

Chairman's Message



I would like to thank all our CIB Members, Affiliated Members, Honorary Members, and Sponsors for your tremendous support in attending our CIB Annual Conference held on 3 October 2024. It was a great success, and CIB has received much positive feedback as to how the Conference had been so professionally run with such

a topical theme. It is indeed a big achievement so thank you once again to the CIB General Committee and the Secretariat for organising such a high-quality Conference for our Members.

The Insurance Authority announced on 28 June 2024 that it will be rolling out a pilot scheme for a Responsible Officer-specific ethics and compliance CPD course. CIB is currently working with the Insurance Authority to refine the details and develop content for this course and will advise Members further in due course.

On 28 August 2024, we held our second social Happy Hour drinks of the year. Thanks to all who attended - this was a great opportunity for Members to network and catch up amid their busy schedules. Our next signature event for Members is the CIB Annual Spring Dinner, which will be held on 11 February 2025 at the Renaissance

Harbour View Hotel. Please save the date and reserve your table as soon as bookings open so that you do not miss out on this very popular Lunar New Year gathering of Members, Guests, and Sponsors.

CIB continues to meet and communicate regularly with the Insurance Authority regarding ongoing industry consultations on changes or amendments to regulations or other new initiatives. As always, CIB represents our Members by providing constructive feedback to support the positive development of Hong Kong's insurance broking market. Concerning our ongoing GBA initiative, we are asking the Insurance Authority to speak up for Hong Kong insurance brokers during meetings with the National Financial Regulatory Administration, promoting brokers' wishes of setting up service centers in GBA cities. Please continue to reach out to the CIB Help Desk if you have any questions or suggestions.

Wishing you a successful fourth quarter. ■

Yours sincerely,

Alex YIP
Chairman | Oct 2024

YOUR PARTNER IN PROGRESS

Pilot Scheme for CPD Training for Responsible Officers (RO's)

CIB has for some time been in discussion with the Insurance Authority on their proposal to introduce a new compulsory CPD course on the 'responsibilities, regulatory obligations and ethics of Responsible Officers'. The training is now taking shape as a 3-hour, in-person CPD seminar to take place in April 2025, replacing the existing 'ethics or regulations' session for RO's in a focused format.

It is the Insurance Authority's intention that these courses should be organised and presented by former SROs for their Members only and should include input of a regulatory nature from the Authority. It is to be understood

that access to these compulsory courses will be available only through the insurance broker association of which the broker is a member.

Once a date has been agreed with the Insurance Authority, CIB will develop a seminar for presentation in both English and Cantonese, incorporating information and advice as well as a Q&A section, which will be free for Responsible Officers of CIB Members.

This will build on the free services already provided by CIB for its Members. ■

The 21st CIB Conference

The CIB Annual Conference was held for the 21st consecutive year on Thursday 3 October 2024 in the Concord Room of the Renaissance Harbour View Hotel, attended by some 190 Members, Sponsors and Guests. The very topical theme was 'The Protection Gap - An Emerging Global Catastrophe' and the Conference and its excellent speakers were very well received.



The event was kicked off by CIB Moderator Andy Wong who introduced Chairman Alex Yip to give the Welcome followed by our Guest of Honour, Ms. Estrella Cheung JP, Deputy Secretary of Financial Services and the Treasury (Financial Services), who made the Opening Address.



This was followed by the first topic, 'The Concerns of Regulators', ably presented by the Chief Executive Officer of the Insurance Authority, Mr. Clement Cheung JP. This set the scene for responses from the insurance industry. Mr. Tony Gallagher, Chief Executive Officer Asia Pacific Region of Guy Carpenter spoke on the second topic, 'Natural Catastrophe Protection' and Mr. Manus Chan, Senior Vice President, Lockton Companies in Hong Kong spoke on the third, 'Life Expectancy and Support'.



The Speakers were then joined by Ms. Amelie Shen, Chief Corporate Solutions Officer of AIA for Hong Kong and Macau and Mr. Sheldon Yu, Chief Executive Officer of Taiping Reinsurance Company, for a panel discussion. Moderated by Mr. Andy Wong of CIB, the Panel took an in-depth look at the various complex issues arising out of the Protection Gap. The Conference concluded with the presentation of souvenirs and was deemed another successful event in the series of first-class Conferences presented by CIB. ■



Fees for Insurance Intermediary Licensing Applications

Update on IA Licence Fees

The Insurance (Prescribed Fees) Regulation (Cap. 41B) has been amended with effect from 23 September 2024 to reflect the new licence fees payable by insurance intermediaries, a change deemed necessary after extensive consultations between the Insurance Authority (IA) and industry stakeholders. This article provides an overview of the lead-up to the new fees, the feedback CIB provided during consultations, and how our concerns were addressed by the IA.

Background

The IA is tasked with regulating the insurance industry in Hong Kong, ensuring market stability and protecting policyholders. To fund these activities, the IA relies on a combination of premium levies and licensing fees. In September 2023, the IA issued a consultation paper proposing new licence fees for insurance intermediaries, including brokers. The proposed fees are part of a broader effort to meet the Government's target of funding 30% of the IA's operations through licensing fees, with the remaining 70% covered by premium levies. The IA emphasised that these fees are necessary to support its regulatory functions, including inspections, supervision, enforcement actions, and the development of technology-based licensing systems.

CIB's Response

Upon receiving the consultation document, CIB quickly formed a task force to study the proposals and formulate a response. We held several meetings with the IA to better understand the rationale behind the fees and how they would be implemented. In these discussions, we focused on ensuring the voices of our members were heard, particularly regarding the potential financial impact on brokers, who have already faced challenges due to the economic downturn and the aftermath of the pandemic.

We submitted a detailed response to the IA, highlighting several key concerns:

- **Financial Burden:** We argued that introducing new fees could create undue financial burden for brokers, especially smaller firms, at a time when margins are already tight. We asked that the IA consider deferring the fee introduction or providing a waiver.
- **Impact on Competition:** We raised concerns that the new fees could accelerate the closure of smaller firms and create barriers for new entrants, reducing competition in the market and ultimately harming consumers.
- **Cost Allocation:** We argued that the 30% funding target from licensing fees was too high and suggested that a greater share of the IA's funding should come from premium levies. We proposed better alignment with the concept of 'user pays' and suggested a 90:10 split between premium levies and licensing fees, instead of the proposed 70:30. We further argued that since regulation is for the benefit of the policyholders, they should be the ones to pay.
- **Fee Structure:** The proposed structure, which includes a corporate fee and an additional fee per technical representative (TR), was seen as inappropriate for brokers. We recommended a fee structure based on the number of lines of business, similar to the self-regulatory system that existed before 2019.

- **Payment Terms:** Finally, we expressed concerns about the upfront payment of a three-year fee, which could significantly strain cash flow for brokers. We proposed that the IA allow for annual instalments to ease this burden.

IA's Acceptance of Feedback

The IA was receptive to many of our concerns, though it was constrained by requirements under the Insurance Ordinance (Cap. 41). However, we are pleased that the IA has made some concessions, including:

- **Reduction in Fees:** The IA agreed to a 10% reduction from its original fee proposals.
- **Flexible Licence Periods:** The IA introduced the option of one-, two-, or three-year licences for new applications.
- **Transferability of Fees:** Individual TRs will be able to offset fees already paid by one employer when moving to another broker company.

Summary of the New Fees

The new licence fees apply to a range of applications and notifications submitted to the IA. These include:

- Licence Fees for Insurance Broker Companies:

No. of Technical Representatives	3-Year Licence Fee
Fewer than 100	HK\$4,500
100 - 1000	HK\$9,000

- Licence Fees for Individual TRs:

Line of Business	3-Year Licence Fee	2-Year Licence Fee
General insurance (GI)	HK\$810	HK\$600
Long-term excluding linked (LTX)	HK\$810	HK\$600
Long-term including linked (LTI)	HK\$1,090	HK\$800

- Application Fee for Approval to be the Responsible Officer

Line of Business of the Insurance Broker Company	Application Fee
Any line of business	HK\$1,800

The full fee schedule is available in Annex 1 of the IA's circular, which can be found [here](#).

Note: Fees are only payable at the time of submission of an application. For example, if a broker company licence or a technical representative licence expires in 2027, the license fee will only be collected through the IA's e-portal, Insurance Intermediaries Connect, when they submit a renewal application in 2027.

Our Continued Efforts

CIB remains committed to representing the interests of our members. We are pleased that some of our feedback was accepted, and we will continue to engage with the IA on other regulatory matters, ensuring that the voice of brokers is heard. As always, we encourage members to reach out to us with any questions or concerns. We are here to support you as we navigate these changes together. ■

Annual Cocktail Reception 2024

The popular Annual Cocktail Reception was reinstated this year after an absence during recent years due to Covid. Held immediately following the Annual Conference, in the Oasis Room of the Renaissance Harbour View Hotel, the event brought together the Chief Executives of our Member Brokers and our Honorary Members, Affiliated Members, Conference Sponsors and Guests, including leaders of insurance industry bodies.



Our Guest of Honour this year was Executive Councillor and long-time insurance supporter, the Honorable K.P. Chan, who gave a positive address on the future of insurance in Hong Kong. The gathering provided a valuable opportunity for industry colleagues to mingle, exchange views and to meet with newcomers. ■



Motor Insurance Sustainable Development Task Force

Contributed by Ken Cheung, General Committee Member of CIB

The recent Motor Insurance Sustainable Development Task Force meeting, hosted by the Hong Kong Federation of Insurers (HKFI), represented an important step forward in the ongoing discussion around cross-border motor insurance. The focus was on the Unilateral Recognition Policy (URP) for Hong Kong vehicles traveling to mainland China as key insurance industry stakeholders congregated to discuss its future.

A unanimous decision was reached to decouple the URP from existing Hong Kong motor insurance policies, transforming it into a standalone product. This strategic move is expected to increase market share, improve customer experience, address coverage duration gaps, and simplify administrative procedures. The decoupling action is poised to make the URP more accessible and attractive to both customers and intermediaries.

A multi-faceted approach was proposed to promote URP adoption:

1. Enhanced public awareness campaigns by the insurance industry
2. Better education on the risks of obtaining mainland motor vehicle insurance from unauthorised sources

3. Streamlined application processes, including digital platforms for intermediaries
4. The potential introduction of short-term URP coverage for infrequent travellers
5. Increased commission rates to incentivise sales

The Transport Department's role was highlighted, with suggestions to provide clearer URP information, facilitate document uploads to mainland departments, and potentially relax vehicle type restrictions and quotas.

As insurance brokers, our role is crucial. We must educate our peers about the new standalone policy, actively recommend it to clients, and consider its broader implications for Hong Kong's insurance industry and society.

While concerns were raised about potential impact on insurers' existing revenue streams and reinsurance business, the overall sentiment was optimistic. This new direction for URP represents a significant opportunity for the Hong Kong insurance market to adapt and thrive in an increasingly interconnected Greater Bay Area. ■

The Francis Scott Key Bridge Collapse: A Landmark Marine Insurance Event

Contributed by BS Rath, General Committee Member of CIB

The Incident

At approximately 1:30 a.m. on March 26 2024, container ship MV Dali hit a column on the Francis Scott Key Bridge causing its immediate collapse. Six people were killed, and many injured, and bridge's closure caused major disruption to road traffic and shipping activities in the port of Baltimore. On board MV Dali, cargo was lost or delayed, the hull and machinery was damaged, and wreck removal was needed. All this alongside possible subrogation actions.

Although investigations continue as to why, it appears prima facie that the vessel had twice lost power moments before the crash.

Interesting Facts

- The Baltimore bridge, known as the Key Bridge, was opened in 1977 in honour of Francis Scott Key, a 19th Century Maryland poet who wrote the words for the US national anthem.
- The steel arch continuous truss bridge stretches 2.6 km across the Patapsco River.
- The cargo ship, MV Dali was built by Hyundai in 1977 boasting a length of 300 m and a capacity of 10,000 TEU.
- Under the Singapore flag, the vessel is owned by Grace Ocean Pte. Ltd. and operated by Synergy Marine Pvt. Ltd.

Major Insurers and P&I Clubs Involved and Total Loss

Britannia is MV Dali's P&I Club and Chubb is the primary carrier of Key Bridge which was insured for US\$1.2 billion.

The overall cost of the incident, including hull repairs, GA/salvage, loss of life, crew injury, repairs to the bridge, business interruption etc. have been estimated between US\$2-4 billion, making it the biggest maritime casualty ever.

Investigations and Proceedings

The Federal Bureau of Investigation commenced criminal investigation into the disaster.

The Dali's owners and operators also face open investigations from the National Transport Safety Board and Coast Guard.

The state of Maryland sued Dali's owners and operators for damages, cleanup costs and the cost of rebuilding the bridge.

Many Individuals and business entities have filed claims against the owners and operators for loss of lives, injuries, property damages or delays.

Limitations of Liability

In April 2024, Grace Ocean and Synergy Marine filed a petition in US federal courts limiting their liability, if any, to US\$43.67 million under the 1851 Limitation of Liability Act.

General Average

On April 12th 2024, General Average was declared and Richards Hogg Lindley was appointed the average adjuster.

Payments Made to Date

Chubb paid US\$350 million for damages to the bridge. The ship's owners and operators have been ordered to pay the US government nearly US\$102 million in damages.

With claims from government departments, individuals and business/commercial entities for personal injury, property damages or delays under various insurance and reinsurance contracts, this is likely the most complex marine case the insurance industry has ever seen. A host of service providers, professionals and consultants will be put to the test while processing potential claims or arguing for the party they represent. It will be interesting to see the archaic Limitation of Liability Act being applied. While it will allow the loss to be quantified, we will doubtless see some serious courtroom debates and subrogation actions. ■

CIB Happy Hour Event

CIB organised another successful Happy Hour event on 28 August 2024, bringing together both CIB Members and Affiliated Members. The venue, a stylish bar in Lan Kwai Fong, ensured a convivial atmosphere for an evening of networking and socialising.



The gathering saw a good turnout and Mr. Adrian King, the founding chairman of CIB, expressed his gratitude for everyone's participation and support. Judging from the lively conversations throughout the evening, the event achieved its objective of fostering engagement as attendees connected with fellow professionals, exchanged ideas, and strengthened their professional networks.

Thank you again to those who joined us and please stay tuned for more CIB events. ■



Navigating Increasingly Complex Cross-border Risks

Contributed by Cynthia Sze, General Manager, Hong Kong and Macau, AIG



We are living in a world where risks are changing, growing and becoming more complex. Climate change, market volatility, geopolitical uncertainty, changes in regulations – in this ever-changing landscape, multinational companies that are increasingly operating cross-border and managing business

risks across multiple countries and territories need to consider a wide range of factors to ensure long-term success.

In navigating these complexities, it is more important than ever for companies to be empowered with real-time information, data, and local knowledge to make informed strategic business decisions about the future and to ensure growth. AIG's role is to partner with brokers and clients to provide risk prevention information and offer tailored, innovative solutions so clients can stay ahead of the curve and make more informed risk decisions.

It is not enough for a growing global company to minimise day-to-day risks as there may also be unforeseen risks that pose a greater threat. We endeavour to warn clients of potential risks, drawing on information from our network of on-the-ground 'knowledge champions', located across 200 countries and territories. By staying close to the market and harnessing expertise in specific regions, our knowledge champions monitor new and emerging regulations that could impact how companies manage risk. When time is of the essence, local insights, experience and feedback from a global network like ours are of paramount importance to multinational companies.

A Controlled Master Programme (CMP) is one solution for companies with multinational exposure. The advantages of a CMP are significant, derived from a comprehensive understanding of risks and requirements. A centralised insurance programme provides uniform coverage with the flexibility to tailor solutions to local needs, minimising protection gaps.

When placing multinational insurance policies, key factors such as regulatory requirements and tax implications should be considered. Does local law prohibit the local subsidiary from being covered by non-admitted insurers? If a loss occurs locally, can the local subsidiary retain local experts to defend a lawsuit? When the global policy cannot respond by paying the claim locally, can it instead pay the parent company, and will the parent company incur tax liability in its home country? If not properly addressed, these questions can present challenges for both brokers and clients.

Our goal is to help our clients and broker partners to be proactive versus reactive when managing these global risks. AIG Multinational's intelligence tools and technology support this aim by giving multinational clients and brokers access to relevant information for effective global programme management. For example, enabling brokers and clients to access the status of a claim, real-time data and regulatory updates could help them manage potential risks and coverages that may have gone unnoticed. And by taking a historical view of claims filed over several years, AIG can equip clients with the data and tools needed to spot trends or gaps in their current insurance policies.

Multinational companies of all sizes, whether a single overseas operation or a global conglomerate, must navigate the unique opportunities, challenges, and requirements of their markets. Being equipped with information and having access to critical solutions and a global network promotes stability for the future, allowing businesses to operate with confidence and consistency. ■

Your Voice Matters – Publication Opportunity

The CIB Bulletin editorial working group is always on the lookout for valuable insights and contributions from our Members and Affiliated Members. If you have industry knowledge, tips or experiences that you think would benefit our community of insurance brokers, we invite you to share your expertise by contributing an article to the CIB Bulletin.

Please submit proposed articles to the CIB Secretariat with a suggested title and detailed attribution. Approved articles will be published in the next issue of the Bulletin.

We look forward to featuring your contributions and growing together as a community of insurance professionals. ■



Next Phase of FIS Funding Approved

We are delighted to announce that we have secured a new tranche of funding for the next round of Financial Incentive Scheme (FIS) training, which will be launched in November 2024 and continue until August 2025. The coming round comprises a variety of topics including both general knowledge and specialised topics. Listed below are scheduled CPD courses from November 2024 to March 2025. ■

Upcoming CPD seminars

Listed below are scheduled CPD courses from November 2024 to March 2025. Courses with specific dates are confirmed. However, courses listed with only a target month are provisional, and their exact dates are subject to confirmation by the contributors. While CIB will make every effort to deliver these courses within the target month, final details and schedules will be communicated through circulars and updates on CIB's website. ■

Date	Topic	CPD	Contributor	Language
November 2024				
20 Nov 2024	The eMPF Member and Employer Portals	2	iFast	Cantonese
27 Nov 2024	(Face-to-face) The Future of Insurance Taxation: Key Changes and Family Office Opportunities	2.5	PwC Hong Kong	English
29 Nov 2024	Code of Conduct for Licensed Insurance Brokers 'Ethics or regulations' related topic	3	CIB	Cantonese
Nov 2024	Briefing session on Practice Note for ILAS licensees and Reference Checking Scheme	1	CIB	English
December 2024				
4 Dec 2024	The eMPF Assistant Portal and Relevant Conduct Requirements for MPF Intermediaries	2	iFast	Cantonese
10 Dec 2024	Directors and Officers Insurance	3	CII*	English
Dec 2024	Succession Planning Strategies Through Life Insurance	3	PeRK Advisory*	English
January 2025				
Jan 2025	Drone Insurance	6	CII*	English
Jan 2025	Conduct for MPF Intermediaries	4	MPFA	Cantonese
February 2025				
28 Feb 2025	Code of Conduct for Licensed Insurance Brokers 'Ethics or regulations' related topic	3	CIB	English
Feb 2025	The Compliance and Ethics of Succession Planning Strategies	3	PeRK Advisory*	English
Feb 2025	Engineering Insurance and Inspection	3	CII*	English
Feb 2025	Fine Arts and Specie Insurance	3	CII*	English
March 2025				
28 Mar 2025	Code of Conduct for Licensed Insurance Brokers 'Ethics or regulations' related topic	3	CIB	Cantonese
Mar 2025	Advanced Succession Planning Strategies for UHNWIs and Families, Multi-Jurisdictional and Complex Clients	3	PeRK Advisory*	English
Mar 2025	Claims Management	12	ANZIIF*	English

* FIS courses

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