

**Draft Guideline on Continuing Professional Development  
to be issued by the independent Insurance Authority**

**Purpose**

This paper seeks Members' suggestions on areas to be covered by the Guideline on Continuing Professional Development ("CPD") that may be issued by the independent Insurance Authority ("IIA").

**Background**

2. Individual insurance intermediaries (including responsible officers / chief executives and technical representatives) are currently required to comply with the requirements of the CPD programme prescribed under the Insurance Intermediaries Quality Assurance Scheme. They are required to attend 10 CPD hours every Year of Assessment, i.e. a 12-month period as specified by the three Self-Regulatory Organisations ("SROs") concerned, except for travel insurance agents (i.e. responsible officers and technical representatives of insurance agencies engaging in Restricted Scope Travel Business<sup>1</sup>) who are required to attend 3 CPD hours only. The objective of implementing the CPD Programme is to ensure insurance intermediaries remain fit and proper, and continue to possess professional competence as well as standard in providing advice and service to policy holders.

3. Under the Insurance Companies (Amendment) Ordinance 2015 ("Amendment Ordinance"), IIA may issue guidelines to facilitate industry's compliance with a regulatory requirement. Currently, the

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<sup>1</sup> Restricted Scope Travel Business, under The Code of Practice for the Administration of Insurance Agents issued by the HKFI, means effecting and carrying out contracts of travel insurance tied to a tour, travel package, trip or other travel services which the same travel agent arranges for his clients, excluding any annual travel insurance policies or any travel insurance policies for tours, travel packages, trips or other travel services which the travel agent does not arrange for his clients.

three SROs adopt different arrangements in the administration of the CPD requirements (details to be set out in the following paragraphs). The purpose of the paper is to prepare a set of draft common requirements under the Guideline on CPD that may be issued by IIA upon the commencement of the licensing regime for insurance intermediaries.

### **Different Administrative Arrangements Adopted by SROs**

4. CPD cut-off dates, CPD hour calculation for less than 12-month registration, submission of CPD declaration and certification: the three SROs adopt different approaches. For details, please refer to the Discussion Note disseminated on 30 July 2014 (**Annex A**).

5. CPD reporting by new registrants: the Insurance Agents Registration Board (“IARB”) allows new registrants to report CPD in the following Year of Assessment while the Hong Kong Confederation of Insurance Brokers (“CIB”) and the Professional Insurance Brokers Association (“PIBA”) require registrants to report CPD annually upon renewal.

6. Consequence of CPD non-compliance: for non-compliance cases, IARB will take disciplinary actions (from reprimand to revocation, depending on whether CPD deficiency is made up and previous compliance history with CPD requirements) against its registrants, while CIB and PIBA will not process the relevant renewal application unless compliance with CPD requirements has been confirmed. As such, registrants of IARB are not refrained from engaging in insurance intermediary activities until a disciplinary decision (i.e. revocation of licence) is made (a disciplinary decision is normally made around 4 to 5 months from the CPD cut-off date). On the other hand, registrants of CIB and PIBA who do not meet the CPD requirements will not have their registrations renewed.

### **The Draft Guideline**

7. The draft Guideline on CPD (at **Annex B**) sets out the

obligations of licensed individual insurance intermediaries and their appointing principals to fulfil the CPD requirements as well as the qualified CPD activities for reporting purpose. The draft guideline is meant to invite the views of the Working Group on this subject. It will not pre-empt the decision of IIA. It is likely that IIA will consult the industry formally before finalising the guideline. References have been made to the following guidelines -

- (a) guidelines issued by the three SROs; and
- (b) CPD Information Sheet issued by the Office of the Commissioner of Insurance.

### **Advice sought**

8. Members are invited to comment on the draft Guideline on CPD. We will consolidate Members' comments for IIA's future reference.

**Financial Services and the Treasury Bureau**  
**21 April 2016**

## Discussion Note

### CPD Reporting under the IIA Licensing Regime

#### Background

Individual insurance intermediaries (including their responsible officers/chief executives and technical representatives) are currently required to comply with the requirements of the Continuing Professional Development (CPD) Programme prescribed under the Insurance Intermediaries Quality Assurance Scheme. They are required to attend 10 CPD hours every Assessment Year, i.e. a 12-month period as specified by the SRO concerned, except for travel insurance agents (i.e. responsible officers and technical representatives of insurance agencies engaging in Restricted Scope Travel Business) who are required to attend 3 CPD hours only.

Currently, the three SROs (IARB, CIB and PIBA) have different cut-off dates for CPD assessment and adopt different pro-rata calculations for the requisite CPD hours where an insurance intermediary is not registered with the SRO concerned for the entire Assessment Year, i.e. from the date immediately after the last CPD cut-off date to the current cut-off date. In addition, different SROs also adopt different CPD reporting requirements for examination of CPD compliance by the insurance intermediaries registered with them. For the purpose of administrative convenience, simplicity and clarity, it is considered necessary to set out a common CPD reporting standard for all types of licensed insurance intermediaries under the new IIA regime. Details of the proposal are set out below.

#### Proposed Cut-off Date

- Currently, the CPD cut-off dates adopted by PIBA, IARB and CIB are 30 June, 31 July and 31 December respectively.
- It is proposed to set the CPD cut-off date to be **31 July** after taking into account the following factors into consideration:
  - (a) The deadlines for annual filing of insurers (30 April and 30 June) should be avoided as much as possible to smooth out the workload of IIA's administrative support staff.
  - (b) Currently, around 90% of individual insurance intermediaries are registered with IARB. Adopting IARB's cut-off date, i.e. 31 July, can help minimize the impact on the vast majority of licensed insurance intermediaries under the IIA regime.
  - (c) Currently, insurance brokers are required to submit relevant CPD documents to CIB/PIBA upon registration renewal at the expiry of their respective membership year (CIB: 31

December, PIBA: 30 June). However, under the IIA regime, insurance brokers and their chief executives/technical representatives will no longer be required to apply for annual renewal but to renew their licence every 3 years in a way similar to the existing renewal requirements for insurance agents. The unbundling of the annual CPD reporting exercise from the licence renewal exercise will inevitably give rise to changes in CPD reporting requirements for insurance brokers. Based on preliminary assessment, changing the cut-off date from June 30 (for PIBA members) and December 31 (for CIB members) to 31 July will not cause significant impact on the CPD compliance by the licensees concerned.

### **First CPD Reporting during Transitional Period**

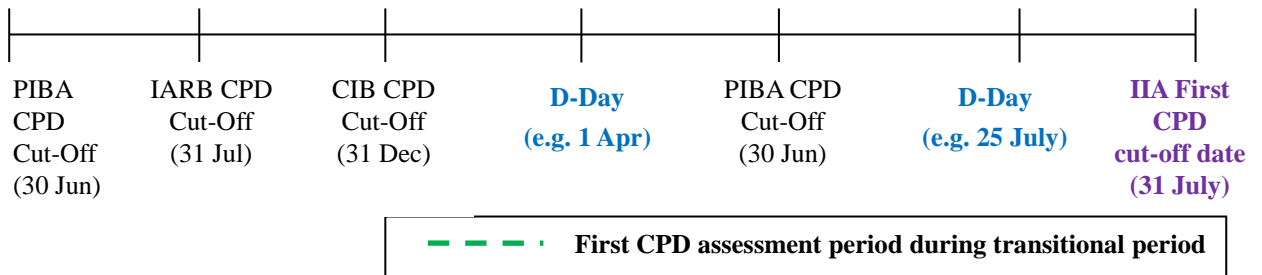
- Deemed licensees are required to continuously comply with the annual requirement of 10 CPD hours (3 CPD hours for travel insurance agents).
- For the purpose of the first CPD reporting by a deemed licensee under IIA regime, the required CPD hours would be calculated as if he/she was licensed by IIA during the period between the day immediately after his/her last CPD cut-off date under the SRO regime and the commencement date of the direct regulatory regime for insurance intermediaries (i.e. D-Day).
- Deemed licensees, who have been continuously registered with IARB before the D-Day, will be unaffected and required to earn 10 CPD hours by the first CPD cut-off date (i.e. 31 July) after the D-Day. For other deemed licensees who have been continuously registered with CIB/PIBA, the required CPD hours will be calculated on a daily pro-rata basis. Different scenarios may exist where D-Day is **before 31 July** or **after 31 July**. Please see the following illustrations for details.

**Illustration 1: D-Day Before 31 July (e.g. 1 April or 25 July)**

*CIB registrants – CPD hours required will be in respect of a 7-month period from 1 January to 31 July.*

*PIBA registrants – Where D-Day falls before PIBA’s CPD cut-off date, i.e. 30 June, the CPD hours required will be in respect of a 13-month period from 1 July of the preceding year to 31 July. Where D-Day falls after 30 June, the CPD hours required will be in respect of a very short period, the deemed licensee may opt to report on 31 July or next assessment date.*

*IARB registrants – 10 CPD hours will be required in respect of the period from 1 August of the preceding year to 31 July.*

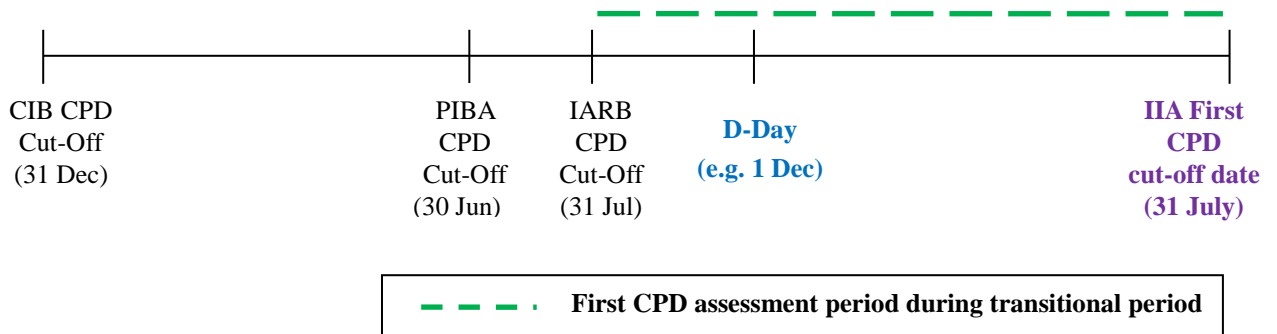


**Illustration 2: D-Day after 31 July (e.g. 1 December)**

*CIB registrants – CPD hours required will be in respect of a 19-month period from 1 January of the preceding year to 31 July.*

*PIBA registrants – CPD hours required will be in respect of a 13-month period from 1 July of the preceding year to 31 July.*

*IARB registrants – 10 CPD hours will be required in respect of the year from 1 August of the preceding year to 31 July.*



- For a deemed licensee who has not made CPD reporting to the relevant SRO for its last CPD Assessment Year before D-Day (e.g. a newly registered insurance agent/technical representative or carrying forward of CPD hours), the required CPD hours for the relevant period will be calculated on a daily pro-rata basis in a manner as specified by the IIA.

### **Proposed Daily Pro-rata Basis**

- Generally speaking, IARB and PIBA currently adopt a monthly pro-rata basis (10 CPD hours for 12 months) whereas CIB adopts a weekly pro-rata basis (deduction of 1 CPD hour for non-registration period of 5 weeks).
- For simplicity and clarity sake, it is proposed to adopt a daily pro-rata basis, i.e. 10 CPD hours (3 CPD hours for travel insurance agents) for 365 days.
- The CPD hours required for all the above bases will be more or less the same under most circumstances. The proposed daily pro-rata basis is easy to understand especially for complicated cases. For instance, where a person ceasing to be a licensed insurance intermediary but subsequently becoming a licensed insurance intermediary again within the same Assessment Year, the CPD hours required will be based on the total number of days that he was licensed during that year.

### **Carrying Forward of CPD Hours**

- There are circumstances where CPD hours can be carried forward for reporting in next Assessment Year, e.g. newly licensed insurance intermediaries

### **Submission of CPD Declaration and Certification**

- Currently, different SROs adopt different reporting requirements for the purpose of examining CPD compliance.
- The IIA has the duty to ensure CPD compliance by licensed insurance intermediaries, whose duly signed CPD Declaration Forms (showing the relevant CPD activities) will therefore be required to be submitted to the IIA for examination. Similar practice is currently adopted by CIB and PIBA. (For IARB, such CPD Declaration Forms are kept by insurers or insurance agencies.) Detailed submission requirements will be worked out later.
- Insurers, insurance agencies and insurance broker companies (collectively “appointing principals”) will continuously have the obligations to ensure that their appointed insurance agents or technical representatives (as the case may be) comply with CPD requirements and verify their CPD attendance proof. These appointing principals will be required to submit to the IIA CPD annual returns (in a form specified by the IIA) confirming whether their insurance agents or technical representatives have complied with CPD requirements and providing details of non-compliance. IIA will then take action on non-compliance cases.

- Reference will be made to the SROs' existing requirements when setting deadlines for submission of CPD Declaration Form and Annual Return. The information to be provided in the Form and Annual Return will be similar to existing requirements.

### **Licensed Technical Representatives (Agents) Engaging in Restricted Scope Travel Business**

- The same proposal applies except that their annual requirement is 3 CPD hours instead of 10 hours.

### **Other Issues**

- The above proposal aims at giving a general idea of the CPD reporting framework for discussion purpose. There are still some CPD-related issues not yet covered. Details will be fine tuned and supplemented in due course. All these are prepared for IIA's reference in issuing its guideline on CPD requirements.

Office of the Commissioner of Insurance  
July 2014



# **Guideline on Continuing Professional Development**

**Published under Section 133 of the Insurance Ordinance  
(Chapter 41)**

*[This is a working draft prepared by the Financial Services and the Treasury Bureau / Office of the Commissioner of Insurance to invite views of the Working Group. This does not pre-empt the decision of the independent Insurance Authority.]*

# Guideline on Continuing Professional Development

## Introduction

This Guideline is issued by the Insurance Authority (“IA”) pursuant to section 133 of the Insurance Ordinance (Chapter 41) (the “Ordinance”).

Licensed insurance intermediaries who are individuals are required to comply with the requirements of the Continuing Professional Development (“CPD”) Programme prescribed under the Insurance Intermediaries Quality Assurance Scheme (“IIQAS”). The objective of CPD requirements is to ensure that licensed insurance intermediary remains fit and proper to carry on a regulated activity by undergoing continuous training. Failure to comply with CPD requirements may affect the fitness and propriety of licensed insurance intermediary. Under section 81 of the Ordinance, the IA may impose a disciplinary action on a regulated person as defined in Part XI of the Ordinance including:

- a licensed insurance intermediary;
  - a responsible officer of a licensed insurance agency/broker company; or
  - a person concerned in the management of the regulated activities carried on by a licensed insurance agency/broker company,
- for being not a fit and proper person.

This Guideline aims to provide general guidance for persons to comply with the CPD requirements.

For the purpose of this Guideline, licensed individual insurance agents, technical representatives of licensed insurance agencies/broker companies are collectively known as “Licensed Individual Intermediaries” while licensed insurance agencies, licensed insurance broker companies and authorized insurers which appoint the Licensed Individual Intermediaries as agents to carry on regulated activity are collectively known as “Principals”.

## CPD Requirements

Both Licensed Individual Intermediaries and Principals have the obligations to comply with the requirements set out in this Guideline.

### Obligations of Licensed Individual Intermediaries

- (a) Licensed Individual Intermediaries are required to attend qualified CPD activities (Annex) with a total duration of not less than 10 hours in every Year of Assessment, i.e. from 1 August of a particular year to 31 July of the following

year, except for Licensed Individual Intermediaries carrying on regulated activities in Restricted Scope Travel Business<sup>1</sup> who are required to attend qualified CPD activities with a total duration of not less than 3 hours only in each Year of Assessment.

- (b) For a person who is not continuously licensed as a Licensed Individual Intermediary during a Year of Assessment, the CPD hours required will be calculated on a pro rata basis, i.e. based on the total number of days that he/she is licensed in that Year of Assessment, and should be rounded up to the nearest integer. Only CPD hours earned during the licence period will be counted.
- (c) Licensed Individual Intermediaries should comply with the CPD requirements so long as they remain licensed, disregarding any change of principal under section 64Q of the Ordinance or absence of appointment under sections 64ZI, 64ZJ and 64ZK of the Ordinance. Under sections 64ZI, 64ZJ and 64ZK, if a Licensed Individual Intermediary ceases to be appointed as an agent by any Principal, his/her licence will be suspended for a maximum of 180 days and revoked thereafter. During the suspension period, a Licensed Individual Intermediary is still regarded to be licensed pursuant to section 64ZR and is required to continue to comply with CPD requirements. For the avoidance of doubt, the licence of a Licensed Individual Intermediary may be revoked by the IA before the expiry of the 180-day suspension period due to CPD non-compliance.
- (d) Any excess CPD hours accumulated in one Year of Assessment will not be accepted for CPD compliance purpose in the following Year of Assessment.
- (e) A person who becomes a Licensed Individual Intermediaries during the period from 1 May to 31 July in a year may choose to report their CPD activities in the current or the following Year of Assessment.
- (f) Each Licensed Individual Intermediary should declare his/her CPD compliance on a CPD Declaration Form (to be prescribed by IA) for each Year of Assessment and submit a duly signed CPD Declaration Form to each of his/her principal for verification. Licensed Individual Intermediaries should provide assistance to their principals for verification of the CPD Declaration Forms.

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<sup>1</sup> Under section 64ZZC of the Ordinance, restricted scope travel business, in relation to a travel agent that is a licensed insurance agency—

- (a) means effecting a travel insurance policy that is tied to a tour, travel package, trip or other travel services arranged by the travel agent for its customers; and
- (b) does not include effecting an annual travel insurance policy.

- (g) If a Licensed Individual Intermediary has no principal during the 180-day suspension period under sections 64ZI, 64ZJ and 64ZK of the Ordinance, he/she is required to submit the duly signed CPD Declaration Form together with a copy of the relevant documentary evidence to IA direct.
- (h) Licensed Individual Intermediaries are required to maintain proper records and retain the documentary evidence of all CPD activities that they have reported in the CPD Declaration Forms for a minimum of 3 years from the assessment date. The IA may request Licensed Individual Intermediaries to produce such documentary evidence as and when required.
- (i) Licensed Individual Intermediaries selected for compliance check will be required to submit to the IA their CPD records of the relevant Year(s) of Assessment with documentation to support attendance or completion of the CPD activities as stated in their signed CPD Declaration Forms.

#### Obligations of Principals

- (a) Principals should ensure that the Licensed Individual Intermediaries appointed by them comply with the CPD requirements stated above.
- (b) Principals should arrange adequate qualified CPD activities for their Licensed Individual Intermediaries and/or provide them with the relevant information on such CPD activities to facilitate them to achieve sufficient CPD hours.
- (c) Principals should collect the CPD Declaration Forms of their Licensed Individual Intermediaries and verify against the relevant original attendance proof.
- (d) Principals should complete a CPD Annual Return for each Year of Assessment (to be prescribed by IA) and submit a copy of it to the IA to confirm the CPD compliance status of their Licensed Individual Intermediaries on or before 15 September in each year. For clarification sake, a principal's Annual Return should cover the CPD compliance information on all its Licensed Individual Intermediaries disregarding whether they are appointed by other principals as well.
- (e) Principals are required to maintain the CPD Declaration Forms and the relevant attendance proof of their Licensed Individual Intermediaries for a minimum of 3 years after the end of the relevant Year of Assessment. The IA may request Principals to produce such documents as and when required.

### Qualified CPD Activities

- (a) Unless otherwise stated in paragraphs (b), and (e) to (h), qualified CPD activities are structured activities (i.e. activities which require involvement with other people such as training courses and seminars) and must be related to local insurance (or related) legislation, regulatory aspects of insurance practice in Hong Kong, insurance, actuarial science, risk management, financial planning, or other disciplines which are directly related to the work of insurance intermediaries, such as investment, law and legal knowledge, finance, business, commerce, management, engineering or communication skills. Generally, one CPD hour can be earned for each hour's participation in these activities.
- (b) Qualified CPD activities stated in paragraphs (f) and (g) must include structured activities (i.e. activities which require involvement with other people such as training courses and seminars) and at least 50% of the course contents of those qualified CPD activities as mentioned in paragraph (g) must fall within the areas of coverage specified below. Generally, 3 Qualifications Framework ("QF") credits earned under these activities as mentioned in paragraphs (f) and (g) can be recognised as 10 CPD hours\*.

For those insurance related programmes accredited under the Qualifications Framework of Hong Kong but not categorised under the insurance industry on the Qualifications Register under Education Bureau, their course contents should fall within the following areas of coverage in order to be recognised as qualified CPD activities for the IIQAS CPD Programme:	
1. Accounting	21. Liability insurance
2. Actuarial science	22. Life and disability insurance
3. Annuity	23. Life insurance
4. Aviation insurance	24. Marine insurance
5. Business studies / practice	25. Marketing
6. Claims management	26. Medical and health insurance
7. Commerce	27. Motor insurance
8. Communication	28. Organisational behaviour and management
9. Company and contract law	29. Principles and practice of insurance
10. Economics	30. Property and pecuniary insurance
11. Engineering insurance	31. Provident fund (mandatory) and retirement schemes
12. Financial planning	32. Quantitative methods
13. General insurance	33. Reinsurance
14. Human resources management	34. Risk management
15. Information systems	35. Statistics
16. Insurance broking	36. Strategic management
17. Insurance law	37. Underwriting management
18. Investment	
19. Investment-linked long term insurance	
20. Law and legal studies	

- (c) CPD activities must be assessed by the assessment authority for the IIQAS CPD Programme ("Assessment Authority") except those specified in paragraphs (d) to (f) or approved by the IA.

\* For those programmes with less than 3 QF credits, insurance intermediaries will be considered as earning 1 CPD hour for attending 1 hour of face-to-face training under such programmes.

- (d) CPD courses organised or formally approved by the specified professional bodies (i.e. professional organisations established under an Ordinance of Hong Kong or those required to perform statutory duties under an Ordinance of Hong Kong, e.g. the Hong Kong Institute of Certified Public Accountants and the Law Society of Hong Kong) for their own CPD programmes (confined to structured activities) can also be recognised as qualified CPD activities for the IIQAS CPD Programme provided that they are within the scope specified in paragraph (a). These courses are not required to be assessed by the Assessment Authority.
- (e) Studies for local or overseas university bachelor degrees or postgraduate degrees in any disciplines relating to the scope of qualified CPD activities stated in paragraph a can be granted 10 CPD hours for each year's studies, for 6 years at most in respect of each university degree programme. They are not required to be assessed by the Assessment Authority. Evidence of examination results, coursework assessment or attendance should be submitted as required by the IA.
- (f) Programmes accredited under the QF of Hong Kong ("QF") and categorised under the insurance industry on the Qualifications Register ("QR") under the Education Bureau can be recognised as qualified CPD activities for the IIQAS CPD Programme. Insurance intermediaries obtaining 3 QF credits under these programmes in a year will be considered as earning 10 CPD hours for the year\*. For those programmes with periods of study of over one year, a maximum of 10 CPD hours can be recognised for each year's studies, for 6 years at most in respect of the same programme. These programmes are not required to be assessed by the Assessment Authority. Evidence of examination results, coursework assessment or attendance should be submitted as required by the IA.
- (g) Insurance related programmes accredited under the QF but not categorised under the insurance industry on the QR can also be recognised as qualified CPD activities for the IIQAS CPD Programme, provided that at least 50% of their course contents fall within the areas of coverage specified in paragraph (b) above and have been approved by the Assessment Authority as qualified CPD activities after undergoing a vetting process. Insurance intermediaries obtaining 3 QF credits under these programmes in a year will be considered as earning 10 CPD hours for the year\*. For those programmes with periods of study of over one year, a maximum of 10 CPD hours can be recognised for each year's studies, for 6 years at most in respect of the same programme. Evidence of examination results, coursework assessment or attendance should be submitted as required by the IA.
- (h) Studies for attaining specified qualifications (paragraph (j)) can be granted 10 CPD hours for each year's studies, for 6 years at most in respect of each qualification. Evidence of passing the examination of at least one subject in a particular year has to be submitted as required by the IA in order to be granted the 10 CPD hours for that particular year.
- (i) Holders of the qualifications as specified in paragraph (j) are considered to have satisfied the 10 CPD hours requirement if (1) the institutes granting such qualifications have a specific CPD programme for holders of such qualifications; and (2) they (as the holders of such qualifications) have satisfied the CPD requirements specified by the institutes granting such qualifications. Evidence of holding such qualifications/titles should be submitted by the concerned insurance intermediaries as required by the IA. They should also be able to produce documentary proof that compliance with the institute's CPD programme is essential for the holding of such qualifications/titles.
- (j) List of specified qualifications for the purpose of paragraphs (h) and (i):
- Associate or Fellow of the Chartered Insurance Institute (ACII/FCII)
  - Senior Associate or Fellow of the Australian and New Zealand Institute of Insurance and Finance

(ANZIIF (Snr Assoc)/ANZIIF (Fellow))

- Certified Financial Planner (CFP)
- Chartered Financial Consultant (ChFC)
- Chartered Life Underwriter (CLU)
- Chartered Property Casualty Underwriter (CPCU)
- Fellow, Chartered Financial Practitioner (FChFP) of the Life Underwriters Association of Hong Kong
- Fellow of the Faculty of Actuaries in Scotland (FFA)
- Fellow of the Institute of Actuaries of England (FIA)
- Fellow of the Institute of Actuaries of Australia (FIAA)
- Fellow of the Life Management Institute (FLMI)
- Fellow of the Society of Actuaries of the United States of America (FSA)
- Hong Kong Diploma in Insurance Studies of the Insurance Institute of Hong Kong
- Hong Kong Insurance Professional Qualification Examination (HKIPQE) of the Hong Kong Society of Certified Insurance Practitioners
- Fellow of the Life Underwriter Training Council (LUTCF)
- Professional Diploma in Insurance Programme (PDI) of the Vocational Training Council

(k) Application for assessment is required to be made to the Assessment Authority by the institute granting the qualification for any new qualification to be added to the list of specified qualifications (paragraph (j)).