

## **Chapter on Continuous Professional Development**

### **1.1 Introduction**

- 1.1.1 This Chapter lays down the requirements which relevant persons and relevant employees referred to in paragraph 1.2.1 need to fulfil in order to update their knowledge and ability requirements through Continuous Professional Development pursuant to articles 14A, 35A and 43M(2) of the Act. This Chapter does not apply to a captive insurance undertaking and a captive reinsurance undertaking.
- 1.1.2 The Chapter shall indicate which type of training a relevant person and a relevant employee may attend in order to comply with continuous professional training and development requirements.
- 1.1.3 The continuous professional training and development shall be divided in structured and unstructured training in order to provide the relevant person and the relevant employee the possibility to attain a holistic training approach to keep their knowledge and ability updated in order to conduct their activities with professionalism and ensure the protection of the interests of their clients.
- 1.1.4 The Chapter will also identify the record keeping requirements which a relevant person is required to comply with.

### **1.2 Application**

- 1.2.1 This Chapter applies to:
- (a) a member of the Board of Directors of an authorised insurance undertaking or an authorised reinsurance undertaking carrying out insurance distribution activities or reinsurance distribution activities and designated as the person responsible for the oversight of the insurance or reinsurance distribution of the undertaking concerned;
  - (b) a person within the management structure of an authorised insurance undertaking or an authorised reinsurance undertaking who is managing the insurance distribution activities or reinsurance distribution activities;
  - (c) a person registered in the Agents Register, the Managers Register or Brokers Register responsible for the carrying out of insurance distribution

activities or reinsurance distribution activities, as specified in article 11(1) of the Act;

(d) a tied insurance intermediary registered in the Tied Insurance Intermediary Company Register of an authorised insurance undertaking or an insurance agent and enrolled with the competent authority in the Tied Insurance Intermediary List to act on its behalf, and where the tied insurance intermediary is not an individual, the individual identified in terms of article 37 of the Act;

(the “relevant person”)

(e) all relevant employees:

(i) directly involved in the carrying out of distribution in respect of insurance or reinsurance products of an authorised insurance undertaking or an authorised reinsurance undertaking carrying out insurance distribution activities and reinsurance distribution activities, as applicable;

(ii) directly involved in the carrying out of the insurance distribution activities and reinsurance distribution activities of a person enrolled in the Agents List, Managers List or Brokers List.

(the “relevant employee”).

### **1.3 Continuous professional development (“CPD”)**

1.3.2 A relevant person and a relevant employee shall update their knowledge through CPD by following training in relation to but not limited to changes to applicable legislation, regulatory changes, new insurance products and services available on the market, new market and consumer trends.

### **1.4 General requirements**

1.4.1 A relevant person and a relevant employee is required to undertake as a minimum fifteen (15) hours of CPD training annually. A relevant person specified in paragraphs 1.2.1 (b) and (c) shall be responsible to ensure that the relevant employees specified in paragraph 1.2.1 (d) undertake as a

minimum fifteen (15) hours of CPD training annually in order to update and satisfy its knowledge and ability requirements.

- 1.4.2 Unless otherwise stated in this Chapter, the number of hours credited to CPD training shall be calculated on an hour to hour basis. One CPD hour shall be earned for each hour's participation in the activities mentioned in paragraphs 1.5.5 to 1.5.15 of this Chapter.
- 1.4.3 A relevant person and a relevant employee shall not carry forward any extra CPD hours accumulated within a particular year.
- 1.4.4 A relevant person and a relevant employee shall ensure that the maximum number of CPD hours a person earns in any day is four (4) hours.
- 1.4.5 An authorised insurance undertaking and an insurance agent enrolled under the Act which has appointed and registered a person in its Tied Insurance Intermediary Company Register to act on his behalf as a tied insurance intermediary shall ensure that the tied insurance intermediary appointed undertakes as a minimum, fifteen (15) hours of CPD training annually, in order to update his knowledge and ability requirements.

## **1.5 Continuous Professional Development Training**

- 1.5.1 A relevant person and a relevant employee shall as a minimum undertake:
- (a) Twelve (12) hours of structured CPD; and
  - (b) Three (3) hours of unstructured CPD,
- in each twelve (12) month period.
- 1.5.2 Subject to paragraph 1.5.3, before choosing which study activities would be appropriate for a relevant person and a relevant employee to undertake, the relevant person shall make an assessment, taking into account the nature of the products which are to be sold and the role and activity to be carried out by such relevant person or relevant employee within the authorised insurance undertaking, the authorised reinsurance undertaking or the insurance intermediary, keeping in mind any changes in the person's role and products to be sold.
- 1.5.3 Further to paragraph 1.5.2, where the relevant person is a tied insurance intermediary, the authorised insurance undertaking or the insurance agent on

whose behalf such intermediary has been appointed shall carry out the relevant assessment.

**Structured CPD Training**

1.5.4 A relevant person and a relevant employee shall as a minimum undertake twelve (12) hours of structured CPD training. When assessing whether an activity would be qualified as structured CPD, the relevant person shall ensure that following three criteria are met:

- (a) **Relevance** – the activity is relevant to the products the relevant person and the relevant employee sells and the role or activity such relevant person or employee carries out, and that such activity would enhance such person or such employee’s professional competence. Structured CPD would need to fall under one of the subject matters indicated in Sections 1.9 to 1.11 of the Chapter on Knowledge and Ability;
- (b) **Measurability** – the activity has a defined number of hours which can be attributed to the event;
- (c) **Verifiability** – attendance to the activity can be objectively verified by a competent source. In the case of courses, conferences and seminars, a certificate of attendance or equivalent would satisfy this requirement.

**Courses, conferences, seminars, workshops and organised technical discussion meetings**

1.5.5 A relevant person and a relevant employee may attend courses, conferences, seminars, workshops and organised technical discussion meetings which address one or more subject matters indicated in Sections 1.9 to 1.11 of the Chapter on Knowledge and Ability. Such activities shall qualify as structured CPD Training, provided they meet the requirements in paragraph 1.5.4.

**Service on technical committees or panels**

1.5.6 A relevant person and a relevant employee may serve on technical committees or panels established by professional associations, firms or governmental bodies, and such service may qualify as structured CPD training provided that:

- (a) the committee or panel can demonstrate a tangible output, such as a technical release or other form of guidance, as a result of its work; and

(b) the relevant person or employee can demonstrate that they contributed to the original research or other work towards the final product.

1.5.7 Where the requirements in paragraph 1.5.6 (a) and (b) are not fulfilled, the relevant person or the relevant employee may qualify the training as unstructured CPD.

Web-based learning activities

1.5.8 A relevant person and a relevant employee may follow web-based learning activities in order to fulfil the structured CPD training. Web-based activities would usually have an assigned amount of hours. When this is not the case, the relevant person or the relevant employee shall assess the amount of time spent on such activities. Such activity may qualify as structured CPD training provided that:

(a) the activity has a taught element which increases a relevant person and a relevant employee's technical and professional competence in one or more subject matters indicated in Sections 1.9 to 1.11 of the Chapter on Knowledge and Ability;

(b) the activity is measurable;

(c) the activity is verifiable, and has a means of assessment which the relevant person or the relevant employee is required to carry out during the activity or upon its completion; and

(d) the relevant person or the relevant employee must have completed the assessment successfully and retain a proof of such for future reference.

1.5.9 Where a relevant person or a relevant employee attends a web-based learning activity which does not fulfil the requirements in paragraph 1.5.8, such activity may qualify as unstructured CPD training.

Lecture preparation and lecturing

1.5.10 A relevant person and a relevant employee may claim the time spent on lecture preparation and lecturing as structured CPD training provided that:

(a) the relevant person or the relevant employee is providing such an activity upon the employer's demand, on behalf of a professional institution or organisation, or the market's demand and the subject is relevant to the relevant person or the relevant employee's work;

(b) the subject matter covers specialist knowledge and the application of such knowledge, and relates to one or more subject matters indicated in Sections 1.9 to 1.11 of the Chapter on Knowledge and Ability;

(c) the depth and level of knowledge delved into by such activities shall increase the relevant person or the relevant employee's competence;

(d) the relevant person or the relevant employee shall retain a copy of any notes and presentations produced for those attending the activity; and

(e) only the first delivery of the same lecture is worthy to qualify as structured CPD training.

1.5.11 Where a relevant person or a relevant employee carries out lecture preparation and lecturing, every hour of lecturing will qualify to two (2) CPD hours. A relevant person or a relevant employee may only claim up to six (6) CPD hours annually from lecturing.

#### Relevant Insurance Courses

1.5.12 Where a relevant person or a relevant employee is reading for a local or overseas bachelor degree or postgraduate degree or any other relevant insurance course organised by a professional body recognised by the competent authority as indicated in the Chapter on Persons Qualified to Make Use of the word "Insurance"<sup>1</sup>, which would increase such person or employee's technical or professional competences, the relevant person or the relevant employee may claim the hours spent on lectures and study as structured CPD training, provided that such lectures relate to the subject matters indicated in Sections 1.9 to 1.11 of the Chapter on Knowledge and Ability. Every successful year of study will qualify to ten (10) CPD hours.

1.5.13 The relevant person and the relevant employee shall keep the evidence of examination results, coursework assessment or attendance as proof of such studies.

1.5.14 Where a relevant person or a relevant employee attains a qualification:

(a) which requires such person or employee to undertake continuous professional training; and

---

<sup>1</sup> The Chapter on Persons Qualified to Make Use of the word "Insurance" which shall transpose the requirements of Insurance Intermediaries Rule 19 of 2007 - Persons Qualified to Make Use of the word "Insurance" will be issued at a later stage.

- (b) such training has the same or more training requirements than what is provided for in this Chapter,

such person or employee may use the training attended in order to fulfil the minimum fifteen (15) hours of CPD training required.

#### *In-House Training*

- 1.5.15 A relevant person specified in paragraph 1.2.1(a), (b) and (d) and a relevant employee specified in paragraph 1.2.1(e)(i) may attend in-house training provided in a structured manner by an authorised insurance undertaking or an authorised reinsurance undertaking, as applicable, which address one or more subject-matters indicated in Sections 1.9 to 1.11 of the Chapter on Knowledge and Ability. Such activities shall qualify as structured CPD Training, provided they meet the requirements in paragraph 1.5.4. Informal discussions cannot be qualified as structured CPD training.

#### *Unstructured CPD training*

- 1.5.16 A relevant person and a relevant employee is required to keep abreast of the wide range of developments which affect the products they sell and their role or activity. This can be done through unstructured learning activities such as regularly reading professional journals, accessing data bases on the Internet and other activities.
- 1.5.17 The following would qualify as unstructured CPD hours:
  - (a) individual home study, including the general viewing of videos, television programmes, audio recordings or any alternative form of learning which is not measurable or verifiable, but which is relevant to a relevant person or a relevant employee's technical, professional and interpersonal development;
  - (b) private reading relating to technical, professional, managerial and ethical issues in the subject matters indicated in Sections 1.9 to 1.11 of the Chapter on Knowledge and Ability;
  - (c) activities falling under paragraphs 1.5.7 and 1.5.9.

## **1.6 Appropriate records**

### *Duration and frequency and proof of Continuous Professional Development*

- 1.6.1 A relevant person shall ensure that it and the relevant employees attend at least fifteen (15) hours of CPD training annually in accordance with paragraph 1.5.1.
- 1.6.2 A relevant person shall ensure that it establishes, maintains and keeps appropriate records and retains all the supporting evidence required of all the CPD training activities to demonstrate compliance with the CPD requirements of such relevant person and relevant employee. Where such relevant person is a tied insurance intermediary, the requirements contained in this paragraph are to be complied with by the authorised insurance undertaking or insurance agent appointing such tied insurance intermediary.
- 1.6.3 The records referred to in paragraph 1.6.2 which a relevant person is required to maintain on an annual basis, shall indicate the person's:
- a) the name and role;
  - b) the date of employment;
  - c) the year during which training has been followed;
  - d) the name and type of structured CPD training, the hours attended and whether such training falls under the categories listed in the subject matters indicated in Sections 1.9 to 1.11 of the Chapter on Knowledge and Ability;
  - e) the name and type of unstructured CPD training and the hours followed.
- 1.6.4 Once the relevant person ensures that it and the relevant employees fulfil the requirements in paragraph 1.6.1 and 1.6.3, it shall forward to the competent authority a written declaration together with the annual supervisory fee paid under the Insurance Business (Fees) Regulations (S.L. 403.04) or the Insurance Intermediaries (Fees) Regulations (S.L. 487.03), that the relevant person and his relevant employees have successfully completed the relevant professional training and development established in this Chapter on an annual basis.
- 1.6.5 The relevant person shall keep the records referred to in paragraph 1.6.3 for a minimum of five (5) years).
- 1.6.6 The relevant person shall make the records referred to in paragraph 1.6.3 available for inspection, by the competent authority or upon request of the



competent authority. The competent authority may enquire about the training attended by a specific individual.

- 1.6.7 The tied insurance intermediary and the relevant employees are expected to maintain records and supporting evidence of the continuous professional training and development fulfilled.

DRAFT