

## Initiative on Needs Analysis

### Purpose:

The Life Insurance Council ("LIC") of The Hong Kong Federation of Insurers has been taking the lead in promoting self-regulation. Since it is of paramount importance that insurance advice provided by intermediaries needs to be based upon customers' needs, the LIC is leading the industry to adopt the good practice of using a 'Needs Analysis Form' during the sales advisory process. This effort is in line with the global trend of the life assurance industry becoming more customer-focused instead of purely product-focused.

### Requirements:

- 1) It is recommended that the form design is to be left with individual Life Insurance Members ("LIMs"). Nevertheless, all LIMs should require the intermediaries to help potential policyholders complete a 'Needs Analysis Form' ("Form") provided/accepted by individual LIMs for **each new life insurance policy**. The Form should include the following:
  - i) Personal particulars (of the potential policyholder)
    - name, date of birth, address, contact numbers, marital status, occupation, etc
  - ii) Needs analysis
    - financial income (monthly salary, bonus, other incomes, etc)
    - financial outgoings (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's immediate need for protection, etc
    - the reason(s) for the recommendation made by the selling intermediary
  - iv) Signatures of the potential policyholder and the selling intermediary
  - v) Date of signing the Form.

註冊有限公司 Incorporated with limited liability

香港灣仔駱克道 353 號三湘大廈 29 樓

29<sup>th</sup> Floor Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong

電話 Tel: 2520 1868

傳真 Fax: 2520 1967

網址 Web Site: <http://www.hkfi.org.hk>

電郵 Email: [hkfi@hkfi.org.hk](mailto:hkfi@hkfi.org.hk)

- 2) LIMs should require the intermediaries to process a Needs Analysis with the potential policyholders before recommending to them **any** life insurance products and signing the application. Nevertheless, LIMs are only required to keep a copy of the signed Form, for record purpose, for the basic life insurance plan of a single application with:
- i) sum insured\* of HK\$2,000,000 or above; OR
  - ii) annualized premium of HK\$20,000 or above; OR
  - iii) single premium of HK\$200,000 or above.

*\* If life insurance protection is equal to a certain percentage (e.g. 101%) of the policy value, such amount of protection shall be deemed to be the sum insured.*

- 3) LIMs should **not** provide any pre-printed materials for potential policyholders to opt out of a Needs Analysis. If a potential policyholder does not want to complete a Needs Analysis, he/she should **state this in writing and sign** immediately below the statement which should be forwarded to the LIM for filing (if required under point 2 above) and the LIM will then be considered to have complied with this Initiative.
- 4) For insurance business referred by a broker and a potential policyholder does not want to forward the Form to the relevant LIM, the potential policyholder is required to provide signed confirmation of this which should be forwarded to the LIM for filing (if required under point 2 above) and the LIM would then be considered to have complied with this Initiative.

**Validity Period:**

A signed Form shall have a validity period of one year, i.e. in the event that a client purchases additional insurance coverage from the same LIM within a year after a Form is signed, he/she will not necessarily have to go through another Needs Analysis.