

Ref : Mv120/09 **By Fax & By Email**  
To : Authorized Representatives of Life Insurance Members  
From : K Y To, Chairman of Life Insurance Council  
Date : 13 October 2009  
Subject : **New requirements relating to the sale of Investment-linked Assurance Scheme ("ILAS") Products**

For your ease of reference, a full set of the final version of the revised requirements is attached as follows:

1. New requirements as at September 2009
2. Appendix A: Financial Needs Analysis Form
3. Appendix B: Applicant's Declarations (for business introduced by insurance agents)
4. Appendix C: Applicant's Declarations (for business introduced by insurance brokers including Independent Financial Advisors ("IFA") acting in the capacity as an insurance broker)
5. Frequent Asked Questions

The Chinese translation of Appendixes A, B and C are also attached.



KY/bf/sw  
Encl. (25 pgs incl. this cover)

## **Subject: New Requirements Relating to the Sale of ILAS Products**

### **1 Background**

As members will know, there have been substantial changes to the regulatory environment for ILAS products. These include the introduction by the Securities and Futures Commission (the "SFC") of enhanced advertising guidelines and suitability and disclosure requirements and the new requirements of the Hong Kong Monetary Authority (the "HKMA") relating to the sale of ILAS products by banks. In the light of these changes, it is necessary for the Hong Kong Federation of Insurers ("HKFI"), as a self-regulatory body, to enhance its requirements for the sale of ILAS products. The purpose of this circular is to announce these new requirements.

### **2 Purpose**

The purpose of the new requirements is to ensure that customers purchase ILAS products that are suitable for them and consistent with their requirements and risk appetite.

### **3 Effective date**

All member companies who sell ILAS products are required to implement these rules in two stages as follows:

- a) The enhanced Financial Needs Analysis (as per section 4.1 of this circular), Risk Profile Questionnaire (4.2), Applicant Declaration (4.3) and Suitability Check (4.4) must be implemented **no later than 16<sup>th</sup> October 2009**.
- b) The post-sale controls (section 4.5) must be implemented **no later than 31<sup>st</sup> December 2009**.

This timing allows members to make the necessary changes to their systems to implement and support the new requirements.

### **4 New and Enhanced Requirements**

#### ***4.1 Financial Needs Analysis***

Building on the HKFI's initiative on needs analysis that took effect in February 2007, every application for an ILAS product must include, or be accompanied by, a financial needs analysis form ("FNA"). The FNA must as a minimum include all the questions and multiple choice options in the suggested form of FNA shown in Appendix A. Member companies may modify the FNA to include additional questions, and may also add additional multiple choice options to the mandatory questions shown in the suggested form of FNA; however, each of the choices shown for the mandatory questions must be included in the FNA.

Neither members nor customers can opt out of the FNA. That would defeat the objective of this initiative. If the customer chooses to deviate in any respect from the FNA process they must confirm their reasons in writing. The FNA form can be designed to accommodate this – see Appendix A – but it is stressed that "tick boxes" indicating non-compliance with the FNA requirement are not permissible; the customer must set out their specific reasons.

The FNA may be presented as either a separate form, or included as a section within another point-of-sale document such as the proposal form but whichever option is adopted, the FNA must be clearly identified: "Financial Needs Analysis" or an appropriate set of words that clearly conveys the document's purpose and must be signed and dated by all applicants.

These new FNA requirements are in addition to the previously announced requirements of the HKFI's Initiative on Needs Analysis, which took effect in February 2007.

#### **4.2 Risk Profile Questionnaire**

Every application for an ILAS product must include, or be accompanied by a Risk Profile Questionnaire ("RPQ"). The purpose of the RPQ is to assess the customer's risk appetite and determine if a particular product and its underlying investment choices (if any) are suitable for them. The form of the RPQ should include, as a minimum, questions covering the following areas:

- 1) investment objectives
- 2) preferred investment horizon
- 3) risk tolerance
- 4) financial circumstances

However, there is no need to duplicate questions in the RPQ and the FNA. Member companies must also exercise extra care when selling ILAS products to elderly or unsophisticated customers or those who may not be able to make independent investment decisions on complex investment products, particularly products with long maturity periods or which attract heavy penalties on early redemption or withdrawal.

The treatment of customers choosing to deviate in any respect from the RPQ process is identical to the FNA requirement described in the FNA section above.

Every application for an ILAS product must include the RPQ, which may either be presented as a separate form, or included as a section within another point-of-sale document such as the proposal form but whichever option is adopted the RPQ must be clearly identified "Risk Profile Questionnaire or an appropriate set of words that clearly conveys the document's purpose and must be signed and dated by all applicants.

#### **4.3 Applicant's Declarations**

Every application for an ILAS product must include, or be accompanied by, Applicant's Declarations ("Declarations") in the exact form shown in Appendices B and C. Member companies must not modify the content of these Declarations.

The rules for the completion of the Declarations are as follows:

- 1) The applicant(s) must complete the Declarations. They cannot opt-out of this requirement.
- 2) The applicant(s) must sign the declaration of "Section I: Disclosure Declaration" to confirm they understand and accept the highlighted features of the product.
  - a) If the product has any unusual features or risks such as (without limitation) market value adjustment, foreign exchange risk, leverage, investment choices based on hedge funds, or extensive use of derivatives other than for risk management purposes, then the sales representative must explain these to the full satisfaction and understanding of the applicant(s) prior to signing. All

applicant(s) must sign and date at the bottom of "Section I: Disclosure Declaration".

- 3) The applicant(s) must then tick one of either boxes A, B or C in "Section II: Suitability Declaration".
  - a) Box A should be ticked where the sales representative and the applicant(s) agree that the product is suitable, based on the information provided by the applicant(s) as part of the FNA and RPQ.
  - b) Box B should be ticked by the applicant(s) in situations where the applicant(s) are unwilling to disclose sufficient information for suitability to be assessed, or where it is assessed that the product may not be suitable for the applicant(s) based on the information disclosed in the FNA and RPQ. In addition, whenever box B is ticked, an applicant must in his or her own handwriting provide sufficient explanation as to why he/she has determined to proceed with the application, notwithstanding that the product may not be suitable for him/her.
  - c) Box C should be ticked if the applicant(s) fails to comply with any part of the process, including but not limited to refusal to complete any or all parts of the FNA and RPQ, or the applicant(s) wishes to progress the sale on an "execution only" basis. The applicant(s) must set out their reasons and provide these in their own handwriting.
  - d) All applicant(s) must sign and date at the bottom of "Section II: Suitability Declaration".

The Declarations can either be presented as a separate form, or as a separate single page within another point-of-sale document such as the proposal form. The Declarations' document or section must be clearly titled: "Applicant's Declarations".

#### **4.4 Suitability Check**

Member companies must establish operational controls to ensure that the FNA, RPQ and Declarations are duly completed.

Further, member companies must establish a process to verify whether the ILAS product sold, and key features such as the premium amount and term are considered suitable for the applicant(s) based on the information disclosed by the applicant(s), and to deal appropriately with any exceptions (as per section 4.5 of this circular).

Special consideration is required where business is introduced by an insurance broker, including Independent Financial Advisors ("IFAs") acting in the capacity as an insurance broker. It is important that in performing the Suitability Check and any exceptions (as per Section 4.5 of this circular) that the applicant(s) fully understand that the Insurance Company is not responsible for the advice given by the insurance broker. To facilitate this differentiation, a specific Applicant Declaration (see Appendix C) has been prepared for this purpose and must be used for business introduced from this intermediary type.

#### **4.5 Post-sale controls**

Member companies will be aware that the HKMA has announced a requirement for banks to make audio recordings of ILAS sales. The HKFI's task force on the Report by HKMA on Distribution of Structured Products determined that applying this recording requirement to other sales channels, such as agents, was not practical. However, since this would create a difference between sales channels, member companies must implement the following additional post-sale controls ("Post-sale Controls") for non-bancassurance ILAS sales:

- 1) Copies of the risk disclosure statement for the relevant ILAS product and the signed Applicant's Declarations (as per Appendix B of this circular) must be sent to the customer with the policy.
- 2) A notice informing the customer that copies of the customer's FNA and RPQ are available for inspection and advising where and how the customer may access these documents must be sent with the policy to the customer. This applies to all clients irrespective of which box they tick in Section II : Suitability Declaration of either Appendix B or C.
- 3) Before the expiry of the cooling-off period, member companies must make reasonable efforts to complete and make audio recording of telephone calls with all "Vulnerable Customers" and with any customers selecting either boxes B or C of Section II of the Declarations, to confirm their consent to both the Disclosure Declaration and the Suitability Declaration (a "**Post-sales Call**").

The Post-sale Controls will not apply to bancassurance ILAS sales, as an audio recording should already have been made during the fulfillment process. However, member companies must implement the Post-Sale Controls for all other sales channels, including, without limitation, customers introduced by independent intermediaries such as brokers and IFAs acting in the capacity as an insurance broker.

To ensure compliance with the Post-sales Call requirements Member companies must prepare and follow a script for the Post-sales Call. The HKFI will shortly be indicating a minimum set of questions that should be incorporated in this script, however member companies are entitled to develop their own version provided it includes at least these questions.

In determining who is a "Vulnerable Customer" to whom a Post-sales Call must be made, account must be taken of the following matters, including but not limited to:

- Age – a customer over 65 is a Vulnerable Customer
- Level of education – a person whose education level is "primary level" or below, is a Vulnerable Customer
- Financial means – a person who has "limited means" or no regular source of income or both is a Vulnerable Customer

All member companies, including bancassurers, are required to maintain a register of policies issued to "Vulnerable Customers" or customers selecting either boxes B or C of the Declarations or both. This register must be capable of being audited and rendering appropriate data for both industry and key stakeholders' needs such as the Office of the Commissioner of Insurance.

#### **4.6 Certification of Copies of FNA and RPQ**

Insurers are permitted to accept copies of the above documents provided they are appropriately certified. In respect of banks this should be certified by the bank branch manager and bear the bank's chop. For Independent Financial Advisors ("IFA"), insurers will accept copies provided they are certified by the Responsible Officer designated by the authorized representative of the IFA.

## **5 Updated ILAS Information Brochure**

In the interests of improved customer education, the HKFI is in the process of preparing an updated version of the ILAS Information Brochure. It is expected that this revised brochure will be made available before the end of September 2009.

## APPENDIX A: Financial Needs Analysis ("FNA") Form

The following questions form the minimum required content of the FNA form:

1. What are your purposes of buying our product? (tick one or more)  
 Life Protection     Savings     Investment     Accident  
 Retirement     Education     Health Protection  
 Others (Please specify \_\_\_\_\_)
  
2. What is your target horizon for insurance policy/investment linked assurance scheme? (tick one)  
 < 1 year     1-5 years     6 - 10 years  
 11-20 years     > 20 Years
  
3. Your capacity to pay premiums for insurance or to contribute to investments:
  - a. What is your average monthly income from all sources in the past 2 years? (tick one or more)
    - i.  Specific amount: Not less than HK\$ \_\_\_\_\_ per month
    - or ii.  In the following range:
      - a)  less than HK\$4,000
      - b)  HK\$4,001 - HK\$9,999
      - c)  HK\$10,000 - HK\$19,999
      - d)  HK\$20,000 - HK\$49,999
      - e)  HK\$50,000 - HK\$100,000
      - f)  over HK\$100,000.
  
  - b. What is your approximate current accumulative amount of liquid assets?  
Please specify amount: [HK\$ \_\_\_\_\_]

Note: Liquid assets are assets which may be easily turned into cash, for example, cash, money in bank accounts, money market accounts, actively traded stocks, bonds and mutual funds and US Treasury bills. However, real estate, coin collection and artwork are not considered to be liquid assets.

- c. For how long are you able to contribute to an insurance policy and/or investment plan? ( tick one)  
 < 1 year     1-5 years     6 - 10 years  
 11 -20 years     > 20 Years
  
- d. Approximately what percentage of your income would you be able to use to pay your monthly premium for the entire term of the insurance policy/investment plan in c. above? (tick one)
  - i)  10% - 20%
  - ii)  21% - 30%
  - iii)  31% - 50%
  - iv)  >50%

- e. In considering your ability to make payments, what are your sources of funds?  
(tick one or more)
- i)  salary
  - ii)  income
  - iii)  savings
  - iv)  income from other investments
  - v)  accumulative savings & investments
  - vi)  others (Please specify)

4. If you choose to deviate in any respect from the FNA process, you must indicate your reason(s) in writing.

*(Applicant must complete explanation in own handwriting in this box)*

\_\_\_\_\_  
Applicant's Name and Signature

\_\_\_\_\_  
Date

Note: You are required to inform us (the insurance company) if there is any substantial change of information provided in the form before the policy is issued.



**APPENDIX B: Applicant's Declarations (for business introduced by insurance agents)**

**INVESTMENT LINKED ASSURANCE SCHEME APPLICANT'S DECLARATIONS**

**Section I: Disclosure Declaration**

The insurance intermediary, (insert name and registration number of the relevant insurance agent), has conducted a financial needs analysis for me and I have read the risk disclosure statements as stated in the Principal Brochure and marketing materials of the product(s) that I am applying for. I declare and agree that I fully understand and accept the following relating to my application(s) for this insurance policy:

- Product features including the policy term and all charges and fees;
- Amount of premium and premium term;
- Any loss that I may suffer as a result of early surrender of my policy; any cash withdrawal; premium reduction; and any permissible premium suspension/premium holiday entitlement.
- Investment returns are not guaranteed;
- Potential loss associated with any market value adjustment;
- The potential risks as disclosed in the risk disclosure statements, returns, and losses associated with my investment(s);
- If I switch my investment choices, I may be subject to a charge and my risk may be increased or decreased, I have the right to seek professional financial advice when in doubt.

\_\_\_\_\_  
Applicant's Name & Signature

\_\_\_\_\_  
Date

**Section II: Suitability Declaration**

I understand and agree that *(tick one only)*:

A  the features and risk level of the product(s) and my selected mix of underlying investment choices are suitable for me based on my disclosed current needs and risk profile as indicated in the Needs Analysis Form and Risk Profile Questionnaire.

OR

B  despite the fact that the features and/or risk level of the product(s) and/or my selected mix of underlying investment choices may not be suitable for me based on my disclosed current needs & risk profile as indicated in the Needs Analysis Form and Risk Profile Questionnaire, I confirm that it is my intention and desire to proceed with my application(s) as explained below:

*(If Box B is ticked, then Applicant must complete explanation in own handwriting in this box)*

OR

C  despite the fact that I am required to complete the Financial Needs Analysis and Risk Profile Questionnaire to ensure that the product(s) to be purchased are suitable for me, I confirm that it is my intention and desire to proceed with my application(s) without complying with the said requirement for the reason(s) below:

*(If Box C is ticked, then Applicant must complete explanation in own handwriting in this box)*

I acknowledge I should not purchase this product and/or the selected mix of underlying investment choices unless I understand these and their suitability has been explained to me and that the final decision is mine.

---

Applicant's Name & Signature

---

Date

*Note: 1 For the purpose of this Declaration, the singular shall impart the plural; the word "I" shall include "we"; & the word "my" shall include "our". For joint applicants, all applicants must sign both sections.*

*2 You are required to inform your agent or us (the insurance company) if there is any substantial change of information provided in the form before the policy is issued.*

**APPENDIX C: Applicant's Declarations (for business introduced by insurance brokers including Independent Financial Advisors ("IFA") acting in the capacity as an insurance broker)**

**INVESTMENT LINKED ASSURANCE SCHEME APPLICANT'S DECLARATIONS**

**Section I: Disclosure Declaration**

The insurance broker, *(insert name and registration number of the relevant insurance broker)*, has conducted a financial needs analysis for me and I have read the risk disclosure statements as stated in the Principal Brochure and marketing materials of the product(s) that I am applying for. I declare and agree that I fully understand and accept the following relating to my application(s) for this insurance policy:

- Product features including the policy term and all charges and fees;
- Amount of premium and premium term;
- Any loss that I may suffer as a result of early surrender of my policy; any cash withdrawal; premium reduction; and any permissible premium suspension/premium holiday entitlement.
- Investment returns are not guaranteed;
- Potential loss associated with any market value adjustment;
- The potential risks as disclosed in the risk disclosure statements, returns, and losses associated with my investments;
- If I switch my investment choices, I may be subject to a charge and my risk may be increased or decreased, I have the right to seek professional financial advice when in doubt;
- The investment and asset allocation advice associated with this investment has been formulated by the insurance broker, based on information given by me to the broker in the Needs Analysis Form / Risk Profile Questionnaire, including any supplementary information provided by me to my insurance broker in writing, and not by the insurance company that manufactures and issues the product ("Insurance Company"). The Insurance Company does not assess the investment or asset allocation risk at any time during this process.

\_\_\_\_\_  
Applicant's Name & Signature

\_\_\_\_\_  
Date

**Section II: Suitability Declaration**

I understand and agree that *(tick one only)*:

A  The features and risk level of the product(s) and my selected mix of underlying investment choices are suitable for me based on my disclosed current needs and risk profile as disclosed to my insurance broker during the completion of a Needs Analysis Form and Risk Profile Questionnaire. These needs have been assessed by the insurance broker, and not by the Insurance Company

OR

B  despite the fact that the features and/or risk level of the product(s) and/or my selected mix of underlying investment choices may not be suitable for me based on the information disclosed to my insurance broker during the completion of a Needs Analysis Form and Risk Profile Questionnaire, I confirm that it is my intention and desire to proceed with my application(s) as explained below:

*(If Box B is ticked, then Applicant must complete explanation in own handwriting in this box)*

OR

C  despite the fact that I am required to complete the Financial Needs Analysis and Risk Profile Questionnaire to ensure that the product(s) to be purchased are suitable for me, I confirm that it is my intention and desire to proceed with my application(s) without complying with the said requirement for the reason(s) below:

(If Box C is ticked, then Applicant must complete explanation in own handwriting in this box)

I acknowledge I should not purchase this product and/or the selected mix of underlying investment choices unless I understand these and their suitability has been explained to me and that the final decision is mine.

**I understand that the Insurance Company :-**

- (a) does not provide/accept any responsibility for the financial advice given by my appointed insurance broker who acts on my behalf and independently of the Insurance Company; and**
- (b) will retain copy(ies) of the completed Needs Analysis Form and Risk Profile Questionnaire for record purpose but will have no responsibility for reviewing/assessing whether a particular insurance product and any underlying investment choices are suitable for me in light of my personal circumstances.**

\_\_\_\_\_  
Applicant's Name & Signature

\_\_\_\_\_  
Date

**Declaration by Intermediary**

I, \_\_\_\_\_ (print name of Intermediary and Registration number), confirm that I have fully explained the contents of the Applicant Declarations to the Applicant in a language of the Applicant's choice.

\_\_\_\_\_  
Name and Signature

\_\_\_\_\_  
Date

- Note: 1. For the purpose of this Declaration, the singular shall impart the plural; the word "I" shall include "we"; & the word "my" shall include "our". For joint applicants, all applicants must sign both sections.*
- 2. You are required to inform your intermediary or us (the insurance company) if there is any substantial change of information provided in the form before the policy is issued.*

# 財務需要分析表格

財務需要分析表格之基本內容必須具備以下問題：

1. 閣下選購本公司產品的目的為何？(可選多於一項)  
 人壽保障                       儲蓄                       投資                       意外  
 退休                               教育                       醫療保障  
 其他 (請詳述 \_\_\_\_\_)
2. 閣下投購保單／投資相連壽險產品計劃的目標年期為(只可選其中一項)：  
 < 1 年                       1- 5 年                       6 - 10 年  
 11 - 20 年                       > 20 年
3. 閣下繳付保費或支付投資項目的負擔能力：
  - a. 在過去兩年裡，閣下由所有收入來源所得的每月平均收入為(可選多於一項)：
    - i.  請註明金額：每月不少於港幣 \$ \_\_\_\_\_
    - 或 ii.  在以下範圍內：
      - a)  少於港幣\$4,000
      - b)  港幣\$4,001 - 港幣\$9,999
      - c)  港幣\$10,000 - 港幣\$19,999
      - d)  港幣\$20,000 - 港幣\$49,999
      - e)  港幣\$50,000 - 港幣\$100,000
      - f)  多於港幣\$100,000
  - b. 閣下現時累積的流動資產約有多少？  
請註明金額：[港幣\$ \_\_\_\_\_]

註：流動資產指可以容易變現為現金的資產，例如現金、銀行存款、貨幣市場戶口、交投活躍的股票、債券、共同基金及美國國庫券等。然而，房地產、錢幣收集及藝術品均不屬於流動資產。

  - c. 閣下可支付保單及／或投資計劃的年期為(選其中一項)：  
 < 1 年                       1- 5 年                       6 - 10 年  
 11 - 20 年                       > 20 年
  - d. 就閣下在 c 所選擇的保單／投資計劃之整段年期內，閣下每月可承擔的保費佔閣下個人收入的比率為(選其中一項)：  
 10% - 20%                       31% - 50%  
 21% - 30%                       > 50%
  - e. 閣下考慮繳付能力時，請註明資金來源(可選多於一項)：  
 薪金                               其他投資的收入  
 收入                               累積儲蓄及投資  
 儲蓄                               其他(請詳述 \_\_\_\_\_)
4. 如閣下選擇不填報上述財務需要分析，閣下必須書面詳述有關原因。

(申請人必須在此親筆填寫解釋)

申請人姓名及簽署

日期

註：若本表格上填報的資料有重大改變，閣下在保單未簽發前必須通知本公司。

## 投資相連壽險計劃申請人聲明書（由保險代理銷售的業務）

### 甲部 - 披露聲明

保險中介人（填上有關保險代理／經紀的姓名及登記號碼）已為本人分析財務需要，本人已閱讀本人所申請計劃的主要推銷刊物及銷售資料內之風險披露說明。本人聲明及同意本人完全明白並接受以下有關本人申請投購本保單的資料：

- 產品特色，包括保單年期及所有收費與費用；
- 保費金額及繳付保費年期；
- 任何因本人選擇提早退保、提取現金、遞減保費及任何保單提供的暫停繳付保費／保費假期等而引致之損失；
- 投資回報並非保證；
- 市場價格調整帶來之潛在損失；
- 風險披露說明書披露的潛在風險，與本人的投資有關之回報及損失；
- 若本人轉換投資選擇，可能需要支付費用，及本人相關之投資風險會因此而增加或減低。如有疑問，本人有權尋求專業的財務意見。

申請人姓名

申請人簽署

日期

### 乙部 - 適合性聲明

本人明白並同意（任擇一項）：

A  根據本人於財務需要分析及風險承擔能力問卷所披露的現時需要及投資風險概況，有關產品之特色及其風險級別與本人所選擇的相關投資組合均適合本人。

或  
B  儘管根據本人於財務需要分析及風險承擔能力問卷所披露的現時需要及投資風險概況，有關產品之特色及／或風險級別及／或本人選擇的相關投資組合可能並不適合本人，但本人確認基於下述原因，本人打算及意欲申請本保險計劃：

（如選擇「B」項，申請人必須親筆於此欄內提供原因）

或  
C  儘管本人必須完成財務需要分析及風險承擔能力問卷，以確保所選購的產品適合本人，但本人確認基於下述原因，不遵從有關要求的情況下，本人打算及意欲申請本保險計劃：

（如選擇「C」項，申請人必須親筆於此欄內提供原因）

本人確認，除非本人清楚了解本產品和相關投資項目的選擇組合，並得悉本產品如何切合本人的需要，否則本人不應選購此產品。本人擁有最終的決定權。

申請人姓名

申請人簽署

日期

註：1 就本聲明而言，單數等同複數；「本人」包括「我們」的涵義；及「本人的」包括「我們的」的涵義。若為聯名申請人，所有申請人必須在甲、乙兩部內簽署。

2 本表格內提供的資料如有更改，閣下在保單未簽發前需要通知本公司或閣下的中介人。

## 投資相連壽險計劃申請人聲明書

(適用於由保險經紀包括獨立財務顧問以保險經紀身份銷售的業務)

### 甲部 - 披露聲明

保險經紀(填上有關保險經紀的姓名及登記號碼)已為本人分析財務需要,本人已閱讀本人所申請計劃的主要推銷刊物及銷售資料內之風險披露說明。本人聲明及同意本人完全明白並接受以下有關本人申請投購本保單的資料:

- 產品特色,包括保單年期及所有收費與費用;
- 保費金額及繳付保費年期;
- 任何因本人選擇提早退保、提取現金、遞減保費及任何保單提供的暫停繳付保費/保費假期等而引致之損失;
- 投資回報並非保證;
- 市場價格調整帶來之潛在損失;
- 風險披露說明書披露的潛在風險,與本人的投資有關之回報及損失;
- 若本人轉換投資選擇,可能需要支付費用,及本人相關之投資風險會因此而增加或減低。如有疑問,本人有權尋求專業的財務意見。
- 保險經紀是根據本人在「財務需要分析表格」及「風險承擔能力問卷」填寫的資料,包括本人向保險經紀以書面形式提供之任何補充資料,向本人提供關於是項投資的投資及資產分配意見。在整個銷售過程中,保險公司只負責制定及簽發產品,並沒有評估本人的投資或資產分配之風險。

申請人姓名

申請人簽署

日期

### 乙部 - 適合性聲明

本人明白並同意(任擇一項):

A  根據本人填寫「財務需要分析」及「風險承擔能力問卷」時向保險經紀披露的現時需要及投資風險概況,有關產品之特色及其風險級別與本人所選擇的相關投資組合均適合本人。有關分析是由保險經紀進行,而非由保險公司完成。

或  
B  儘管根據本人填寫「財務需要分析」及「風險承擔能力問卷」時披露的現時需要及投資風險概況,有關產品之特色及/或風險級別及/或本人選擇的相關投資組合可能並不適合本人,但本人確認基於下述原因,本人打算及意欲申請本保險計劃:

(如選擇「B」項,申請人必須親筆於此欄內提供原因)

或

C  儘管本人必須完成「財務需要分析」及「風險承擔能力問卷」,以確保所選購的產品適合本人,但本人確認基於下述原因,不遵從有關要求的情況下,本人打算及意欲申請本保險計劃:

(如選擇「C」項,申請人必須親筆於此欄內提供原因)

本人確認,除非本人清楚了解本產品和相關投資項目的選擇組合,並得悉本產品如何切合本人的需要,否則本人不應選購此產品。本人擁有最終的決定權。

本人明白保險公司:

- 對獨立代表我的保險經紀所提供之財務意見,概不負責;及
- 將保留已填妥的「財務需要分析」及「風險承擔能力問卷」副本作記錄之用,但對保險產品及其相關投資項目是否適合本人之評估,概不負責。

申請人姓名

申請人簽署

日期

## 中介人聲明

本人（填上有關保險中介人的姓名及登記號碼）確認已採用申請人選擇之語言，向申請人詳盡解釋「申請人聲明書」的內容。

姓名及簽名

日期

註：1 就本聲明而言，單數等同複數；「本人」包括「我們」的涵義；及「本人的」包括「我們的」的涵義。若為聯名申請人，所有申請人必須在甲、乙兩部內簽署。

2 本表格內提供的資料如有更改，閣下在保單未簽發前需要通知本公司或閣下的中介人。



## ILAS Circular – Frequently Asked Questions (“FAQ”)

The following represents the most frequently asked questions to the recent circular describing the new requirements relating to the sale of Investment Linked Assurance Schemes (“ILAS”). The HKFI does not accept any responsibility for individual companies’ interpretation and execution of these requirements and the ultimate responsibility must rest with the Company and its Compliance Function.

### 1. Financial Needs Analysis (FNA) (4.1)

- Q. Does the previous threshold on insurers to keep copies of the signed form still apply for non-ILAS policies?
- A. The new ILAS requirements do not have any impact on current practices for non-ILAS products.
- Q. For the 1-year validity in the existing guideline, will it still apply (for both non-ILAS and ILAS)?
- A. “Yes” to non-ILAS, but “No” to ILAS, as every new application for ILAS must be accompanied by the FNA, RPQ and Applicant’s Declarations (see 4.1, 4.2 and 4.3 of the circular); despite the fact that the customer may have signed those forms for another ILAS application within 1 year.
- Q. Will the existing requirement on the FNA form still apply, e.g. signature of intermediaries, reason for recommendation etc?
- A. Yes.
- Q. Customer’s target horizon for an insurance policy and an investment-linked assurance scheme can be different. To avoid confusion to customer, we suggest to amend question 2 to “What is your target horizon for investment-linked assurance scheme?” and to delete “insurance policy” from the question.
- A. This is a circular and is not meant to represent detailed procedures regarding ILAS. There is sufficient latitude to adopt the amendment if you choose to do so for your company.
- Q. Whether review of customers’ needs subsequent to the issue of policy is required to be performed at regular intervals?
- A. This would constitute “best practice” but at this stage is not part of the required procedures. This may change in the future.
- Q. For Q3, what is the meaning of “Money Market Account”?
- A. These are examples of liquid assets; for example, it could be interpreted to mean deposit or forex accounts. However, a detailed answer to this question is not appropriate.
- Q. For Q4, what is the scope of “deviate in any respect from the FNA process”? Does it mean customer refuses to complete FNA Form?
- A. It means any deviation from the FNA process, and could represent a failure to provide all requested information, or details to any one question.
- Q. Sometimes the customer may request bank staff to complete the form on his/her behalf. Given the audio recording is arranged at the bank, is it feasible for customer orally expressing the explanation for deviation and bank staff writes it down for customer?

- A. It is not a situation that has been considered and while this may be feasible when the bank and the insurer are within the same group, there are definitely issues when this may not be the case. At this stage, we would recommend that you adhere to the proposed procedures and have the customer write the explanation.
- Q. Customers can give any personal reason and there is no requirement for us to validate it (also apply to 4.2 & 4.3)
- A. In most cases this would be the case.
- Q. It is expected that audio recording of the reason(s) can fulfill and replace the requirement of 'handwriting' (also apply to 4.2 & 4.3)
- A. It is not a situation that has been considered and while this may be feasible when the bank and the insurer are within the same group, there are definitely issues when this may not be the case. At this stage, we would recommend that you adhere to the proposed procedures.
- Q. Please confirm as long as we have our own standard questions and answers fulfilling the requirements of Appendix A with an area for customer to provide "other reasons", we are not required to use the exact wording as proposed.
- A. Correct.
- Q. Can the multiple choices in appendix be replaced by exact value/amounts, e.g. by answering "2 years" instead of choosing "1-5 years". If it is allowed, our existing Financial Planning Report can already serve some of the requirements.
- A. This would be acceptable.
- Q. If the customer chooses to deviate in any respect from the FNA process they must confirm their reasons in writing. What sorts of reasons can/cannot be accepted?
- A. Commonsense must prevail and be decided by Company's internal policy/compliance.
- Q. The customer must set out their specific reasons and "tick boxes" are not permissible. But can we list out "unacceptable reasons" to help customers?
- A. This defeats the whole purpose of avoiding tick boxes.
- Q. Do we accept "client is unwilling to disclose his financial information" as the reason?
- A. Logical, but up to Company's internal compliance policy.

## 2. Risk Profile Questionnaire (RPQ) (4.2)

- Q. Will a validity period apply to RPQ, similar to that in the current FNA requirement?
- A. Presently, the new requirements apply at the 'point of sale'. For the time being, we would expect an updated RPQ to be submitted with each new application for the same customer.
- Q. Will RPQ be required for fund switching, adding rider or adding lump sum payment?
- A. Presently, the new requirements apply at the 'point of sale'. For the time being, it will not apply to fund switching or top ups.
- Q. Is it a must that the RPQ be titled as "Risk Profile Questionnaire" as our bank partner's RPQ form are named "Personal Investment Risk Profile", which is a standard name used by the bank across the region.

- A. While the circular was quite explicit that the documents must be clearly headed "Risk Profile Questionnaire", we are prepared to allow the latitude you are seeking provided it is clear what the document represents.
- Q. Please clarify whether customers are required to complete a new RPQ when subsequent (i.e. after the application stage) switching/re-direction/top-up investment orders are made, such orders may involve selection of underlying funds of a higher risk level than customers' tolerance level.
- A. Presently, the new requirements apply at the 'point of sale'. For the time being, it will not apply to fund switching or top ups.
- Q. The Federation requires members to exercise extra care when selling ILAS products to vulnerable customers. Apart from the new and enhanced requirements proposed, what other steps does the Federation expect members to take in this regard? Please give details.
- A. It is more appropriate that the Company's Compliance Officer defines and sets internal policy.
- Q. Would the Federation provide a sample Enhanced RPQ in Chinese?
- A. A Chinese version of the circular will be available soon.
- Q. How should recorded telephone calls be managed? Can it be done by recording the content of the telephone call on paper or on computer? Can audio recording do it?
- A. It must be done by audio equipment.
- Q. Can insurance companies elect to follow the post sale controls procedures for ILAS sales as required under HKFI's Circular instead of the audio-recording requirement for sales of investment products in banks? Will HKFI communicate with HKMA in this respect as the requirements by different regulators seem to create a disparity between bancassurance and agency channels, hence (a) a non-level playing field for insurance companies relying on bancassurance channel; and (b) it may create a disparity within an insurer where there are multiple sets of rules / procedures applicable for the same product depending on the sales channel. From a customer's perspective, it will create the same confusion. If we are confident that the new enhanced requirements can provide adequate protection for customers, it should be applied equally for all channels.
- A. The HKMA is the governing regulator for banks and it is their requirement that banks must comply by conducting an audio recording. It is not appropriate for the HKFI's requirements to override this.
- Q. Is the post sale control requirement applicable to all ILAS sales, whether they are bancassurance ILAS sales or not?
- A. Only applicable to non-bancassurance sales.
- Q. For questions covering investment objective, investment horizon, risk tolerance & financial circumstances, it can be carried at either FNA Form or RPQ. Please advise if there's any mis-interpretation about this.
- A. That is correct. There is no need to duplicate questions between these two documents.
- Q. The guideline requests each ILAS application to be accompanied with a RPQ which include (i) Investment Objectives, (ii) Preferred Investment horizon, (iii) Risk tolerance and (iv) Financial circumstances. The "Product Selection Criteria" section of our

- application form has already satisfied (i) to (iii) while (iv) is recorded in NAF. We believe that we have already fulfilled the requirements. Please advise if otherwise.
- A. This is a question for your Compliance Officer.
- Q. The "Product Selection Criteria" (PSC) section forms part of the application form. Customer signs on the application form to confirm everything including the PSC. Therefore, there is no need for an additional signature (and date) for this section.
- A. A question as to the compliance of the circular should be referred to the in-house Compliance officer.
- Q. It is mentioned: "every application for an ILAS product must include, or be accompanied by a RPQ. We are fulfilling this requirement as we complete the PSC for each application, as the PSC includes all information for question i) to iii) (and iv) in NAF.
- A. Same answer as above.
- Q. Member companies must exercise extra care to elderly or unsophisticated customers, etc. How to define & prove "extra care"?
- A. The Compliance Officer must take responsibility and feel that they have adequately discharged this. It should not be on the basis of doing "just enough".
- Q. How to define elderly (age?), or unsophisticated (year of investment experience?), or those who may not be able to make independent investment decisions? Are they the "vulnerable customer" as illustrated in 4.5?
- A. See answer to the above.
- Q. How to define heavy penalties and early redemption / withdrawal?
- A. See the above answer.
- Q. If the customer chooses to deviate in any respect from the RPQ process they must confirm their reasons in writing. What sorts of reasons can and cannot be accepted?
- A. It is up to the company to decide what is appropriate, but commonsense should prevail.
- Q. Is the customer allowed to tick a check box "Same as FNA", if the reason to deviate FNA & RPQ is the same?
- A. We are trying to avoid tick boxes. The customer could also go straight to Box C on the Applicant's Declaration and explain in his/her own handwriting.
- Q. Any font size or format requirement in the questionnaire?
- A. It is up to each company to prescribe.
- Q. If there is any omission/ incompleteness noted on the forms/declaration received, can client supplement by a separate form?
- A. Yes, but it must be signed by the customer.
- Q. The forms should be signed by applicant(s) only. No signature of life insured is required. Correct?
- A. This may be one and the same.
- Q. It seems the current guideline aims at gauging the risks of underlying assets rather than the structure of the ILAS products. Should consideration be also given to the structure of the ILAS product on top of the risks of the underlying assets? For example, if the ILAS

product provides derivatives (equity, currency or commodity linked) feature or attached with gearing (i.e. loans) feature, it will increase the risks of the ILAS product exponentially.

A. Yes, and must be explained to the client.

Q. It seems that the current proposal is merely focusing on the risks level of the underlying assets and the corresponding risks appetite of applicants at the time of entering into ILAS product. This might sew the picture down the road as and when the underlying asset/policyholder's circumstances changes.

A. Presently, these controls are aimed at protecting the customer at the point of sale. This may change in future; however, customers are required to inform the insurance companies if there is any substantial change to the information provided in the forms signed by him/her at the point of sale and prior to policy issue.

Q. Any standard classification for risk class of each fund? Any source? Should HKFI/SFC provide a common one for the industry?

A. There is a generally accepted classification.

Q. How to assess client's risk appetite through RPQ? Any standard questions? Different measures will be applied to different companies if RPQ is not standardized

A. Again, there is a generally accepted approach to this; companies have to satisfy themselves.

Q. Can we combine FNA, RPQ, and AD and in one form with one signature?

A. Depends on whether the client has complied with the FNA and RPQ requirements. The documentation or warranty from the customer must clearly indicate he is signing off all parts of the FNA, RPQ and AD

Q. How to define "reasonable effort to complete and record telephone calls"?

A. Compliance officer should define.

### **3. Applicant Declaration (4.3)**

Q. For Section I, in order to cater for the bancassurance business, suggest to amend "(insert name and HKFI registration number of the relevant insurance agent / broker / technical representative)".

A. Acceptable.

Q. For Section II, box A and B, Should "Financial Needs Analysis Form" be used instead of "Needs Analysis Form"?

A. As long as it is clear the intention of the document; companies can choose to describe the document as described. This is a change to what was originally outlined in the circular.

Q. For Section II – Box B of the AD, suggest to provide multiple choices for clients to select, e.g.



My/our declared reason(s) for proceeding the transaction is(are) 本人/吾等聲明繼續交易之原因為:

My/our view on specific market(s)/ asset class(es)/ products 本人/吾等對個別市場/資產類別/產品持個人見解

My/our desire to take higher risk to earn higher potential return 本人/吾等希望承受較高風險以獲取較高潛在回報

I/we have other adequate liquid assets to sustain the liquidity and cashflow 本人/吾等有足夠流動資產以維持現金流量

Investments above only account for small portion of my/our total wealth 上述投資只佔本人/吾等資產的小部份

My/our specific investment purpose (Please specify) 本人/吾等之特定投資目的(請列明): \_\_\_\_\_

Others (Please specify) 其他(請列明): \_\_\_\_\_

A. This is not acceptable and defeats the purpose of the client expressing their reasons for not complying with the process.

Q. For bancassurance business, can a more extensive disclosure of the product features be allowed in the AD?

A. Yes. Anything that complements or provides more clarification is to be encouraged so long as the minimum contents as required by the circular are present.

Q. What is the definition of "execution only"? Can more detailed guideline re "execution only" be provided?

A. The applicant assumes full responsibility for his decision not to comply and does not engage in the FNA/RPQ process.

Q. If customers choose to deviate in any respect from the FNA process / RPQ, they are required to state the reason(s) in respective forms and the Applicant Declaration - Suitability Declaration (Box C). We expect that customers are only required to complete Box C rather than repeat the reason(s) for 3 times in different documents.

A. Correct.

Q. If we have covered some declaration items in other point-of-sale documents such as the application form, can we simplify the content of the form to avoid duplication or incorporate the relevant content of the declaration into our application form? Can the rule be relaxed to allow slight wording change with the scope same as the requirement in appendix?

A. Companies can choose to design as they see fit as long as the documentation is compliant. See the answer to the above. However, the declarations cannot be edited in any way.

Q. What is the definition of "marketing material" in Appendix B? It is concerned that some of the "marketing materials" such as website, fund performance may not be the core selling documents.

A. It should be considered as any material that was used to conclude the sale.

Q. How to define "sufficient explanation" if customer ticks box B in the Applicant's Declarations (AD)?

A. Up to the satisfaction of the company and prescribed internal procedures, but commonsense should prevail.

Q. Customer may tick box C in the AD and provide a reason of "refusal to complete any or all parts of FNA and RPQ". This "allows" customers to blank the FNA and RPQ. What is the difference between the new requirement and the existing in terms of the level of risk control?

- A. If the client chooses this approach there is little we can do. They have chosen to bear the risk themselves and given the reason in their own handwriting.

#### 4. Suitability Check (4.4)

- Q. What are the proposed interim procedures to perform suitability check in Section 4.4 "to deal appropriately with any exceptions", which is conducted through the post-sale controls while in the meantime will not be implemented?

A. This is a matter for your Compliance Officer and internal controls and procedures.

- Q. Would the Federation propose any objective criteria for assessing suitability to give members a unified standard to follow?

A. This is not under consideration. This responsibility has to rest with your compliance officer.

- Q. How often and when should a suitability check be performed?

A. As part of the approval process for new applications; however, 'best practice' would dictate that this is done at each customer review or change in circumstances.

- Q. How long should the record of FNA, RPQ and Declarations be kept? Are both hard and soft (scanned) copy acceptable?

A. It should be treated in the same manner as all documentation constituting the fulfillment of a new policy. Scanned version would be acceptable.

#### 5. Post-sale controls (4.5)

- Q. For point 3, member companies "must make reasonable efforts to complete and record telephone calls with all "Vulnerable Customers" and with any customers selecting either boxes B or C.....". Please provide guidance on what is "reasonable effort"?

A. Reasonable efforts could be considered as calling all vulnerable customers and making several attempts to establish contact over several days.

- Q. Is there any requirement on the retention period of the telephone call record?

A. None is prescribed but it should be held as long as reasonable to protect the company against policyholder claims of mis-selling.

- Q. As mentioned in the draft guideline, "insurers are permitted to accept copies of the FNA and RPQ provided that they are appropriately certified. In respect of banks this should be certified by the bank branch manager and bear the bank's chop. For Independent Financial Advisors ("IFA"), insurers will accept copies provided they are certified by the Responsible Officer designated by the authorized representative of the IFA".

A. Correct.

- Q. For IFAs, does it cover both broker and independent agency?

A. Yes.

- Q. For the Applicant's Declaration, are copies allowed or must originals be submitted?

A. Preferably originals, but a certified true copy as described above would be acceptable.

- Q. Under the existing guideline, for business referred by a broker if the policyholder does not want to forward the FNA form to the insurers, a signed confirmation was submitted to insurers. Under the new rules, will the same apply to the FNA and RPQ?
- A. No. In fact under the new requirements the IFA must submit a certified copy of the FNA to the insurers.
- Q. Will point 2 of the post-sales controls apply to insurance business referred by IFA / broker?
- A. Yes, but this area may be slightly modified to avoid the underwriter being seen by the customer as part of the advice process.
- Q. Under the current practice, some of the IFA and brokers have their own FNA and RPQ, instead of using the forms provided by the insurers. Are the insurers responsible to ensure that the forms comply with the HKFI initiative or it should be the responsibility of the IFA and brokers?
- A. It should be considered a joint responsibility.
- Q. Is the requirement of maintaining a register of policies issued to Vulnerable Customers or customers selecting either boxes B or C of Section II of the Declarations applicable to bancassurance ILAS sales?
- A. Yes. It will be collated to understand industry experience.
- Q. Do policy services, like "fund switching" and "additional top-up premium payment with latest fund allocation" of an in force policy, fall into the scope of the new requirements?
- A. At this stage, the new requirements apply to point of sale only.
- Q. If the insurer only engages the bank channel to distribute the ILAS product, is this insurer still required to maintain a register of policies issued to "Vulnerable Customers" or customers selecting either boxes B or C of the Declarations or both? How long should the record be kept? In hard/soft copy and who to keep them?
- A. A register must still be maintained – see above. Soft copies would be permissible and must be kept by the insurance company.

## 6. Others

- Q. Will there be any postponement to the implementation date of 30<sup>th</sup> September?
- A. The effective date will be extended to 16 October instead of 30 September 2009.
- Q. Do post sale controls apply to non-HK residents?
- A. Yes.

## 7. Q & A relating to Independent Financial Advisor

- Q. For broker distribution, including IFA, is it necessary to send the copies of the FNA / RPQ forms to the insurer?
- A. Yes, unless your client has specifically requested that the IFA does not, and this MUST be supported by a separate handwritten letter signed by the applicant(s) to support this position.



- Q. May a broker/IFA elect not to send copies of all its clients FNA/RPQ form to the insurer?  
 A. No. This is contrary to the intention of the guidelines. This must be on an exceptional basis only, and variance from this procedure should be investigated by the insurer.
- Q. Should the insurer provide the FNA / RPQ documents for its distributors?  
 A. The insurer is not under any obligation to provide tailored FNA/RPQ documentation for each distributor but may have a standard version available should this be required. It is preferable that brokers/IFAs or their representative bodies design documents that meet the minimum requirements as outlined in the ILAS guideline and that reflect their specific sales process.
- Q. Will the insurer use the FNA / RPQ document to check the advice of the IFA / Broker?  
 A. No. The insurer will retain copies of the completed FNA / RPQ for record purposes, but will have no responsibility for reviewing the advice given and assessing whether a particular insurance product and any underlying investment choices are suitable for the applicant(s).
- Q. Can "Box C" on the suitability declaration be used to indicate the client does not want his FNA / RPQ details to be passed to the insurer?  
 A. No, as per answer above, a separate letter must be provided.
- Q. Can the FNA/RPQ be in the same document?  
 A. Yes, provided they meet the basic minimum standards as laid down by the guidelines.
- Q. Why is the HKFI so insistent on no "tick box" style answers?  
 A. Written answers to exemption style questions create more focus for the customers and more protection for the IFA and the insurer.
- Q. Can I complete the suitability declaration on my client's behalf?  
 A. Not if section B or C is completed. This MUST be done in the client's own handwriting.
- Q. Will the insurer issue a policy pending receipt of the signed Applicant Declarations and where applicable (i.e. option A or B selected on the declaration) the FNA / RPQ?  
 A. No. These must be received prior to policy issue.
- Q. Is the FNA template provided in the HKFI guideline intended to replace documentation that is presently adopted by individual brokers/IFAs?  
 A. No. Any existing documentation preferred by an intermediary can still be used, provided the minimum questions in the HKFI version are included in the brokers' version.
- Q. Can I submit my company's current FNA / RPQ documentation for pre-approval by the insurer?  
 A. Yes, and you are encouraged to do so. However, what may be acceptable to one insurer may not be to another; it is advisable to approach separately all your providers

Ref : Mv149/09

**By Fax & By Email**

To : Authorized Representatives of Life Insurance Members

From : K Y To, Chairman of Life Insurance Council

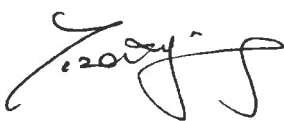
Date : 14 December 2009

Subject : **New Requirements relating to the sales of Investment-linked Assurances Scheme ("ILAS") Products -- Post-sales Call**

Item 4.5 of our Circular Mv120/09 states that Members must implement the additional Post-sales Controls for non-bancassurance ILAS sales (including sales introduced by insurance brokers) no later than 31<sup>st</sup> December 2009. Among other controls, before the expiry of the Cooling-off Period, Members must make reasonable efforts to complete and make audio recording of telephone calls with all "Vulnerable Customers" and with any customers who selected either box B or C of Section II of the Applicant's Declarations. For this purpose, the Legal and ILAS Working Groups have come up with a suggested standard script for the Post-sales Call, a copy of which is attached for Members' reference.

Members are reminded that the attached script only outlines a minimum set of questions to be incorporated in the Post-sales Call. Members are at liberty to develop their own script consistent with their current products; distribution channels and practices for making Post-sales Call provided it follows all the requirements listed under "Process" of the attached.

The Chinese version of the script is in preparation and will be issued in due course.



KYT/JW/BF/sw

Encl. (4 pgs incl. this cover)

## **APPENDIX D: Post-Sales Call**

### **Process**

This process applies to all Life Insurance Members (“Members”) of the Hong Kong Federation of Insurers and to all “non-bancassurance” ILAS Sales with regard to (1) “Vulnerable Customers” and (2) any customers selecting either box B or C of Section II of the Applicant’s Declarations, including sales through insurance brokers. The objective of the Post-Sales Call is to seek confirmation from customers as to their consent to both the Disclosure Declaration and the Suitability Declaration.

The Post-Sales Call must be made before the expiry of the Cooling-off Period and by an authorized person of Members who was not the person selling the insurance product to the customer.

Members are entitled to develop their own process for making Post-Sales Call provided that it incorporates the following:

- At the beginning of the call, the caller should introduce himself/herself by name and company;
- Explaining the purpose of the Post-Sales Call and that it is a regulatory requirement that the call be made and recorded;
- Securing agreement to the call and stress that the purpose is to ensure that the customer’s rights are fully respected and protected;
- Verifying the customer’s identity;
- The call should be terminated if the customer does not agree to proceed;
- For a customer who is unwilling to answer the Post-Sales Call, or cannot be contacted, a written communication should be sent to the customer before the expiry of the Cooling-off Period at the address held on file. The content of the letter should follow the core questions for the Post-Sales Call. Where the customer does not reply to the letter within the timeframe indicated (e.g. one week from date of the letter), the Member can assume that this will not be contested and the file closed;
- Post-Sales Calls are to be made to non-Hong Kong residents as well. Where contact cannot be established, then the procedure is the same for those customers who are unwilling to participate in the process, i.e. a letter should be sent to the customer;
- Reasonable efforts should be made to establish contact with the customer and respect the Post-Sales Call process; sending letters to customers should not be considered as an alternative and every effort should be made to establish contact with customers by telephone. Members are reminded that logs should be maintained and be available for inspection upon request.

## Post-Sales Call Content

Members are also entitled to develop their own Script for the Post-Sales Call which must include the following questions:

Purchase of an investment-linked product from an insurance agent/broker;

Question: Can you please confirm if you have purchased an ILAS product from agent/broker (insert name of the relevant insurance agent/broker) of Company (insert name of the Company)?

Understand and accept all items set out under Section I - the Disclosure Declaration and Section II - the Suitability Declaration;

### Section I - Disclosure Declaration

#### Product features

Question: Did you receive any marketing literature that explains the key features of the policy and that you understand, especially the length of the policy term and all charges and fees?

#### Amount of premium and premium term

Question: Can you please confirm whether the premium for the policy purchased by you is (insert the amount) and the premium term is (insert the contract period)?

#### Any loss that the customer may suffer as a result of early surrender, any cash withdrawal, premium reduction and permissible premium suspension/premium holiday entitlement

Question: Did your insurance agent/broker explain the types of penalties, fees or charges as a result of your exercising certain rights under the policy such as early encashment, withdrawal and temporary suspension of premium payment?

#### Investment returns are not guaranteed

Question: Have you read and understood the risk disclosure statements as stated in the Principal Brochure and the supporting materials of the product for which you have applied?

Examples of the risk disclosure statements are that the value of investments may go up as well as down. Investment returns are not guaranteed and past performance is not indicative of future performance. Have you been advised to read carefully the Principal Brochure prior to making your investment decision?

Potential loss associated with any Market Value Adjustment (MVA)

Question: Are you aware that each investment choice is subject to market and interest rate fluctuations and to the risks inherent in all investments?

[MVA: Members are only required to explain the implications of MVA if this is a feature of the policy; otherwise questions related to this feature can be ignored.]

Charges and change in risk level of the investment choice in switching

Question: Are you aware of the charges and the possible change in risk level of the investment choice when switching? You have the right to seek professional financial advice when in doubt.

For brokers, the Insurance Company does not assess the investment or asset allocation risk during the process

Question: Are you aware the broker has completed the Financial Needs Analysis form/Risk Profile Questionnaire based on the information provided by you? Do you understand that the Insurance Company does not assess the investment or asset allocation risk at any time during the process and therefore does not take any responsibility for investment choices/decisions made by you or your broker?

Section II - Suitability Declaration

Question: You have ticked Box [A/B/C], which means [Describe the Declaration Content and any written statements made by the Applicant]. Do you understand the implication of ticking this box and is this consistent with your understanding?

- If the underlying investment choices fall within the “high risk” category, secure confirmation of the understanding and implications;
- The customer’s Cooling-off Rights.

Ref : Mv024/10

**By Fax & By Email**

To : Authorized Representatives of Life Insurance Members

From : Alex Chu, Chairman of Life Insurance Council

Date : 26 January 2010

Subject : **New Requirements relating to sales of Investment-linked Assurance Scheme ("ILAS") Products – Post-sales Call**

Further to Circular Mv149/09 dated 14 December 2009 enclosing the suggested standard script for the Post-sales Call, the Chinese translation of the script has been finalized and is attached for your reference.



AC/BF/sw

Encl. (total 5 pages including this cover)

## **APPENDIX D: Post-Sales Call**

### 附件 D：售後跟進電話服務

#### **Process**

##### 程序

This process applies to all Life Insurance Members (LIMs) of the Hong Kong Federation of Insurers and to all “non-bancassurance” ILAS Sales with regard to (1) “Vulnerable Customers” and (2) any customers selecting either box B or C of Section II of the Applicant’s Declarations, including sales through insurance brokers. The objective of the Post-Sales Call is to seek confirmation from customers as to their consent to both the Disclosure Declaration and the Suitability Declaration.

售後跟進電話程序適用於由香港保險業聯會屬下所有壽險會員銷售及所有非經銀行銷售（包括透過保險經紀銷售）予下列人士的投資相連壽險計劃：

（1）需要特別關顧的客戶，以及

（2）在《申請人聲明書》乙部選擇 B 項或 C 項之客戶。

此舉旨在向客戶確認他們同意簽署的「披露聲明」及「適合性聲明」。

The Post-Sales Call must be made before the expiry of the Cooling-off Period and by an authorized person of LIMs who was not the person selling the insurance product to the customer.

售後跟進電話服務必須在冷靜期屆滿前，由壽險會員之授權人士負責執行，而非由該保險產品之銷售人員執行。

LIMs are entitled to develop their own process for making Post-Sales Call provided that it incorporates the following:

壽險會員可自行制訂售後跟進電話服務之程序，但必須包括以下各項：

- At the beginning of the call, the caller should introduce himself/herself by name and company;  
在電話接通後，致電者必須先報上姓名及介紹自己所屬公司的名稱；
- Explaining the purpose of the Post-Sales Call and that it is a regulatory requirement that the call be made and recorded;  
解釋售後跟進電話服務之用意，並說明此為監管要求，保險公司必須於銷售過程完成後致電客戶，而電話的談話內容會被錄音；
- Securing agreement to the call and stressing that the purpose is to ensure that the customer’s rights are fully respected and protected;  
確保客戶同意電話對話，並強調致電是為了確保客戶的權益獲得充分尊重及保障；
- Verifying the customer’s identity;  
核實客戶的身分；
- The call should be terminated if the customer does not agree to proceed;  
如客戶不同意進行有關程序，應終止通話；

- For a customer who is unwilling to answer the Post-Sales Call, or cannot be contacted, a written communication should be sent to the customer before the expiry of the Cooling-off Period at the address held on file. The content of the letter should follow the core questions for the Post-Sales Call. Where the customer does not reply to the letter within the timeframe indicated (e.g. one week from date of the letter), the LIM can assume that this will not be contested and the file closed;  
如客戶不欲接受跟進電話服務，或者壽險會員無法用電話聯絡該名客戶，則壽險會員必須在冷靜期屆滿前，根據檔案內之地址，以書面聯絡該名客戶。信件的內容須包含售後跟進電話服務之主要問題。假如客戶沒有在限期內回覆（例如：以發信日期起計的一星期內），壽險會員可以假設該名客戶對信件內容並無異議，可作結案論；
- Post-Sales Calls are to be made to non-Hong Kong residents as well. Where contact cannot be established, then the procedure is the same for those customers who are unwilling to participate in the process, i.e. a letter should be sent to the customer;  
售後跟進電話服務同時適用於非本港居民。如壽險會員無法用電話聯絡該名客戶，則應按照處理不願接受跟進電話服務的客戶的程序，以書面聯絡該名客戶；
- Reasonable efforts should be made to establish contact with the customer and respect the Post-Sales Call process; sending letters to customers should not be considered as an alternative and every effort should be made to establish contact with customers by telephone. LIMs are reminded that logs should be maintained and be available for inspection upon request.  
壽險會員在合理的情況下，應盡其所能與客戶聯絡，並遵守售後跟進電話之程序。壽險會員不應以發信予客戶代替跟進電話，而應盡能力以電話聯絡客戶，並謹記保存有關紀錄，以備查核。

### **Post-Sales Call Content**

#### 售後跟進電話的內容

LIMs are also entitled to develop their own Script for the Post-Sales Call which must include the following questions:

壽險會員可自行制訂售後跟進電話之內容，但必須包括以下問題：

Purchase of an investment-linked product from an insurance agent/broker

經由保險代理／經紀購買投資相連產品

Question: Can you please confirm if you have purchased an ILAS product from agent/broker (insert name of the relevant insurance agent/broker) of Company (insert name of the Company)?

問題：請問你是否透過 xx 公司（填上公司名稱）的保險代理／經紀（填上有關保險代理／經紀的姓名）購買一份投資相連壽險產品？

Understand and accept all items set out under Section I - the Disclosure Declaration and Section II - the Suitability Declaration;

明白及接受甲部 - 「披露聲明」及乙部 - 「適合性聲明」內之所有項目；



## Section I - Disclosure Declaration

### 甲部 - 「披露聲明」

#### Product features

##### 產品特色

Question: Did you receive any marketing literature that explains the key features of the policy and that you understand, especially the length of the policy term and all charges and fees?

問題：你有否收到介紹保單主要特色的銷售資料？你是否明白當中的內容，特別是有關保單年期及所有收費與費用的詳情？

#### Amount of premium and premium term

##### 保費金額及繳付保費年期

Question: Can you please confirm whether the premium for the policy purchased by you is (insert the amount) and the premium term is (insert the contract period)?

問題：請問你購買的保單保費金額是否（請填寫金額）？繳付保費年期是否（請填寫年期）？

#### Any loss that the customer may suffer as a result of early surrender, any cash withdrawal, premium reduction and permissible premium suspension/premium holiday entitlement

##### 任何因客戶選擇提早退保、提取現金、遞減保費及保單提供的暫停繳付保費／行使保費假期權利等而引致之損失

Question: Did your insurance agent/broker explain the types of penalties, fees or charges as a result of your exercising certain rights under the policy such as early encashment, withdrawal and temporary suspension of premium payment?

問題：你的保險代理／經紀有否解釋你行使保單權利時，例如：提早領取現金價值、提款和暫緩繳交保費，需要繳付的罰款、費用或收費？

#### Investment returns are not guaranteed

##### 投資回報並非保證

Question: Have you read and understood the risk disclosure statements as stated in the Principal Brochure and the supporting materials of the product for which you have applied?

問題：你有否細閱及明白所購買的產品之主要推銷刊物及相關資料內刊印的風險披露說明？

Examples of the risk disclosure statements are that the value of investments may go up as well as down. Investment returns are not guaranteed and past performance is not indicative of future performance. Have you been advised to read carefully the Principal Brochure prior to making your investment decision?

風險披露說明例子包括：投資價值可升可跌、投資回報並非保證，過去的投資表現不能作為日後表現的指標。你作出投資決定前，保險代理／經紀有否建議你小心細閱主要推銷刊物呢？

### Potential loss associated with any Market Value Adjustment (MVA)

#### 與任何市值調整有關之潛在損失

Question: Are you aware that each investment choice is subject to market and interest rate fluctuations and to the risks inherent in all investments?

問題：你是否知道每項投資選擇都會受市場及利率波動影響，亦會受到投資固有風險影響？

[MVA: LIMs are only required to explain the implications of MVA if this is a feature of the policy; otherwise questions related to this feature can be ignored.]

〔市值調整：假如保單有市值調整的元素，則壽險會員只須解釋其含意；假如保單並無市值調整一項，則毋須理會相關之問題。〕

### Charges and change in risk level of the investment choice in switching

#### 轉換投資選擇之費用及風險水平的改變

Question: Are you aware of the possible charges and the possible change in risk level of the investment choice when switching? You have the right to seek professional financial advice when in doubt.

問題：你是否知道轉換投資選擇可能需要支付費用，以及可能引致風險水平產生變化。當有疑問時，你有權尋求專業的財務意見。

### For brokers, the Insurance Company does not assess the investment or asset allocation risk during the process

#### 由保險經紀銷售的投資相連壽險計劃，保險公司在整個過程中並沒有評估投資或資產分配之風險

Question: Are you aware the broker has completed the *Financial Needs Analysis form/Risk Profile Questionnaire* based on the information provided by you? Do you understand that the Insurance Company does not assess the investment or asset allocation risk at any time during the process and therefore does not take any responsibility for investment choices/decisions made by you or your broker?

問題：保險經紀有否根據你提供的資料填寫《財務需要分析表格》/《風險承擔能力問卷》？你是否明白保險公司在整個過程中並沒有評估你的投資或資產分配之風險？因此，你或你的保險經紀所作出的投資選擇／決定，保險公司並不會承擔任何責任。

### Section II - Suitability Declaration

#### 乙部 - 適合性聲明

Question: You have ticked Box [A/B/C], which means [Describe the Declaration Content and any written statements made by the Applicant]. Do you understand the implication of ticking this box and is this consistent with your understanding?

問題：你在「適合性聲明」內，選擇了〔A/B/C〕項，即表示（註明聲明中的內容，以及客戶親筆填寫之聲明）。你是否明白所選擇的答案的含意？這答案又是否和你所理解的一致？

- If the underlying investment choices fall within the "high risk" category, secure confirmation of the understanding and implications;
- 如相關投資選擇屬「高風險」類別，需客戶確認明白其風險及含意；
- The customer's Cooling-off Rights.
- 客戶可享有的冷靜期權益。