither exhaustive nor applicable to all companies or inspections. An IA on-site inspection may differ depending on the type of business and business model of the specific company. The actual inspection may focus on different areas and the IA will also select sample transactions for more detailed review. Its main goal is to understand a broker company's operations and workflow for selling insurance policies.

This list has consolidated the IA's original article about on-site inspection, its circular on good practice recommendations, CIB's own experience in conducting compliance audits and personal experience shared by fellow members. With the assistance and support from CIB, hopefully any member who is selected for on-site inspection by the IA will, after the lengthy inspection process, be issued a clean bill of health. ■

## CIB's Response to the IA's Research on Mental Health Conditions and Insurance in Hong Kong

Contributed by BS Rath, Past Chairman

In June 2023, the Insurance Authority (IA) conducted market research on mental health conditions and insurance in Hong Kong. They focused on three key objectives: public awareness, the protection gap and the development of mental health insurance. The study focused on (1) depression and anxiety disorders in adults and (2) ASD and ADHD in juveniles. CIB participated in this research and formed a response, after holding discussions within the General Committee and consulting with certain members who have significant experience with health insurance.

#### CIB's Response Protection Gap

CIB was of the view that there are products available in the market for high-end individual health insurance policies, but in general many policies do not provide coverage or only provide a small amount of benefits. Thus, CIB was of the view that there existed a protection gap. To combat this, CIB supported the idea of fostering mental health insurance development and increasing public awareness of this topic.

The research also discussed the Private Mental Health Insurance (PMHI) market in Hong Kong. It covered Voluntary Health Insurance Scheme (VHIS) and non-VHIS products, critical illness products, group contracts and others. Whereas many questions were directed towards insurers, some points were also important for brokers. The following is a summary of CIB's overall response.

- Regarding the impact COVID-19 had on the occurrence of common mental health conditions, CIB responded:
  - COVID-19 triggered several parallel external and internal stress factors such as economic fluctuations, job insecurity, health access crises and social isolation. As Hong Kong implemented "zero-COVID", one of the world's strictest measures against COVID-19, the impact of these stress factors could have increased the prevalence of common mental health conditions. In addition, oversaturated information (and misinformation) from social media, news channels and rumours possibly made people feel more unsettled and panicked.

- An annual [Hong Kong-based survey](#) co-organised by the Equal Opportunities Commission showed that the average Hongkonger's mental health score failed to achieve a passing score of 52 for the past five years. Out of a score of 100, scores averaged 45.12 in 2020, 48.03 in 2021 and 47.64 in 2022. As more published studies create greater awareness of mental health and therefore decrease its taboo, adequate resources are needed to invest in timely prevention and treatment of mental health conditions. As the [wait-time for public mental health services can be up to 1.8 years](#), insurers may be tasked to find solutions beyond existing schemes, such as the VHIS, to increase the availability of private psychological care.

- Regarding a stepped care approach for mental health treatment, CIB agreed this approach needs to be cost-effective for various groups, as every individual will require a different level of treatment.
- CIB supported insurers going beyond the mere inclusion of mental health benefits by adopting a dedicated mental health strategy.
- If group medical plans and a proactive community outreach can promote the importance of mental health and wellbeing, as well as the role of insurance, CIB backed the idea of the government developing promotions or educational initiatives for the public to learn more about the misconceptions and discrimination of mental illness.

#### Conclusion

CIB believes that the IA could establish a Consultative Committee consisting of members from the medical fraternity, the Hospital Authority, insurers, insurance intermediaries and representatives who have experience with mental health problems. This will facilitate getting input from different stakeholders and assessing the current situation, allowing them to take necessary steps to attain positive outcomes for mental health insurance in Hong Kong. ■



## CIB Looks Forward



As a continuation of our 30<sup>th</sup> Anniversary celebrations, CIB successfully hosted our 20<sup>th</sup> Annual Conference on Tuesday 31 October 2023, under the theme "Back to Business - The New Tomorrow". Held at the Park Lane Hotel as in previous years, the Conference was attended by some 170 members, industry guests and sponsors' representatives.

The Guest of Honour, Mr Clement Cheung, Chief Executive Officer of the Insurance Authority (IA), graciously delivered the Opening Address at the Conference. We were also honoured by the presence of Mr Stephen Yiu, Chairman of the IA, and a notable delegation of IA officials.

Proceedings commenced with the Welcoming Address by Mr Alex Yip, Chairman of CIB. He spoke of the need to drive the development of Hong Kong as an insurance hub by the attraction of talent to serve the insurance needs of entrepreneurs setting up businesses in the Greater Bay Area (GBA).

His address was followed by Mr Clement Cheung, who continued on the subject of the GBA and the ongoing discussions with CIB about proposing a limited license for insurance brokers to operate in the area - a stance which the IA supports. To further this development, he announced that CIB officers would accompany IA officials to visit insurance government regulators in Shenzhen and Guangzhou before the end of the year.

### Greater Bay Area Development (Source : slide from the IA)



Limited licence for insurance brokers to operate in GBA

Innovative cross-boundary insurance products



He then commented on the importance of insurance brokers acting with due care, skill and diligence, as well as the conduct and culture of insurance intermediaries, their compliance and the enhanced conduct supervision, enforcement priorities and disciplinary mechanisms the IA is developing. He also touched upon several Conference topics, including cyber threats, opportunities and the widening protection gap developing from both cybersecurity and global warming.

The first topic of the Conference, entitled "Reestablishing - Renewal and Rejuvenation!", was addressed by Mr Duncan Stockley, Managing Director, Risk Management, Specialties and Placement Leader at Marsh Hong Kong. He reiterated the need for acquiring talent and how it is vital for the GBA to become the focus of Hong Kong's insurance development going forward.

Mr Patrick Graham, Chief Executive Officer of Manulife Hong Kong, followed on with the second topic "Life on a Roll - Into the GBA!". He noted the determined push by life insurance companies to reposition themselves in Hong Kong while continuing to develop their thriving businesses in the GBA, backed by strong support from the IA – a success story that the general broking community would do well to emulate.

The third topic broached an international focus point, surrounding the theme "Enter Artificial Intelligence - Friend or Foe?". Addressed by Mr Chris Mo, Partner of Digital Trust & Data Analytics - Risk Assurance at PricewaterhouseCoopers, this potentially very academic topic was skillfully kept within a level understandable to the audience who left with a much better grasp of the potential benefits and dangers of this newly emerging technology, regardless of their previous experience with artificial intelligence.



The Conference concluded with a panel discussion featuring the topic speakers and moderated by Mr Benjamin Cheng, General Committee Member of CIB. The discussion opened to questions from the floor regarding the day's presentations.

All who spoke at the Conference received high praise from the attendees, demonstrating that this important annual event has managed to attain the same high quality of presentation for twenty years running. Tokens of appreciation were presented to the speakers and to the sponsors' representatives, who were warmly thanked for their support. ■

## Confederation to Welcome Affiliate Members

An extraordinary General Meeting of Members was held on 31 July 2023 for the purpose of approving an amendment to the Articles in order to create a new category of Affiliate Members. The Chairman declared that a quorum was present and immediately proceeded to a vote on the sole item of business, which was passed unanimously.

This new category, a project instigated by the Chairman, will enable the General Committee to invite firms with a relationship to insurance broking and to the HKCIB such as insurers, loss adjusters, lawyers and accountants, as well as related service providers, to be recognised by Affiliate Membership. Such firms will pay a membership fee but will not have voting rights. The Affiliate Membership will entitle them to participate in all HKCIB activities and events, plus enjoying other benefits which include listing on the HKCIB website with the ability to include their corporate details

and services as well as articles relating to their professional activities.

It is anticipated that this new category of membership will be attractive to the invitees as a means to bring their services and expertise to the attention of HKCIB insurance broker members, and to widen the business and social relationships between the parties. It will also provide broker members with useful references to available sources of particular services, with the aim that they would give preference to Affiliate Members when appointing new service providers.

This membership category is intended to open when the upcoming 2024 membership registration year commences. Members will be kept informed of all the latest developments and of access to information regarding our new Affiliate Members in due course. ■



## CIB's Approach to Education

Contributed by BS Rath, Convenor – Education including FIS Sub-Committee

CIB has always believed that enhancing the technical knowledge of practitioners is one of the major factors for improving professional standards. By introducing a range of CPD courses, CIB was able to achieve this objective, with the hopes of training well-equipped professionals that society can truly rely on.

The General Committee formed a Sub-Committee and named it Education including FIS Sub-Committee (was first formed in December 2014 and initial name was Professional Education Sub-Committee). The Education Sub-Committee works on all of CIB's CPD courses, including the courses under the Financial Incentive Schemes for Professional Training (FIS). The Sub-Committee meets at least once every three months and reports to the General Committee.

When considering the selection of courses and their content, the Sub-Committee bears in mind important

factors such as the line and type of practice, language, soft skills, insurance contract law, reinsurance, claims management and the market, as well as any evolving trends and updates.

CIB runs a very popular 3-hour training course on Ethics and has recently added a special Ethics course for Long Term and Linked Long Term practitioners. Participants also have the opportunity to attend classes on Risk Management. All CPD courses are conducted in either English or Chinese.

With regards to CPD courses under the FIS, CIB has always taken the lead in providing high quality classes presented by speakers from all over the world, whom are carefully vetted by CIB and its partner organisations.

How have we performed? Let's take a look at how our CPD courses have been attended in the past:

Categories	2022			2021			2020		
	FIS	Non-FIS	Total	FIS	Non-FIS	Total	FIS	Non-FIS	Total
No. of Hours	81	64	145	90	52	142	63	36	99
No. of Participants	1,389	1,096	2,485	1,743	1,228	2,971	920	974	1,894

  

Code of Conduct for Licensed Insurance Brokers	2023 (Jan - Oct)		2022		2021	
	No. of Hours	39		30		3
No. of Participants	800		563		80	

All CPD courses are posted on CIB's website: [https://www.hkcib.org/seminars&is\\_public=01](https://www.hkcib.org/seminars&is_public=01). Please find the below to see what's on offer in the coming months so you can save the date for any courses of interest. If you have any queries or comments, please call our Secretariat on 2882-9943 or send an email to [bulletin@hkcib.org](mailto:bulletin@hkcib.org). ■

## Upcoming CPD Webinars

Listed below are scheduled CPD webinars for November and December 2023.

Date	Time	Topic	Language	Contributor
27 Nov (Mon)	10am – 12noon	Client Relationship Management	English	ANZIIF
30 Nov (Thu)	3pm – 5pm	Employees' Compensation and Personal Injuries Claims – An Update	Cantonese	CIIHK
5 Dec (Tue)	3pm – 5pm	Holistic Establishment of Client Needs	Cantonese	CIB
6 Dec (Wed)	3pm – 5pm	Conduct of MPF Intermediaries and Development of the MPF System (2023) "Ethics or regulations" related topic; MPF Core CPD activity	Cantonese	MPFA
11 Dec (Mon)	10am – 12noon	Essentials of Professional Indemnity and Directors' and Officers' Insurance	English	ANZIIF
13 Dec (Wed)	9:30am – 12:30pm	Ethics and Regulations for Long Term Insurance "Ethics or regulations" related topic	Cantonese	CIB

Please refer to CIB Circulars for enrolment details. ■

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

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