

REGULATORY NEWSLETTER



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A quarter of a century after Lee Lai Shan won a historic gold medal for Hong Kong at the Atlanta Olympics, fencer Edgar Cheung Ka Long won the gold at the 2021 Tokyo Olympics on 27th July. After winning, Edgar told young athletes: "if you work hard and do not give up, being an Olympic champion is not just a dream." Edgar's words of encouragement should be heeded not just by athletes, but also apply to all Hongkongers who are struggling at a time of adversity to tackle the menace of Covid-19 and a faltering economy.

Welcome back to our monthly newsletter highlighting the best coverage of IA's latest regulatory updates and enforcement news. ComplianceDirect, as being your Compliance Consultant, will always be at your service, devotedly, diligently and duly providing our professional consultation and be your strongest support among any updates and change of IA regulations.

REGULATORY UPDATES

CPD Requirements – Detailed Instructions for reporting by principals to the IA 7 Jul 2021

The IA has announced important deadlines for the Combined 2019/20 and 2020/21 Assessment periods:

- 31 July 2021 – Deadline for individual licensees to complete their CPD hours for the period
- 30 September 2021 – Deadline for individual licensees to submit their completed CPD Declaration Forms to their appointing principals.
- 31 October 2021 – Deadline for appointing principals to report CPD compliance status of their appointed individual licensees to the IA.

Each principal, after receiving the completed CPD Declaration Forms from its appointed individual licensees, should report the CPD compliance status of its appointed individual

licensees to the IA. This must be done by the principal completing the requested information in its CPD list and uploading it through Insurance Intermediaries Connect (IIC) to the IA.

A principal must, in its CPD list, indicate the compliance status for each of its individual licensees using the following codes:

- Y: The individual licensee has completed his/her CPD hours for the assessment periods.
- N-1: The individual licensee has not completed the CPD hours required.
- N-2: The individual licensee has not submitted a completed CPD Declaration Form
- N/A: The individual licensee has not appointed the principal.
- NR: The individual licensee was not required to complete any CPD hours.

If a principal needs to amend the reported CPD compliance status of its appointed individual licensee(s), following the submission of a completed CPD list to the IA. It should send its request for amendment by email to cpdreporting@ia.org.hk as soon as practicable.

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Penalty Framework for Non-compliance with Continuing Professional Development Requirements 23 July 2021

The document sets out two penalty frameworks for non-compliance of CPD requirements by individual licensees, one for the Transitional Period (i.e. 23 September 2019 to 31 July 2021) and one for periods after the Transitional Period.

CPD breaches for the two assessment periods ending on 31 July 2021			
Shortfall	Penalties		
No more than 50% of required hours	Allowed an opportunity to rectify the shortfall by 31 October 2021. Failure to do so will give rise to a fine of \$600 per hour of shortfall and the shortfall must still be rectified by 31 December 2021.	Failure to rectify the shortfall by 31 December 2021 and/or to pay the fine will lead to a minimum suspension of 3 months (to continue thereafter until the shortfall is rectified).	If the shortfall is still not rectified and/or the fine remains unpaid after 3-month suspension licence may be revoked.
More than 50% of required hours	A fine of \$600 per hour of shortfall will be imposed, plus the shortfall must still be rectified by 31 October.	Failure to the shortfall by 31 October 2021 and/or to pay the fine will lead to a minimum suspension of 3 months.	If the shortfall is still not rectified and/or the fine remains unpaid after the 3-month suspension, licence may be revoked.

CPD breaches for the assessment periods ending on 31 July 2022 and thereafter			
Shortfall	Penalties		
Shortfall is less than 8 hours.	A fine of \$600 per hour of shortfall will be imposed, plus the shortfall must still be rectified by 31 October.	Failure to rectify the shortfall by 31 December 2021 and/or to pay the fine will lead to a minimum suspension of 3 months (to continue thereafter until the shortfall is rectified.	If the shortfall is still not rectified and/or the fine remains unpaid after 3-month suspension licence may be revoked.
Shortfall is 8 hours or more	A fine of \$600 per hour of shortfall will be imposed as well as a minimum suspension of 3 months (which will continue until the shortfall is rectified or the fine is paid.)	If the shortfall is still not rectified and/or the fine remains unpaid after the suspension of 3 months, licence may be revoked.	

Apart from the above, failure by a licensee to submit the completed CPD Declaration Form may result in investigation by the IA, while provision of false information therein may result in revocation of licence and prohibition to apply for a new licence within 12 months.

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