

**Candidates are recommended to study the 2023 Edition of the Study Notes for examinations to be held from 12 October 2023 onwards.**

## **Insurance Intermediaries Qualifying Examination – Paper V** **Syllabus for Investment-linked Long Term Insurance Examination**

### **I. Introduction to Investment-linked Long Term Insurance Policies**

- i. Definition
- ii. Concept

### **II. Investments**

- i. Risk of Investment
  - A. Meaning of Risk
  - B. Types of Risks
  - C. Risk-return Trade-off
  - D. Risk Reduction Techniques
  - E. Risk Management Process
  - F. Financial Risk Management in Hong Kong
- ii. Investment Considerations
  - A. Basic Economics
  - B. Global Economy
  - C. Economic Factors Affecting the Financial Markets
  - D. Investment Objective and Risk Tolerance
  - E. Other Investment Constraints
  - F. Investment Advising
  - G. Summary

### **III. Investment Assets**

- i. Money Market Instruments
  - A. Bank Deposits
  - B. Negotiable Short-term Debt Instruments
  - C. Advantages and Disadvantages of Money Market Instruments

- ii. Debt Securities
  - A. Investing in Debt Securities
  - B. Par Value
  - C. Convertibility
  - D. Coupon Rate
  - E. Term to Maturity
  - F. Pricing of Bond
  - G. Price and Yield Relationship
  - H. Yield Curve
  - I. Marketability
  - J. Bond Ratings
  - K. International Markets
  - L. Advantages of Bond Investment
  - M. Disadvantages of Bond Investment
  - N. Preferred Shares (Preference Shares)
  
- iii. Equities
  - A. Investing in Equities
  - B. Methods of Raising Equity
  - C. Why Invest in Equity
  - D. Bonus Issue
  - E. Dividend
  - F. Stock Exchange of Hong Kong (SEHK)
  - G. International Markets
  - H. Market Indexes
  - I. Fundamental Investment Analysis
  - J. Technical Analysis
  - K. Advantages of Equities
  - L. Disadvantages of Equities
  
- iv. Financial Derivatives
  - A. Uses of Financial Derivatives
  - B. Forward and Futures Contracts
  - C. Options and Warrants
  - D. Advantages of Derivatives
  - E. Disadvantages of Derivatives

- v. Real Estate
  - A. Advantages of Real Estate Investment
  - B. Disadvantages of Real Estate Investment
- vi. Low Liquidity Investments
- vii. Investment Funds
  - A. Mutual Fund and Unit Trust
  - B. Open-end and Closed-end Funds
  - C. Charges and Fees of Investment Funds
  - D. Benefits of Investment Funds
  - E. Disadvantages of Investment Funds
  - F. Roles of the Various Parties of an Investment Fund
- viii. Life Insurance and Annuity
  - A. Life Insurance
  - B. Annuity

#### **IV. Investment-linked Long Term Insurance Policies**

- i. Historical Development
- ii. Characteristics of Investment-linked Long Term Insurance Policies
- iii. Types of Charges of Investment-linked Long Term Insurance Policies
  - A. Charges
  - B. Charges related to Investment-linked Policy
- iv. Types of Investment-linked Long Term Insurance Policies
- v. Premium Structures of Investment-linked Policies
  - A. Single Premium Plan
  - B. Regular Premium Plan
- vi. Basic Calculations of Single Premium and Regular Premium Investment-linked Policies and their Death Benefits
  - A. Basic Calculations of Single Premium Policies
  - B. Premium Application Method One
  - C. Top-up Application

- D. Partial Withdrawal (Partial Surrender) Benefit
  - E. Surrender Value
  - F. Death Benefit
  - G. Return on Gross Premium
  - H. Premium Application Method Two
  - I. Basic Calculations of Regular Premium Policies
  - J. Monthly Application of Regular Premium
- vii. Structures of Investment-linked Funds
- viii. Types of Investment-linked Funds
- A. Deposit Fund
  - B. Unitised Funds
  - C. Switching
- ix. Benefits of Investing in Investment-linked Policies
- x. Risks of Investing in Investment-linked Policies
- xi. Comparison of Investment-linked Long Term Insurance Policies with Guaranteed and With-Profits Policies
- A. Guaranteed Policies/Without-Profits/Non-Participating Policies
  - B. With-Profits/Participating Policies
  - C. Comparison Criteria
- xii. Taxation
- xiii. Sales Practice
- A. Customer Protection Requirements Relating to Sale of Investment Linked Assurance Schemes (ILAS)
  - B. Information to be Communicated in Sales Process
  - C. Principal Brochure
  - D. Cooling-off Period
  - E. Policy Replacement
  - F. Guideline of Offering Gifts (GL25)
- xiv. Ethics
- xv. Illustration Documents

A. Linked Policy Illustration Documents

- xvi. Policy Administration and Statement to Policyholders
  - A. Policy Issuance
  - B. Policy Delivery
  - C. Policy Changes
  - D. Information to Policyholders
  - E. Policy Statement
  - F. Fund Performance Report

**V. Regulatory Framework in Hong Kong**

- i. Regulatory Authorities
  - A. Insurance Authority (IA)
  - B. The Securities and Futures Commission (SFC)
- ii. Insurance Legislation, Codes and Guidelines
  - A. Insurance Ordinance (IO)
  - B. Code of Conduct for Licensed of Insurance Agents & Code of Conduct for Licensed Insurance Brokers
  - C. Guideline on “Fit and Proper” criteria for licensed insurance intermediaries under the Insure Ordinance (GL23)
  - D. Three Former Self-Regulatory Bodies
  - E. Guideline on the Use of Internet for Insurance Activities (GL8)
  - F. Guideline on Underwriting Class C Business (GL15)
- iii. Securities Legislation and Code of Conduct
  - A. Securities and Futures Ordinance (SFO)
  - B. Licensing and Registration Requirements
  - C. Other Relevant Codes Issued by the SFC
  - D. Offers of Investment
  - E. Market Misconduct
  - F. CIS Internet Guidance Note
- iv. Other Relevant Legislation
  - A. Prevention of Money Laundering and Terrorist Financing
  - B. Personal Data (Privacy) Ordinance (PDPO)

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