

Initiative on Needs Analysis

Purpose:

As the front-line representatives, insurance agents/brokers are the cornerstones of public trust and confidence in the integrity of the insurance industry. There is ever rising public demand on the practitioners to demonstrate that they possess professional analysis skills and advise consumers the products best-suit their needs.

Moreover, the Life Insurance Council of The Hong Kong Federation of Insurers has been proactive in promoting self-regulation. It should be leading the industry in adopting the good practice of using "Needs Analysis Form" during the sales advisory process. This demonstrates the worldwide movement of life assurance industry becoming more customer-focused instead of purely product-focused.

Recommendations:

- 1) No standard form is recommended. Nevertheless, all Life Insurance Members (LIMs) would be requested to require their agents/brokers using a "Needs Analysis" Form, provided by individual LIMs, during the selling process of new insurance policies. The Form should, but not limit to, include:
 - i) personal particulars (of the potential policy holder)
 - name, date of birth, address, contact numbers, marital status, occupation, etc;
 - ii) needs and analysis
 - financial income (monthly salary, bonus, other incomes, etc);
 - financial outgo (monthly living expenses, rent/mortgage redemption, etc.);
 - usable assets (savings, life insurance coverage, stock/securities/bonds, company benefits, etc);
 - liabilities (mortgage loan, debts, etc);
 - family commitments (no. of dependents, education funds, etc);
 - funeral and associated expenses and estate duties;
 - iii) evaluation and recommendation
 - total protection needs, total usable assets, total amount to meet the family immediate protection, etc; and
 - iv) signature of the selling agent/broker and date of the completion of the Form.
- 2) Filing copy of the Form for insurance basic plan with the sum insured of HK\$2,000,000 or above OR annualized premium of HK\$20,000 or above would be compulsory.

Date of Implementation: 1 January 2002.