



Public Empowerment - A win-win for policyholders and the insurance industry

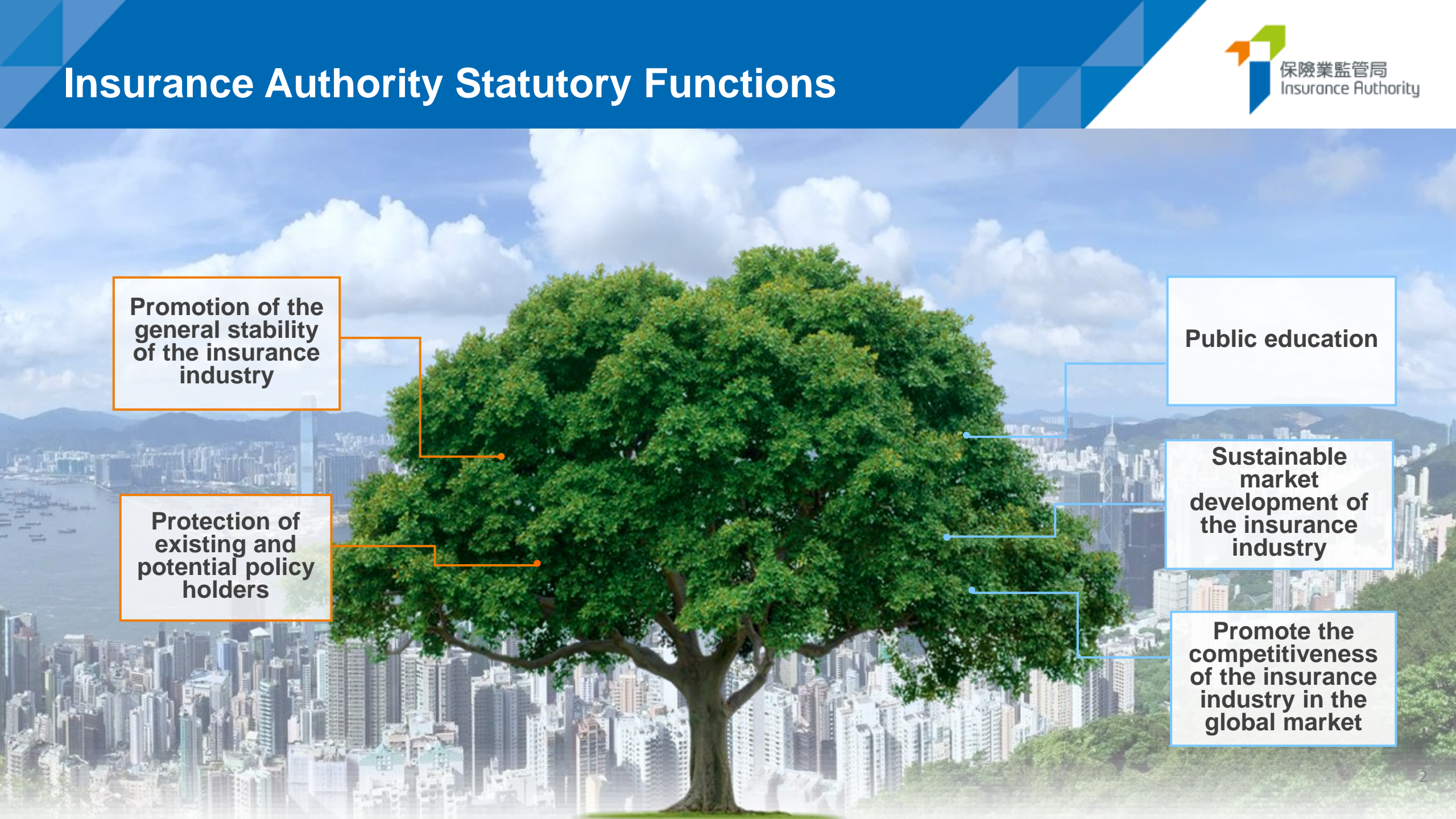
Virtual Meeting of Future Task Force

Working Group on Promoting Positive Image of Insurance Industry

5 November 2021



Insurance Authority Statutory Functions



**Promotion of the
general stability
of the insurance
industry**

**Protection of
existing and
potential policy
holders**

Public education

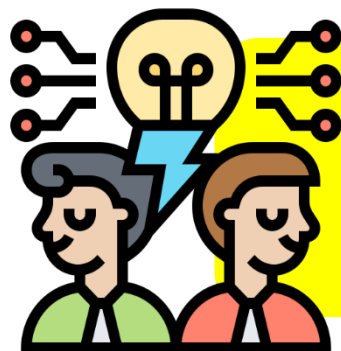
**Sustainable
market
development of
the insurance
industry**

**Promote the
competitiveness
of the insurance
industry in the
global market**

*To improve **insurance literacy** and educate the public on the **social role and value of insurance***



Public Empowerment *leads to...*



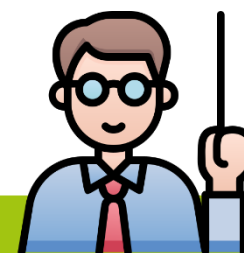
**informed & educated
customers**



complaints



**social role of
insurance**



Professionalism



**public welfare &
health systems**

Past Efforts



Facebook Page
“蓋世保鑑 Insurpedia”



Collaborations
e.g. IFEC

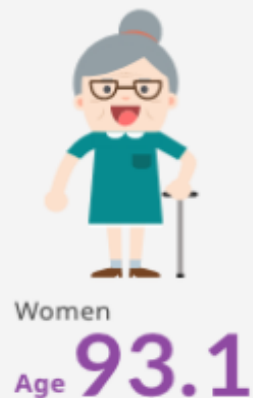


Thematic campaigns
e.g. QDAP, medical
insurance

Challenges

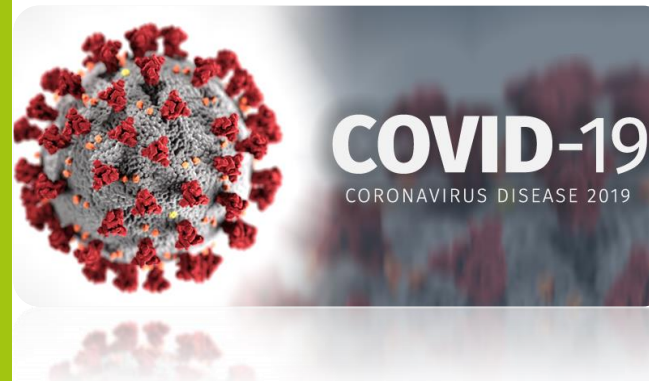
Ageing problem

2066



Myth about insurance

The pandemic



Public Education Campaign on Lifetime Risk Profiling



Overview



**Mortality
Protection Gap
Study**



**Lifetime Risk
Profiling**



*From macro analysis to
individual assessment*



**Protection Needs
Assessment Tool**



*From protection needs to
information needs*



**Thematic
Sitelet**



*Review in every
three years*



**Insurance Literacy
Tracking Survey**

Key Messages

- Life is full of perils which may have serious impact on your family.
- It is important to plan ahead for risk profiling and mitigation.
- Insurance is one of the affordable risk management tools.
- The IA provides useful educational materials to assist you in financial planning.



Objectives

- To generate public awareness of the importance of risk profiling and mitigation
- To empower the public by provision of impartial information and practical tools for self assessment
- To strengthen the social role of insurance in closing protection gaps and soothing the burden on social welfare and public healthcare system



✗ Not for product promotion

Phase 1 (Soft launch)

Aug – Oct 2021



Mortality Protection Gap Study 2021

Mortality Protection Gap Study 2021



Objectives

- To raise public awareness towards mortality protection gap
- To facilitate public discussion of personal risk profiles and evolving exposures and the way to bridge the gap
- To place a range of issues in a broader context for further investigation

Key findings

- Size of overall protection gap: **HKD 6.9 trillion**
- Average size of protection gap: **HKD 1.9 million**
- Average size of protection gap: **5.7 times** of annual income
- Life insurance provides a quick and efficient way to close protection gap

Protection Needs Assessment Tool

TWO versions

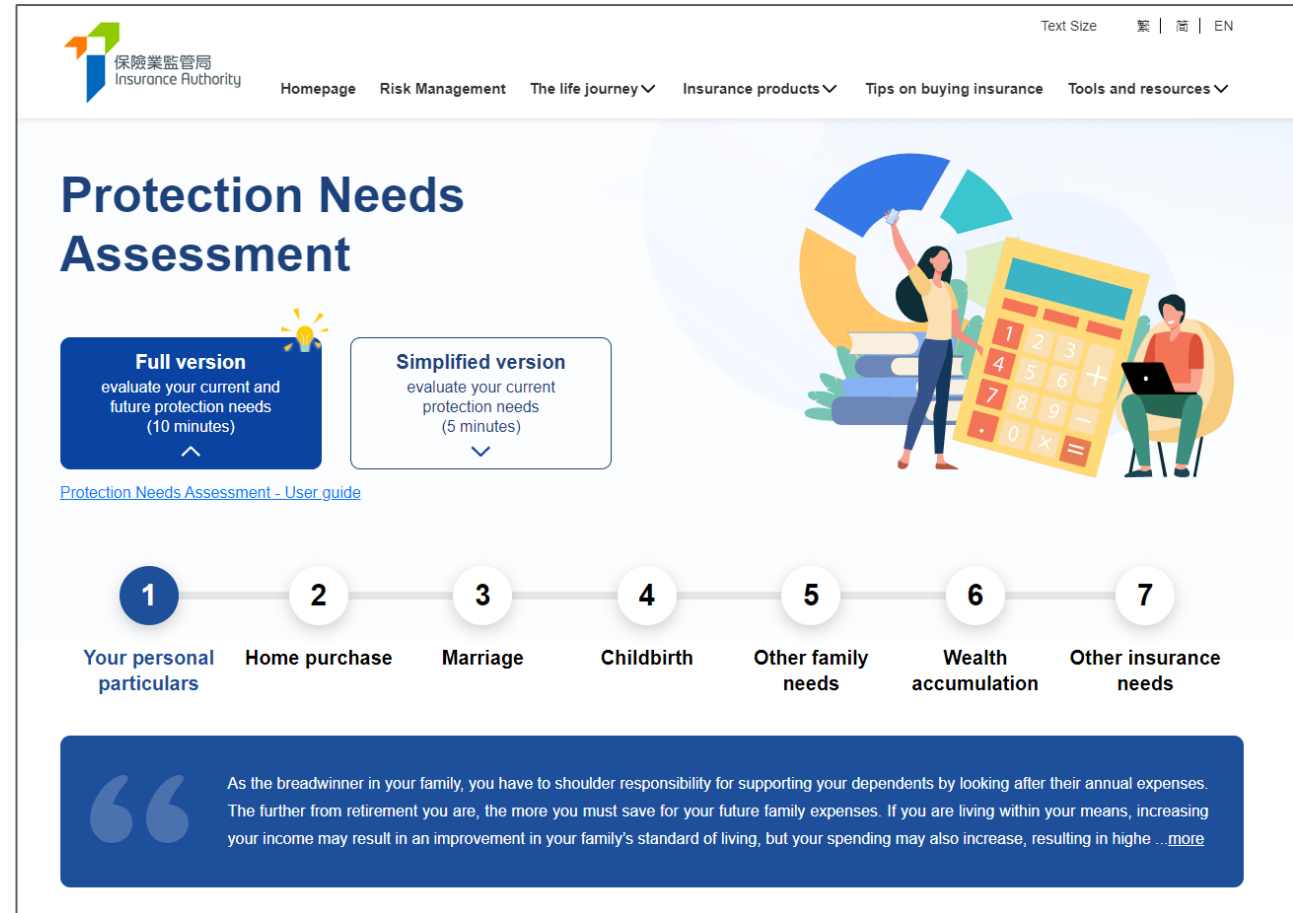
- **Simplified:** current mortality protection gap
- **Full:** future mortality protection gap in the next 50 years & the age with the largest protection gap & analysis of protection needs regarding non-life insurance

SEVEN simple steps

- Supplemented by educational messages for different life events

User friendly & informative

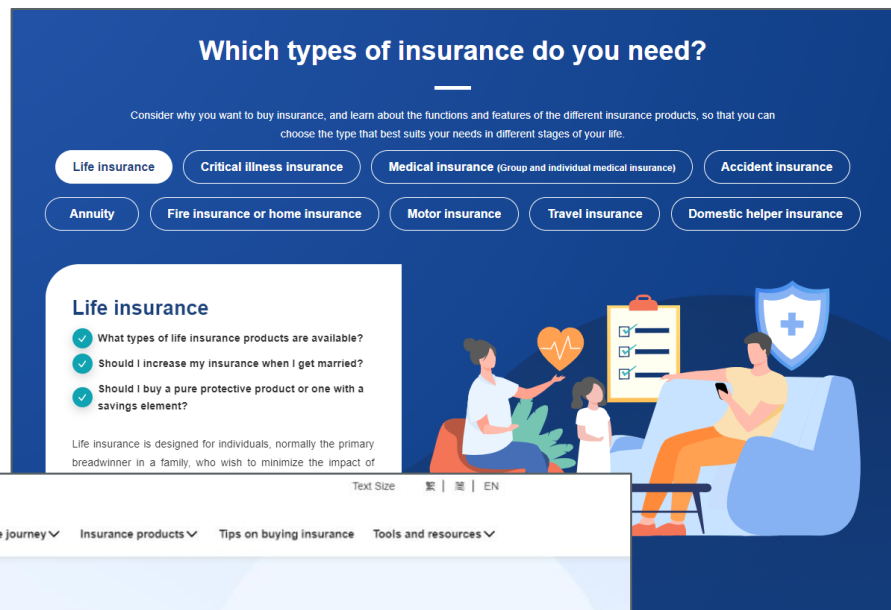
- Interlink with other pages about different insurance products or research report



The screenshot shows the web interface of the Protection Needs Assessment Tool. At the top, there is a navigation bar with the Insurance Authority logo and links for Homepage, Risk Management, The life journey, Insurance products, Tips on buying insurance, and Tools and resources. The main heading is "Protection Needs Assessment". Below this, there are two options: "Full version" (evaluate your current and future protection needs, 10 minutes) and "Simplified version" (evaluate your current protection needs, 5 minutes). A "Protection Needs Assessment - User guide" link is provided. A seven-step process flow is shown: 1. Your personal particulars, 2. Home purchase, 3. Marriage, 4. Childbirth, 5. Other family needs, 6. Wealth accumulation, and 7. Other insurance needs. At the bottom, a quote states: "As the breadwinner in your family, you have to shoulder responsibility for supporting your dependents by looking after their annual expenses. The further from retirement you are, the more you must save for your future family expenses. If you are living within your means, increasing your income may result in an improvement in your family's standard of living, but your spending may also increase, resulting in high ... [more](#)".

<https://education.ia.org.hk/en/tool/calculator.html>

Thematic Sitelet

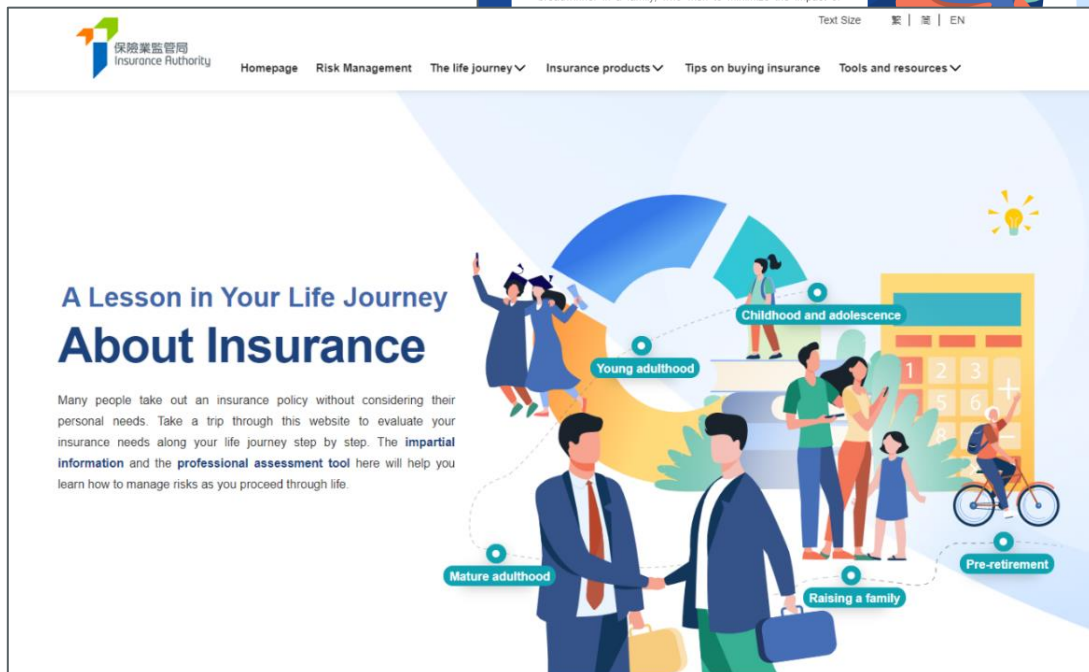


<https://education.ia.org.hk/>

Search-engine-optimization

Question-driven content

Simple & eye-catching design



Thematic Sitelet

Risk Management

The importance of risk profiling What is risk assessment? Different ways to manage risk Functions of insurance Lifetime risk pr

The importance of risk profiling

"Risk" implies loss or danger. It is a situation in which we are not sure when something will happen and how much we might lose. Some risks may have a big effect on individuals and their family. Risk management is crucial in life planning. It is

Serious illness

Tips on buying insurance

Choosing an insurance product Applying for insurance Making claims Insuran

Choosing an insurance product

What should I consider before taking out an insurance policy?

You should carefully examine your insurance needs and budget to choose an insurance product that suits you in terms of insured, and premium and risk level. An insurance policy is a contract between you and the insurer. You should be aware of accurate disclosure of material facts and rights (e.g. making claims and cancelling during the cooling-off period) under the publication titled [Tips on buying insurance](#) and consult your insurer or insurance intermediary if you have any questions.

Life insurance

- ✓ What types of life insurance products are available?
- ✓ Should I increase my insurance when I get married?
- ✓ Should I buy a pure protective product or one with a savings element?

Life insurance is designed primarily to transfer the financial risk incurred by the death of insured persons. It minimizes the impact of their death on their dependents, especially if the insured persons are the primary breadwinners in the family, by providing their dependents with a death benefit to cover their financial needs. Life insurance products have evolved in the past few decades, adding elements like savings, investment, and wealth management, and even providing employee benefits (i.e. life insurance) instead of providing only death benefits (i.e. pure life insurance products).



Childhood and adolescence Young adulthood Mature adulthood **Raising a family** Pre-retirement

Raising a family

This is a pivotal period of your life. You are now the financial backbone of your family. You should consider how your spouse, children and other dependents will overcome any financial difficulties if you encounter any misfortune.



<https://education.ia.org.hk/>

Contents

- Risk management
- The life journey
- Insurance products
- Tips on buying insurance
- Tools and resources

Phase 2 (Big bang)

Q4 2021 – Q1 2022



Video Series



Childhood and adolescence



Young adulthood



Mature adulthood



Raising a family



Pre-retirement

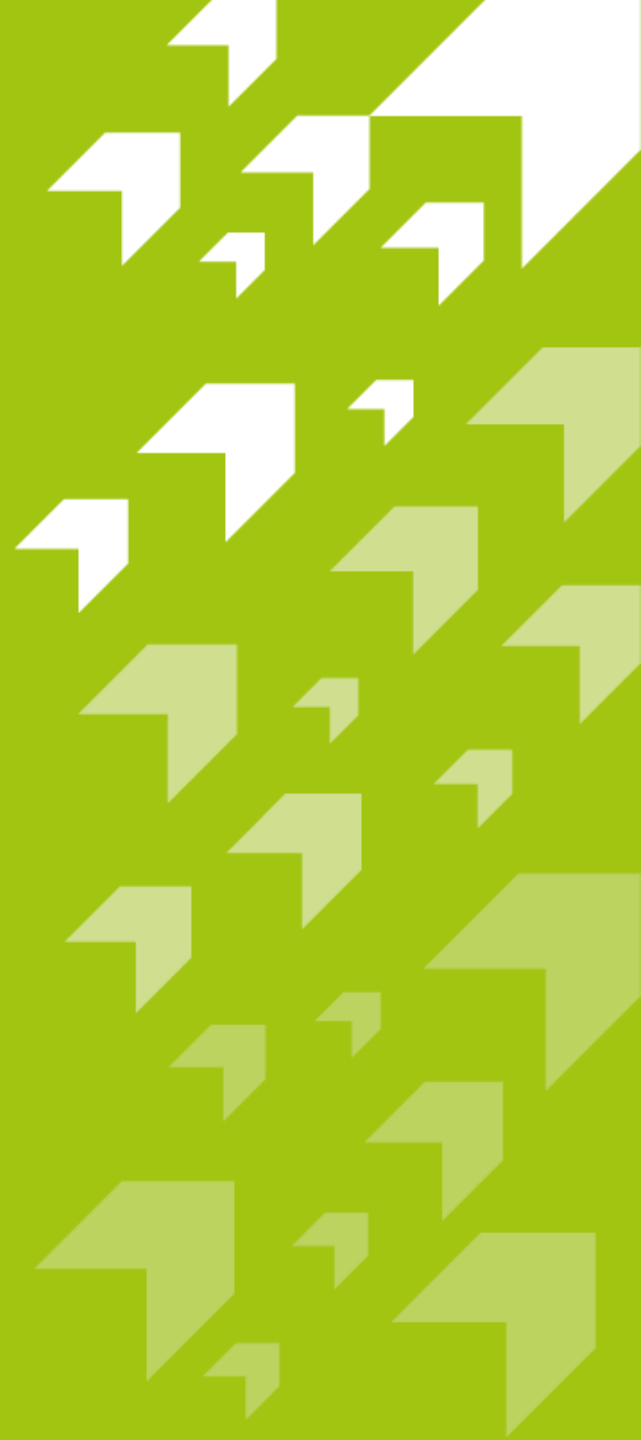
- A short drama series featuring five life stages
- 30-sec TV commercial
- TV, online and out-of-home media

Focused Events

Collaborations with like-minded organizations & industry bodies



Next Step



Insurance Literacy Tracking Survey

Why survey?

...these social and business partners should be encouraged to conduct surveys on the needs of consumers as regards risk awareness and education on insurance issues and on how consumers prefer to receive such information.

Improving Financial Education and Awareness on Insurance and Private Pensions, OECD (2008)



Insights into how to best interpret the evidence from studies of consumer behaviors in markets may be gained from studies that directly survey consumers to determine their knowledge and understanding of insurance products and services.

Tennyson (2011)

More direct measurement of consumers' insurance knowledge may be obtained by administering knowledge surveys, and this is a common practice in financial literacy research.

Huston (2010)



Insurance Literacy Tracking Survey

*“a combination of **knowledge and skills**, **attitude** and **behaviour** necessary to make sound decisions relating to personal insurance.”*

What to achieve?

- To understand the insurance literacy level of Hong Kong people
- To identify misconception and perception gap of general public
- To understand protection awareness and insurance patterns of people at different stages of life





Thank You

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