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By Fax or Email

To : Authorized Representatives, Member Companies, The Hong Kong Federation of Insurers (HKFI)
Non-HKFI Insurers using HKFI's agent registration service
Insurance Agents who have appointed Responsible Officers/Technical Representatives
All Insurance Agents, Responsible Officers and Technical Representatives (Registered Persons) via their appointing Insurer/Insurance Agent

c.c. : Mr Richard Yuen, JP, Commissioner of Insurance, Insurance Authority
Ms Maggie Lee, President, General Agents & Managers Association of HK
Mr Tony Yip, Chairman, The HK General Insurance Agents Association Ltd
Mr Sidney Wong, President, The Life Underwriters Association of HK Ltd

From : Ambrose Cheung, JP, Chairman of the Insurance Agents Registration Board (IARB)

Date : 13 June 2005

Subject : The Code of Practice for the Administration of Insurance Agents
Revised Guidance Note 7 and Revised Guidance Note 8 –
Guidelines on Compliance with the requirements of the Continuing Professional Development Programme

Enclosed please find the above two revised Guidance Notes for your information.



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Guidance Note issued on 30 November 2004

**GUIDANCE NOTE ON COMPLIANCE WITH THE REQUIREMENTS OF
THE CONTINUING PROFESSIONAL DEVELOPMENT (CPD) PROGRAMME**

1. Background

The Code of Practice for the Administration of Insurance Agents (the *Code*) specifies that the Insurance Agents Registration Board (IARB) may issue Guidance Notes from time to time as to how it intends to exercise its powers and fulfill its responsibilities under the *Code*. This *Guidance Note* aims to assist insurance agents to comply with the annual CPD requirements. For the purpose of this *Guidance Note*, any reference to "insurance agent" shall include responsible officer and technical representative.

Part E of the *Code* under "Minimum Qualifications for Persons Acting as Insurance Agents" stipulates:

- (a) The minimum qualifications an individual must fulfill before he may be considered by the IARB to be fit and proper to act as an insurance agent.
- (b) That an insurance agent shall comply with the CPD requirements in such manner and form as specified by the Insurance Authority (IA).

2. CPD Requirements

The IA has specified that:

- (a) Insurance agents are required to earn 5 core and 10 non-core credits every year since the launch of the CPD Programme on 1 January 2002 up to 31 July 2005; and
- (b) From 1 August 2005, insurance agents are required to earn 10 CPD hours every year. Any excess CPD hours accumulated within a particular year cannot be carried forward to any other years.

The IARB shall deem an insurance agent having complied with the CPD requirements under the "Minimum Qualifications for Persons Acting as Insurance Agents" as qualified for maintaining his registration status for another 12 months if:

- (i) The insurance agent completes all 5 core and 10 non-core credits for each assessment year within a 12-month period for the entire transitional period up to 31 July 2005; and
- (ii) From 1 August 2005, the insurance agent completes all 10 CPD hours for the assessment year within a 12-month period ending on 31 July every year thereafter.

All newly registered insurance agents (meaning those who were not registered as insurance agents or brokers within the two years or more immediately prior to their registration), whose registration has been confirmed after 31 July 2004, shall refer to section 4 below.

3. CPD Assessment

In the spirit of encouraging compliance with the CPD requirements, the following shall apply:

- (a) For easy administration, calendar month shall be used as the basis for calculating CPD requirements irrespective of the day of the month on which registration of an insurance agent takes place (i.e. regardless of whether an insurance agent is registered on, say, 1

- January or 31 January, January shall be used for calculation of his CPD credits/hours.)
- (b) If the registration of an insurance agent has been cancelled for less than 6 consecutive calendar months, such insurance agent shall be required to fulfill the CPD requirements for the entire 12-month assessment period, including the period of cancellation, which shall be reported as follows:
 - (i) on the next succeeding assessment date (if both the cancellation date and the re-registration date fall within the same 12-month assessment period) (see example 1 in Annex 1 attached); or
 - (ii) at the time of re-registration (if the re-registration date falls in the next 12-month assessment period) (see example 2 in Annex 1 attached).
 - (c) If the registration of an insurance agent has been cancelled for a period of 6 consecutive calendar months or more, such insurance agent shall **not** be required to earn any CPD hours before re-registration, provided that such insurance agent shall not be registered as an insurance broker during such period. In this case, the insurance agent is required to report his CPD hours from the date of re-registration on a pro rata basis by the next succeeding assessment date. Please see the attached Annex 2 for the pro rata CPD hours required.

(For ease of calculation, all CPD hours shall be rounded-down to the lower integer.)

4. Assessment for Newly Registered Insurance Agents

- (a) A newly registered insurance agent, whose registration has been confirmed after 31 July 2004 up to 31 July 2005, may choose **either** to report:
 - (i) On a pro rata basis on 31 July 2005 (e.g. if an insurance agent was first registered in September 2004, he would report 4 core and 9 non-core credits on 31 July 2005). Please see the attached Annex 3 for the pro rata credits required; **or**
 - (ii) On a pro rata basis on 31 July 2006 (e.g., by using the same example above, he should report 4 core and 9 non-core credits (for the 11-month period up to 31 July 2005) plus 10 CPD hours (for the 12-month period from 1 August 2005 to 31 July 2006)).

However, to allow insurance agents the flexibility in choosing the activities to comply with the CPD requirements, they may report 19 CPD hours for the entire 23-month registration period.

Please see the attached Annex 3 for the pro rata credits required for the period up to 31 July 2005, if used, or attached Annex 4 for the pro rata CPD hours required for the whole period.

- (b) A newly registered insurance agent, whose registration has been confirmed after 31 July 2005, may choose **either** to report:
 - (i) On a pro rata basis on 31 July immediately after his registration (e.g. if an insurance agent was first registered in September 2005, he would report 9 CPD hours on 31 July 2006). Please see the attached Annex 2 for the pro rata CPD hours required; **or**
 - (ii) In the next assessment year also on a pro rata basis (e.g., by using the same example above, he may report his CPD hours on 31 July 2007, i.e. 19 CPD hours for this 23-month registration period). Please see the attached Annex 4 for the pro rata CPD hours required.

5. Assessment for Professionally Qualified Insurance Agents

For insurance agents who are qualified pursuant to "List of specified qualifications" of the CPD Information Sheet published by the IA, which specifies that, inter alia, they are considered to have satisfied the non-core credits requirements if they have satisfied the CPD requirements specified by the institutes granting their qualifications. Nonetheless, they are still required to comply with the core credits requirements to earn 5 core credits every year up to 31 July 2005. (Please refer to sections 3 and 4 above for assessment details.)

From 1 August 2005, holders of such qualifications are considered to have satisfied the 10 CPD hours requirement if (a) the institutes granting such qualifications have a specific CPD programme for holders of such qualifications; and (b) they have satisfied the CPD requirements specified by the institutes granting such qualifications. Evidence of holding such qualifications/titles should be submitted by the insurance agents to the IARB upon request. They should also be able to produce documentary proof that compliance with the respective institute's CPD programmes is essential for the holding of such qualifications/titles.

6. Maintaining CPD records and Monitoring of CPD Compliance

- (a) Responsibilities of insurance agents:
- (i) decide on the appointing insurer responsible for reporting their CPD credits/ hours and notify such appointing insurer accordingly (if applicable);
 - (ii) inform all appointing insurers if they should change the appointing insurer responsible for reporting their CPD credits/hours (if applicable);
 - (iii) complete and file a Declaration Form to be promulgated by the IARB within 2 weeks (i.e. by 14 August) from the assessment date as follows:
 - By individual insurance agents to:
 - the appointing insurer responsible for reporting their CPD credits/hours; and
 - all other appointing insurer(s) by providing each of them with a signed copy of the Declaration Form;
 - By responsible officers to:
 - the appointing insurer responsible for reporting their CPD credits/hours; and
 - all other appointing insurer(s) by providing each of them with a signed copy of the Declaration Form;
 - By technical representatives (TRs) to their appointing insurance agent.
 - (iv) retain their proof of compliance with CPD requirements (including Declaration Forms and evidence/record of attendance) for at least a period of 3 years after the assessment date. The original proof of compliance with CPD requirements should be produced as and when required by the IARB.
- (b) Responsibilities of insurance agents who have appointed TRs:
- (i) dispatch copies of Declaration Form to all of their TRs;
 - (ii) arrange sufficient CPD training for their TRs, if necessary;
 - (iii) issue evidence/record of attendance to prove a TR who has attained a course sponsored by the insurance agent with the number of CPD credits/ hours and type of credits printed on evidence/record of attendance;
 - (iv) monitor the compliance of their TRs with the CPD requirements;
 - (v) collect Declarations Forms from their TRs by 14 August;
 - (vi) file the Annual Return to the IARB and report on those who fail to achieve the CPD credits/hours by 15 September; and
 - (vii) offer help to their TRs in maintaining proof of compliance with CPD requirements.

- (c) Responsibilities of all insurers:
- (i) dispatch copies of Declaration Form to all of their insurance agents and responsible officers of insurance agencies;
 - (ii) obtain confirmation from all their insurance agents and responsible officers of insurance agencies as to who would be responsible for reporting their CPD credits/hours by 14 August;
 - (iii) arrange sufficient CPD training for their insurance agents and responsible officers of insurance agencies, if necessary;
 - (iv) issue evidence/record of attendance to prove an insurance agent or a responsible officer of insurance agency who has attained a course sponsored by the insurer with the number of CPD credits/hours and type of credits printed on the evidence/record of attendance;
 - (v) monitor the compliance of their insurance agents and responsible officers of insurance agencies with the CPD requirements;
 - (vi) collect Declarations Forms from their insurance agents and responsible officers of insurance agencies by 14 August as follows:
 - originally signed Declaration Form for those insurers responsible for reporting CPD credits/hours; or
 - signed copy of Declaration Form for those insurers NOT responsible for reporting CPD credits/hours;
 - (vii) file the Annual Return to the IARB by 15 September (for those insurers responsible for reporting CPD credits/hours, report on those who fail to achieve the CPD credits/hours as well); and
 - (viii) offer help to their insurance agents and responsible officers of insurance agencies in maintaining proof of compliance with CPD requirements.

7. Consequence of Non-Compliance

In the circumstances that an insurance agent fails to meet the CPD requirements, his confirmation of registration shall be revoked by the IARB. Under such circumstances, the IARB shall not consider his application for re-registration for 3 months as a starting point from the date his confirmation of registration is revoked. Such insurance agent shall be required to complete all outstanding CPD hours at the time of re-registration.

In the circumstances that an insurance agent makes a false declaration in reporting his CPD hours, his confirmation of registration shall be revoked for 12 months as a starting point by the IARB. Such insurance agent shall be required to complete all outstanding CPD hours at the time of re-registration.

8. Transitional Period

Please refer to revised Guidance Note 8 for details applicable to the Transitional Period.

EXAMPLES OF CALCULATION OF CPD HOURS

Example 1

Registration date: 1 January 2004

(assuming insurance agent has complied with the CPD requirements on 31 July 2005)

De-registration date: 1 April 2006

Re-registration date: 1 June 2006 (less than 6 months from the de-registration date)

Time to report CPD hours: 31 July 2006

Total number of months for report of CPD hours: 12 (from 1 August 2005 to 31 July 2006)

CPD hours to be reported: 10

Example 2

Registration date: 1 January 2004

(assuming insurance agent has complied with the CPD requirements on 31 July 2005)

De-registration date: 1 June 2006

Re-registration date: 1 October 2006 (less than 6 months from the de-registration date)

Time to report CPD hours: 1 October 2006

Total number of months for report of CPD hours: 12 (from 1 August 2005 to 31 July 2006)

CPD hours to be reported at the time of re-registration: 10

Annex 2

Effective 1 August 2005: Number of CPD hours to be reported by insurance agents, whose registrations have been cancelled for 6 consecutive calendar months or more, by the assessment date (i.e. 31 July) immediately following re-registration

<u>Re-registration Month</u>	<u>Total No. of Months for reporting</u>	<u>CPD Hours</u>
August	12	10
September	11	9
October	10	8
November	9	7
December	8	6
January	7	5
February	6	5
March	5	4
April	4	3
May	3	2
June	2	1
July	1	0

***This table would also apply to newly registered insurance agents who choose to report their CPD hours for less than a 12-month period from 1 August 2005.**

Annex 3**Number of CPD credits to be reported by insurance agents newly registered between August 2004 to July 2005, by the assessment date on 31 July 2005**

<u>Registration Month</u>	<u>Total No. of Months for reporting</u>	<u>Core Credits</u>	<u>Non-Core Credits</u>
August 2004	12	5	10
September 2004	11	4	9
October 2004	10	4	8
November 2004	9	3	7
December 2004	8	3	6
January 2005	7	2	5
February 2005	6	2	5
March 2005	5	2	4
April 2005	4	1	3
May 2005	3	1	2
June 2005	2	0	1
July 2005	1	0	0

Number of CPD hours to be reported by insurance agents newly registered from August 2005 by the second 31 July immediately following registration

<u>Registration Month</u>	<u>Total No. of Months for reporting</u>	<u>CPD Hours</u>
August	24	20
September	23	19
October	22	18
November	21	17
December	20	16
January	19	15
February	18	15
March	17	14
April	16	13
May	15	12
June	14	11
July	13	10

***This table would also apply to newly registered insurance agents, confirmed after 31 July 2004, and who choose to report CPD hours on 31 July 2006**

Guidance Note issued on 30 November 2004

**GUIDANCE NOTE ON COMPLIANCE WITH THE REQUIREMENTS OF
THE CONTINUING PROFESSIONAL DEVELOPMENT (CPD) PROGRAMME
FOR THE TRANSITIONAL PERIOD**

Background

The Code of Practice for the Administration of Insurance Agents (the *Code*) specifies that the Insurance Agents Registration Board (IARB) may issue Guidance Notes from time to time as to how it intends to exercise its powers and fulfill its responsibilities under the *Code*. This *Guidance Note* aims to assist insurance agents to comply with the CPD requirements for the Transitional Period. For the purpose of this *Guidance Note*, any reference to "insurance agent" shall include responsible officer and technical representative.

Part E of the *Code* under "Minimum Qualifications for Persons Acting as Insurance Agents" stipulates:

- (i) The minimum qualifications an individual must fulfill before he may be considered by the IARB to be fit and proper to act as an insurance agent.
- (ii) That an insurance agent shall comply with the CPD requirements in such manner and form as specified by the Insurance Authority (IA).

CPD Requirements

The IA has specified that insurance agents are required to earn 5 core and 10 non-core credits every year since the launch of the CPD Programme on 1 January 2002 up to 31 July 2005. The IA has stipulated in the CPD Information Sheet that the following would apply only to the Transitional Period:

- (i) Deficiency of credits gained in a year should be made up during the Transitional Period;
- (ii) Excess credits accumulated in a particular year can be carried forward to another year; and
- (iii) Insurance intermediaries joining the insurance intermediary profession on or before 2002, 2003 or 2004 will have their accumulated credits assessed during 2005.

The IARB shall deem an insurance agent having complied with the CPD requirements under the "Minimum Qualifications for Persons Acting as Insurance Agents" as qualified for maintaining his registration status for another 12 months if he completes all CPD requirements under the transitional arrangement (please see the section "CPD Assessment" below for the detailed CPD requirements).

CPD Assessment

- (a) For easy administration, calendar month shall be used as the basis for calculating CPD requirements irrespective of the day of the month on which registration of an insurance agent takes place (i.e. regardless of whether an insurance agent is registered on, say, 1 January or 31 January, January shall be used for calculation of his CPD credits.)
- (b) The first assessment date of all insurance agents shall be 31 July 2005.
- (c) *Insurance agents registered before 1 January 2002*
 - (i) An insurance agent has to earn 15 core and 30 non-core credits only by 31 July 2005.
 - (ii) If the registration of an insurance agent has been cancelled for **one calendar**

month or more during the Transitional Period and he applies for re-registration thereafter, he shall be required to report his CPD credits on a pro rata basis, but in any event would not exceed 15 core and 30 non-core credits.

- (d) *Insurance agents newly registered on or after 1 January 2002 up to 31 July 2005*
The number of CPD credits required to be reported by the newly registered insurance agents on the first assessment date are shown in the attached Table I.
- (e) If the registration of an insurance agent has been cancelled for **one calendar month or more** during the Transitional Period and the insurance agent applies for re-registration thereafter, he shall be required to report his CPD credits on a pro rata basis as follows:
- (i) on 31 July 2005 (if the re-registration date is on/before 31 July 2005); or
 - (ii) at the time of re-registration (if the re-registration date is after 31 July 2005).
- (f) If the registration of an insurance agent has been cancelled for a period more than 24 consecutive calendar months, he shall **not** be required to earn any CPD credits for re-registration. Instead, as stipulated in the *Code*, he shall, unless exempted by the professional qualifications specified under clauses 55 and 56 of the *Code* as appropriate, successfully pass the relevant paper(s) of the Insurance Intermediaries Qualifying Examination (IIQE) recognized by the IA again before he may be considered by the IARB to be fit and proper to act as an insurance agent.

Assessment for Professionally Qualified Insurance Agents

- (g) For insurance agents who are qualified pursuant to "List of specified qualifications" of the CPD Information Sheet published by the IA, which specifies that, inter alia, they are considered to have satisfied the non-core credits requirements if they have satisfied the CPD requirements specified by the institutes granting their qualifications. Nonetheless, they are still required to comply with the core credits requirements to earn 5 core credits every year. (Please refer to (a) to (f) above for assessment details.)

Maintaining CPD records and Monitoring of CPD Compliance

- (h) Responsibilities of insurance agents:
- (i) decide on the appointing insurer responsible for reporting their CPD credits and notify such appointing insurer accordingly (if applicable);
 - (ii) inform all appointing insurers if they should change the appointing insurer responsible for reporting their CPD credits (if applicable);
 - (iii) complete and file a Declaration Form to be promulgated by the IARB within 2 weeks (i.e. by 14 August) from the assessment date as follows:
 - By individual insurance agents to:
 - the appointing insurer responsible for reporting their CPD credits; and
 - all other appointing insurer(s) by providing each of them with a signed copy of the Declaration Form;
 - By responsible officers to:
 - the appointing insurer responsible for reporting their CPD credits; and
 - all other appointing insurer(s) by providing each of them with a signed copy of the Declaration Form;
 - By technical representatives (TRs) to their appointing insurance agent.
 - (iv) retain their proof of compliance with CPD requirements (including Declaration Forms and evidence/record of attendance) for at least a period of 3 years after the assessment date. The original proof of compliance with CPD requirements should be produced as and when required by the IARB.
- (i) Responsibilities of insurance agents who have appointed TRs:
- (i) dispatch copies of Declaration Form to all of their TRs;

- (ii) arrange sufficient CPD training for their TRs, if necessary;
 - (iii) issue evidence/record of attendance to prove a TR who has attained a course sponsored by the insurance agent with the number and type of CPD credits printed on evidence/record of attendance;
 - (iv) monitor the compliance of their TRs with the CPD requirements;
 - (v) collect Declarations Forms from their TRs by 14 August;
 - (vi) file the Annual Return to the IARB and report on those who fail to achieve the CPD credits by 15 September; and
 - (vii) offer help to their TRs in maintaining proof of compliance with CPD requirements.
- (j) Responsibilities of all insurers:
- (i) dispatch copies of Declaration Form to all of their insurance agents and responsible officers of insurance agencies;
 - (ii) obtain confirmation from all their insurance agents and responsible officers of insurance agencies as to who would be responsible for reporting their CPD credits by 14 August;
 - (iii) arrange sufficient CPD training for their insurance agents and responsible officers of insurance agencies, if necessary;
 - (iv) issue evidence/record of attendance to prove an insurance agent or a responsible officer of insurance agency who has attained a course sponsored by the insurer with the number of CPD credits and type of credits printed on the evidence/record of attendance;
 - (v) monitor the compliance of their insurance agents and responsible officers of insurance agencies with the CPD requirements;
 - (vi) collect Declarations Forms from their insurance agents and responsible officers of insurance agencies by 14 August as follows:
 - originally signed Declaration Form for those insurers responsible for reporting CPD credits; or
 - signed copy of Declaration Form for those insurers NOT responsible for reporting CPD credits;
 - (vii) file the Annual Return to the IARB by 15 September (for those insurers responsible for reporting CPD credits, report on those who fail to achieve the CPD credits as well); and
 - (viii) offer help to their insurance agents and responsible officers of insurance agencies in maintaining proof of compliance with CPD requirements.

Consequence of Non-Compliance

- (k) In the circumstances that an insurance agent fails to meet the CPD requirements, his confirmation of registration shall be revoked by the IARB. Under such circumstances, the IARB shall not consider his application for re-registration for 3 months as a starting point from the date his confirmation of registration is revoked. Such insurance agent shall be required to complete all outstanding CPD credits at the time of re-registration.
- (l) In the circumstances that an insurance agent makes a false declaration in reporting his CPD credits, his confirmation of registration shall be revoked for 12 months as a starting point by the IARB. Such insurance agent shall be required to complete all outstanding CPD credits at the time of re-registration.

TRANSITIONAL ARRANGEMENT**Table I**

CPD credits to be reported on the first assessment date (i.e. 31 July 2005) for insurance agents newly registered between 1 January 2002 and 31 July 2004:

<u>First registration date falling On any date between</u>	<u>Registration Month</u>	<u>Total No. of Months for reporting</u>	<u>Core Credits</u>	<u>Non-Core Credits</u>
1/1/2002 – 31/1/2002	January 2002	43	15	30
1/2/2002 – 28/2/2002	February 2002	42	15	30
1/3/2002 – 31/3/2002	March 2002	41	15	30
1/4/2002 – 30/4/2002	April 2002	40	15	30
1/5/2002 – 31/5/2002	May 2002	39	15	30
1/6/2002 – 30/6/2002	June 2002	38	15	30
1/7/2002 – 31/7/2002	July 2002	37	15	30
1/8/2002 – 31/8/2002	August 2002	36	15	30
1/9/2002 – 30/9/2002	September 2002	35	14	29
1/10/2002 – 31/10/2002	October 2002	34	14	28
1/11/2002 – 30/11/2002	November 2002	33	13	27
1/12/2002 – 31/12/2002	December 2002	32	13	26
1/1/2003 – 31/1/2003	January 2003	31	12	25
1/2/2003 – 28/2/2003	February 2003	30	12	24
1/3/2003 – 31/3/2003	March 2003	29	12	24
1/4/2003 – 30/4/2003	April 2003	28	11	23
1/5/2003 – 31/5/2003	May 2003	27	11	22
1/6/2003 – 30/6/2003	June 2003	26	10	21
1/7/2003 – 31/7/2003	July 2003	25	10	20
1/8/2003 – 31/8/2003	August 2003	24	10	20
1/9/2003 – 30/9/2003	September 2003	23	9	19
1/10/2003 – 31/10/2003	October 2003	22	9	18
1/11/2003 – 30/11/2003	November 2003	21	8	17
1/12/2003 – 31/12/2003	December 2003	20	8	16
1/1/2004 – 31/1/2004	January 2004	19	7	15
1/2/2004 – 29/2/2004	February 2004	18	7	15
1/3/2004 – 31/3/2004	March 2004	17	7	14
1/4/2004 – 30/4/2004	April 2004	16	6	13
1/5/2004 – 31/5/2004	May 2004	15	6	12
1/6/2004 – 30/6/2004	June 2004	14	5	11
1/7/2004 – 31/7/2004	July 2004	13	5	10
1/8/2004 – 31/7/2005*		N/A		

*The insurance agents shall be assessed on a pro-rata basis in accordance with paragraph 4(a) of Revised Guidance Note 7.