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# REGULATORY NEWSLETTER

2021 Vol.9



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## Let's get spooky!

Halloween's back! It's nearly that time of year when everyone is showing off their scary costumes, children go from door to door 'threatening' neighbours for sweets, and people exchange scary stories, as well as watch horror films on Netflix together. If you've yet to sort out your plans for Halloween, have no fear! You still have weeks to figure it out. We are also getting ready for the occasion in no time. But before that, to mark the spookiest time of year, we wanted to share with you some notable IA News for the month.

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## REGULATORY UPDATES

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### Launch of Cybersec Infohub Private Group for Insurance Sector

9 Sept 2021

The IA has announced that the Cybersec Infohub, a partnership programme jointly administered by the Office of the Government Chief Information Officer and the Hong Kong Internet Registration Corporation Limited, is now open for registration. Any local company or organisation with a business address in Hong Kong and owns a ".hk" internet domain name may register at no cost.

The Cybersec Infohub allows its members to:

1. Collaborate with other sectors – liaise with a wide range of cybersecurity professionals by making use of "Cybersechub.hk";
2. Access private groups – exchange information on specific topics of common interest and conduct discussions in a closed environment;
3. Collect threat intelligence through application programming interfaces – get the latest indicator of compromise data in machine readable formats from multiple sources in one go automatically;

4. Receive daily news – obtain trending cyber threat insights of the day by e-mail; and
5. Join member-exclusive activities – participate in seminars, technical workshops, industry-specific meetings, networking events, etc.

Authorized insurers who are interested in joining the Cybersec Infohub should complete the e-registration form at (<https://www.cybersechub.hk/en/register>). Each authorised insurer is allowed to designate up to five representatives, and the first one appearing on the e-registration form will be regarded as primary contact point.

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## **Extension of Phase 2 of the temporary facilitative measures to tackle the outbreak of COVID-19**

**13 Sept 2021**

The temporary facilitative measures (“TFM”) to obviate the need to conduct face-to-face meetings in order to minimize the risk of infection during the sale process of insurance policies, the Insurance Authority sees the need to extend it in view of the current pandemic situation.

Scope of products covered Phase 2 of the TFM will cover the following types of products

(i) Qualifying Deferred Annuity Policy (“QDAP”)

(ii) Voluntary Health Insurance Scheme (“VHIS”)

(iii) Term life policies

(iv) Refundable insurance policies without substantial savings component, or renewable insurance policies without cash value, that provide insurance protection (e.g., hospital cash, medical, critical illness, personal accident, disability or long-term care cover)

Phase 2 of the TFM will be extended by six months to 31 March 2022 unless otherwise varied by the IA.

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## **Frequently Asked Questions on the Penalty Framework for Non-compliance with Continuing Professional Development (“CPD”) Requirements (“CPD Penalty Framework”)**

**31 Aug 2021**

To complement the CPD Penalty Framework published on 23 July 2021, the IA have issued a set of Frequently Asked Questions (“FAQs”) and accompanying answers, which address the common questions they have received since the publication of the CPD Penalty Framework.

The areas of the FAQs being covered are as follows: -

1. Compliance with the CPD Requirements
2. Reporting of CPD Compliance Records
3. Imposition and Settlement of Pecuniary Fine
4. Waiver/Reduction of Penalty
5. Suspension or Revocation of Licence
6. Failure to submit or late in submitting the completed CPD Declaration Form

The complete FAQs can be viewed [here](#) (English version) and [here](#) (Chinese version).

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## **Employees' Compensation Insurance (Direct Business) Statistics for 2020**

### **Motor Vehicle Insurance (Direct Business) Statistics for 2020**

30 Sept 2021

The IA released the direct employees' compensation and motor vehicle insurance businesses statistics for 2020, compiled based on audited returns and actuarial information submitted by individual insurers.

To sum up, Employees' Compensation business turned from underwriting loss of \$260 million to a profit of \$409 million. The underwriting loss of direct Motor Vehicle business also narrowed from \$514 million to \$242 million.

A copy of the statistics in aggregate on employees' compensation insurance (direct business) by trade occupation, and on motor vehicle insurance (direct business) by class of vehicle are enclosed for your information.

Attachment: [EC Statistics 2020](#)

Attachment: [MV Statistics 2020](#)

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## **Joint Inspection on the Use of Premium Financing to Take Out Long Term Insurance Policies in Hong Kong**

30 Sept 2021

The Insurance Authority (IA) and the Hong Kong Monetary Authority (HKMA) issued key findings of the joint inspection on premium financing activities carried out by long term insurers and licensed insurance intermediaries (including banks), which is the first of its kind pursued by the two regulators.

While undergoing a prolonged period of low interest rate, policy holders are increasingly attracted to the use of premium financing as a tool for wealth and liquidity management. In order to ensure that

they are aware of the full range of risks involved, the IA and the HKMA carried out a joint inspection exercise in the second half of 2020 to identify current industry practice and areas requiring improvement.

Based on findings of the joint inspection, the IA and the HKMA will engage the industry and relevant stakeholders to clarify the standards expected on long term insurers and licensed insurance intermediaries carrying out premium financing activities.

Attachment: [Annex - Key Findings of the Joint Inspection on the Use of Premium Financing to Take Out Long Term Insurance Policies in Hong Kong](#)

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