



**THE PROPOSED GUIDELINES ON FIT AND PROPER CRITERIA
FOR LICENSED INSURANCE INTERMEDIARIES UNDER THE
INSURANCE ORDINANCE (CAP.41) AND CONTINUING PROFESSIONAL
DEVELOPMENT FOR LICENSED INSURANCE INTERMEDIARIES**

SUBMISSION

1. In September 2018, the Insurance Authority published a Consultation Paper on two draft guidelines to be issued under section 133 of the Insurance Ordinance (Cap. 41) namely
 - (i) Guideline on “Fit and Proper” Criteria for Licensed Insurance Intermediaries under the Insurance Ordinance (Cap. 41); and
 - (ii) Guideline on Continuing Professional Development for Licensed Insurance Intermediaries.
2. The Law Society makes the following submissions on the consultation questions posed.

Question 1

Do you agree that the proposed new minimum education and professional qualification requirements for individual licensees are appropriate?

Law Society’s Response:

3. We agree to the proposal of setting new minimum education and professional qualification requirements for individual licensees to enhance the professional competence of the insurance industry.

4. As a general observation, we would suggest that the new minimum education requirements be extended to include such other qualifications as the IA may consider to be broadly equivalent so that qualifications attained in other jurisdictions might also be acceptable, which should result in more individuals being eligible to fill relevant positions in the insurance market.

Question 2

Do you agree that the proposed new minimum education and professional qualification requirements for responsible officers are appropriate?

Law Society's Response:

5. We agree that the minimum education and professional qualification requirements for responsible officers should be subject to higher requirements.
6. Regarding the new requirement of holding a bachelor degree from a recognized university or tertiary education institution, we note that the guideline does not explicitly mention what constitutes a "recognized university or tertiary education institution". It would be helpful if the guideline can clarify this point. We consider it not necessary to confine this term to universities or tertiary education institutions in Hong Kong.
7. We note the Insurance Authority aims to encourage more experienced technical representatives to become approved responsible officers and proposes to exempt technical representatives with 15 years of experience on the commencement date of the new regime from the requirement of holding a bachelor's degree. In the circumstances, to ensure professional competence, it is appropriate for the Insurance Authority to request the applicants to provide their work profile in support of their applications so that the Insurance Authority can determine whether an exemption should be granted.

8. The period of 15 years of experience appears arbitrary and technical representatives with less than 15 years of experience will be excluded from the benefit of this exemption. We should suggest that a graduated or transitional arrangement be put in place so that technical representatives with less than 15 years of experience on the commencement date be allowed to gain further years of experience to meet the 15 years requirement and then be eligible to become approved responsible officers. During such transition period, such a technical representative should be entitled to continue in any position of responsibility he may have on the commencement date. Otherwise, it seems likely that there will be a drop in the current number of responsible officers at the commencement of the new regime.
9. Given that general insurance is quite distinct from life insurance, consideration should also be given as to whether in approving the appointment of responsible officers for the Licensed Insurance Intermediaries, the applicants should possess specific insurance qualifications appropriate for general insurance or life insurance as the case may be.

Question 3

Do you agree that the proposed new experience requirements for responsible officers are appropriate?

Law Society's Response:

10. We note that the proposed experience requirements for responsible officers are a minimum of 5 years of industry experience including 2 years of management experience. We agree with these proposals.

Question 4

Do you agree that the proposed professional competence requirements for firms are appropriate?

Law Society's Response:

11. We have no comment on these proposals.

Question 5

Do you agree that the proposed increase of minimum number of CPD hours from 10 to 15 hours per year is appropriate?

Law Society's Response:

12. We have no comment on the proposed increase of minimum number of CPD hours from 10 to 15 hours per year.

Question 6

Do you agree that the proposed introduction of a minimum number of CPD hours for compulsory topics, i.e. "Ethics or Regulations" is appropriate?

Law Society's Response:

13. We agree that training in Ethics or Regulations is appropriate and that a minimum number of CPD hours for these compulsory topics is appropriate.

Question 7

Do you agree that the assessment period should run from 1 August of the relevant year and end on 31 July of the following year?

Law Society's Response:

14. We have no comment on the assessment period.

Question 8

Do you agree that the proposed relaxations for individual licensees who are deemed licensees are appropriate?

Law Society's Response:

15. We note that the reasons behind this relaxation are to accommodate a smooth transition to the new regime to minimize possible disruption to insurance intermediaries' business and service to existing policy holders. We repeat our comments set out in paragraphs 7 and 8 above.

Question 9

Do you agree that the proposed transitional CPD requirements for individual licensees who are deemed licensees are appropriate?

Law Society's Response:

16. We have no comment on the proposed transitional CPD requirements for individual licensees who are deemed licensees.

**The Law Society of Hong Kong
27 November 2018**