
REGULATORY NEWSLETTER

2022 Vol.4



Happy Easter!

Holidays and gatherings have changed since the COVID-19 pandemic started, especially during the latest wave of Omicron outbreak. It's been stressful for everyone. So it's important to keep celebrating and getting together in creative ways. Special celebration times can help ease "pandemic fatigue". ComplianceDirect wishes you all have a fantastic Easter holiday, and most importantly, stay safe and healthy.

REGULATORY UPDATES

Further Facilitative Measures under the COVID-19 Pandemic

4 Mar 2022

In view of the latest developments of the COVID-19 pandemic, the Insurance Authority ("IA") sees the urgent need to introduce further facilitative measures below to ensure potential policy holders' needs are met while minimizing the risk of infection during the sale process of long term insurance policies.

- . Extension of Phase 2 of the Temporary Facilitative Measures ("TFM")
- . Extension of the Virtual Onboarding ("VO") Sandbox to all long term insurance products
- . Distribution of in-scope TFM products via VO Sandbox
- . Fast track for VO Sandbox applications

[View Circular](#)

Launch of Remote Invigilation Mode Examination (RIME) of the Insurance Intermediaries Qualifying Examination (IIQE)

15 Mar 2022

Refer to the Circular issued by IA on 21 December 2020, the IA announced the availability of the Remote Invigilation Mode Examination (RIME) for the Insurance Intermediaries Qualifying Examination (IIQE) to be offered by the Vocational Training Council ("VTC") as a back-up contingency, in the event of a substantial decrease in the IIQE onsite seating capacity. Given the impact the pandemic is having on the availability of IIQE seating capacity, RIME will be launched by the VTC on 31 March 2022. This will enable a degree of continued availability of the IIQE throughout this challenging period.

RIME will enable candidates to take certain IIQE papers remotely on their own computers, provided they have a stable internet connection, a webcam, microphone and speaker, so that remote invigilation can take place. RIME is only available, however, for the three basic IIQE papers, namely (1) the Principles and Practice of Insurance (P&P) paper, (2) the General Insurance (GI) paper, and (3) the Long Term Insurance (LT) paper. The duration and number of questions of a RIME paper are the same as those for the original IIQE papers.

The IA asks that Principals keep a central register of all individual licensees appointed by them who have relied on RIME results to apply for an insurance intermediary licence. The IA also asks that they put in place measures to ensure that such licensees fulfill either one of the two post measures as outlined above within the 18-month period (see conditions (1)(i) and (ii) above), and not renew or continue (but terminate) the appointment of any individual licensee who fails to comply by the expiry of the 18-month period.

[View Circular](#)

Applications for new licences by deemed licensees Cut-off dates for applications

21 Mar 2022

The IA updated on the progress made in processing the applications for new licences by deemed licensees. The IA also announced cut-off dates by which all remaining applications by deemed licensees for new licences should be submitted to the IA, to ensure such applications can be processed in time (and avoid the prospect of any discontinuity in licensing).

By way of recap, a "deemed licensee" is any licensed insurance agency, licensed insurance broker company, licensed individual insurance agent, licensed technical representative (agent), or licensed technical representative (broker), which or who was automatically granted a licence under the new regulatory regime as at 23 September 2019, by reason of their being registered with one of the former self-regulatory organizations immediately prior to that date. Every deemed licensee has a licence which runs from 23 September 2019 to 22 September 2022 ("transitional period"). During this transitional period, every deemed licensee needs to apply for a new licence from the IA if they wish to continue carrying on regulated activities after 22 September 2022.

Provided a deemed licensee submits his/her/its application for a new licence, with all necessary

information and documents, by the above cut-off date (relevant to their licence type), we will endeavour to process the application by 22 September 2022. Indeed, given the ongoing pandemic, provided the application (with necessary information and documents) is submitted by the cut-off date, even if it is the case that the application cannot be processed by 22 September 2022, we will ensure continuity of the licence until the application for the new licence has been processed. The bottom line is, however, that the application needs to be submitted by the relevant cut-off date indicated above.

Cut-off Dates

In view of the complexity and resources involved for processing different types of licence, there will be two cut-off dates for deemed licensees who have not yet submitted their new licence applications:

Licence Type	Cut-off Date
<ul style="list-style-type: none"> • licensed insurance agency; or • licensed insurance broker company 	6:00 pm on 4 July 2022 (Monday)
<ul style="list-style-type: none"> • licensed individual insurance agent; • licensed technical representative (agent); or • licensed technical representative (broker) 	6:00 pm on 8 August 2022 (Monday)

Provided a deemed licensee submits his/her/its application for a new licence, with all necessary information and documents, by the above cut-off date (relevant to their licence type), the IA will endeavour to process the application by 22 September 2022. Indeed, given the ongoing pandemic, provided the application (with necessary information and documents) is submitted by the cut-off date, even if it is the case that the application cannot be processed by 22 September 2022, the IA will ensure continuity of the licence until the application for the new licence has been processed. The bottom line is, however, that the application needs to be submitted by the relevant cut-off date indicated above.

[View Circular](#)

Continuing Professional Development (“CPD”) Requirements for Insurance Intermediaries – Assessment Period 2021/2022

25 Mar 2022

The current CPD assessment year runs from 1 August 2021 to 31 July 2022 (“Assessment Period 2021/2022”) and is the first during which the CPD requirement has increased from 10 hours to 15 hours (with 3 of the 15 hours having to be in “Ethics or Regulations”). This has, however, coincided with the 5th wave of the COVID 19 pandemic which has meant that during the first part of this calendar year, delivery of CPD courses has effectively been limited only to online channels. The industry has adapted to online mechanisms of CPD learning with impressive speed and agility. The IA recognized, however, the additional logistical and practical challenges that curating and delivering these courses in business continuity conditions (as many of us have been operating in during these

past few months) can pose. In view of this, the IA saw merit in limiting the increase in CPD hours for the Assessment Period 2021/2022, to 12 CPD hours (instead of 15). This would afford a more graduated approach, moving the full increase to 15 CPD hours to the next CPD assessment period (1 August 2022 to 31 July 2023).

[View Circular](#)

Key Observations from the First ORSA Reports

28 Mar 2022

The IA would like to share their observations on key areas in ORSA Reports prepared by insurers with a view to enhancing the quality of risk management and ORSA processes. The IA considered that insurers generally made a good advancement in implementing their risk management governance and ORSA processes. It is vital that insurers should continue to embed and integrate the enterprise risk management and ORSA framework into their corporate risk culture, instead of viewing it as a compliance exercise. The observations are by no means exhaustive but as a reference of best practices for insurers to improve the quality in the ORSA processes and reporting in forthcoming years. Insurers are expected to assess on their own circumstances as appropriate when considering to incorporate certain suggestions into their framework.

Details of key observations can be found [here](#).

[View Circular](#)

ENFORCEMENT NEWS

IA banned To Kong until 14 July 2024

8 Mar 2022

The IA took disciplinary action against former technical representative (broker) Mr To Kong, prohibiting him from applying to be licensed until 14 July 2024, on grounds of him not being fit and proper.

IA banned three individuals for up to three years for using false academic certificates when applying to be insurance agents

17 Mar 2022

The IA took disciplinary action against three individuals for using false academic certificates in seeking to establish that they satisfied the minimum education requirements when applying to be insurance agents. Two of the individuals prohibited from applying to be licensed for 3 years. The other (who admitted the allegation) prohibited from applying to be licensed for 2 years.

[View News](#)

[View News](#)



ComplianceDirect Consulting Limited

Address: Unit 2, 10/F, Cheong K. Building, 84 & 86 Des Voeux Road Central, Central, Hong Kong

Phone: 2606 1800

Website: www.compliancedirecthk.com
