

Candidates are recommended to study the 2024 Edition of the Study Notes for examinations to be held from 17 February 2025 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. Anti-Money Laundering and Counter-Terrorist Financing Ordinance (“AMLO”) and Guideline on Anti-Money Laundering and Counter-Terrorist Financing (GL3)
 - B. Personal Data (Privacy) Ordinance (“PDPO”)
