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Handbook for Insurance Intermediaries Qualifying Examination

1. Introduction

- 1.1 The Insurance Intermediaries Quality Assurance Scheme has been implemented since 1 January 2000. All insurance agents and insurance brokers, their responsible officers/ chief executives and technical representatives are required, unless exempted, to pass the Insurance Intermediaries Qualifying Examination (the Examination) under the Scheme.
- 1.2 Vocational Training Council (VTC) has been appointed by the Office of the Commissioner of Insurance as the examination body under the Scheme. This is administered under an independent unit within the VTC, the Institute of Professional Education And Knowledge Examination Centre. (PEAK Examination Centre)
- 1.3 This Handbook aims to inform candidates the requirements and enrolment procedures of the examination for all papers except Paper VI (Please refer to 2.1.1 below). To assist candidates in preparing for the examination, its format, structure and assessment are also described in details.

2. Examination

2.1 Structure and Syllabus of the Examination

2.1.1 The examination consists of the following papers:-

- | | | |
|-----------|---|---|
| Paper I | : | Principles and Practice of Insurance |
| Paper II | : | General Insurance |
| Paper III | : | Long Term Insurance |
| Paper V | : | Investment-linked Long Term Insurance |
| Paper VI | : | Travel Insurance Agents Examination (For details, please refer to the Examination Handbook separately published for this paper) |

2.1.2 Paper I is a compulsory paper. Papers II, III and V are three optional papers on general insurance, long term insurance and investment-linked long term insurance respectively.

2.1.3 The following table summarizes the papers to be passed for candidates aspiring to engage into the various types of insurance intermediary businesses:

Type of business \ Papers	Paper I	Paper II	Paper III	Paper V
General Insurance	✓	✓		
Long Term Insurance (excluding linked long term)	✓		✓	
Long Term Insurance (including linked long term)	✓		✓	✓
Composite Insurance (excluding linked long term)	✓	✓	✓	
Composite Insurance (including linked long term)	✓	✓	✓	✓

2.1.4 Syllabuses of Papers I, II, III and V are outlined in Appendices I to IV respectively.

2.1.5 With effect from 2 May 2013, the former Paper IV: the Mandatory Provident Fund Schemes Examination (MPF Schemes Examination) ceased to be part of the IIQE. For details about the MPF intermediaries examination specified by the Mandatory Provident Fund Schemes Authority, please refer to the Examination Handbook separately published for this paper.

2.2 Format of the Examination

2.2.1 Paper I and V each lasts for 2 hours and consists of 75 and 80 multiple-choice questions respectively. Papers II and III each lasts for 1 hour 15 minutes and consists of 50 multiple-choice questions.

2.2.2 Each examination paper is presented in both English and Chinese.

2.2.3 All examination questions are compulsory.

2.2.4 Candidates may attempt the Examination using either Pencil-and-Paper Mode or Computer Screen Mode Examination (CSME). Candidates choosing CSME are advised to familiarize with the examination format and operations. A “System Demonstration – Online Tutorial” is now available on the website of the PEAK Examination Centre at <http://www.vtc.edu.hk/cpdc>. The VTC will not be responsible for any disputes and consequences resulting from the commands incorrectly inputted by the candidates.

2.3 Grading and Results

2.3.1 Examination results are graded as follows:-

- (i) PASS
- (ii) FAIL

The exact score will not be disclosed.

2.3.2 Candidates who are not able to attend the examination for whatever reason are regarded as "ABSENT" (including those candidates who are late for 15 minutes or more after the start of the examination). Absentees will not be re-scheduled to another examination session and the fees paid are not refundable.

2.4 Assessment

To pass the examination of each paper, candidates are required to attain a minimum score of **70%**.

3. Application

3.1 Timetable

3.1.1 Examinations for all the Papers (both Pencil-and-Paper Mode and CSME), are being held regularly.

3.1.2 The frequency of examination is flexible and subject to demand.

3.1.3 Examination timetables will be promulgated well in advance of the dates of examination through the monthly Information Sheets issued by the PEAK Examination Centre.

3.1.4 This timetable is made available at the PEAK Examination Centre website (<http://www.vtc.edu.hk/cpdc>) and is updated at 10:00 am on every working day.

3.2 Entries

3.2.1 The examination is open to public and there are no prerequisites for enrolment.

3.2.2 Applicants should submit their enrolment forms to the PEAK Examination Centre on or before the deadline for enrolment. Late submission will NOT be accepted.

3.2.3 Candidates may register for more than one paper of the examination, but not more than one session of the same papers (Pencil-and-Paper Mode Examination) during any 7-day period.

3.3 Enrolment Form

- 3.3.1 Each candidate can obtain a complete set of enrolment package consisting of an enrolment form, an Examination Handbook, a copy of Notes on Personal Information Collection in connection with the Insurance Intermediaries Qualifying Examination, and an Information Sheet at the PEAK Examination Centre. When the enrolment procedure is completed, a candidate will get an Admission Form for the examination.
- 3.3.2 The enrolment package can be obtained in person during office hours or by post (with a self-addressed and \$5.4 postal stamp affixed 7" x 10" envelope enclosed) at the following address:-
- PEAK Examination Centre
Vocational Training Council
M/F, Vocational Training Council Tower
27 Wood Road
Wanchai
Hong Kong
- 3.3.3 Please mark "Request for Insurance Intermediaries Qualifying Examination Enrolment Form" on the envelope when making a request by post.
- 3.3.4 Enrolment form can also be downloaded from the website of the PEAK Examination Centre at <http://www.vtc.edu.hk/cpdc>.

4. Registration Procedures

4.1 Registration by post

- 4.1.1 Registration by post closes **10 full working days** before the date of examination.
- 4.1.2 The completed enrolment form together with a photocopy of the candidate's valid Hong Kong Identity Card or Passport can be sent by post to the PEAK Examination Centre, the address of which is stated in paragraph 3.3.2.
- 4.1.3 Candidates should also enclose a crossed cheque or a cashier's order for the proper amount of examination fee payable to "Vocational Training Council".
- 4.1.4 Please mark "Insurance Intermediaries Qualifying Examination" on the envelope when sending the enrolment form by post.
- 4.1.5 Cash must not be enclosed with the enrolment form.
- 4.1.6 The VTC would not accept responsibility for enrolment forms, receipts and cheques/cashier's orders lost in the post.
- 4.1.7 To safeguard against any possible loss or delay in mail, applicants are advised to send in their enrolment forms by post in good time.

4.2 Registration in person or by a representative

- 4.2.1 Registration in person or by a representative ends **2 full working days** before the date of examination. For example, if a candidate wants to sit for an examination held on Monday, 14 September 2009, he/she should submit the completed enrolment form in person or by a representative to the PEAK Examination Centre on or before Wednesday, 9 September 2009.
- 4.2.2 Candidates should submit the completed enrolment form together with a photocopy of his/her valid Hong Kong Identity Card or Passport.
- 4.2.3 Walk-in enrolment for CSME is allowed provided that seats are still available in the respective session. Walk-in enrolment ends one hour before the commencement of the examination (within office hours of the Examination Centre) that the candidates concerned desire to attend.
- 4.2.4 Candidates may also pay the examination fee by cash, EPS or credit card (Visa or Master Card). Payment should be settled upon submission of enrolment form.

5. Payment of Examination Fee

5.1 Examination Fee

For the examinations held on or after 1 February 2014:

- 5.1.1 The examination fee for each paper of Paper I, II and III of the Pencil-and-Paper Mode Examination is HK\$150 and CSME is HK\$200.
 - 5.1.2 The examination fee for Paper V of the Pencil-and-Paper Mode Examination is HK\$250 and CSME is HK\$300.
- 5.2 Payment cannot be made through Automated Teller Machine.
 - 5.3 Entry to the examination will be invalidated if a candidate fails to comply with the above-mentioned payment procedure.
 - 5.4 Fees paid are **not refundable or transferable** except where the candidates cannot be arranged to sit for one of their chosen examination sessions.
 - 5.5 Fees may be subject to revision as required.

6. Admission Form

- 6.1 Candidates who register by post will normally receive by mail an Admission Form at least **3 full working days** before the date of the examination concerned. If not, they should contact the PEAK Examination Centre to check if this has been misposted and should register in person or by a representative, if necessary, at least **2 full working days** before the date of examination. Candidates who register in person or by a representative will be issued an Admission Form about 15 minutes upon the acceptance of the enrolments. Candidates should check the information printed on the Admission Form and must notify the PEAK Examination Centre of any necessary amendments before leaving the counter. On some occasions, the Admission Form may be distributed at the PEAK Examination Centre by the invigilator on the day of the examination concerned. Candidates should notify the invigilators during the examination of any necessary amendments, if errors are found in the Admission Form.

Note: For CSME, amendments must be made at least **one hour** before the examination, if errors are found in the Admission Form. Otherwise, candidates will **not** be able to log in the examination system and time will be wasted. **No** extra time will be given for this situation.

- 6.2 The Admission Form contains the information such as the Examination Number, Candidate Number, examination date, time, venue, candidate's name and Hong Kong Identity Card/Passport number.

7. Choice of Examination Session

- 7.1 Candidates may have three choices of examination sessions in order of priority for each examination paper they sit for by specifying the respective Examination Numbers in the enrolment form.
- 7.2 Dates and times of the examination sessions of respective Examination Numbers are detailed in the Information Sheet.
- 7.3 Nevertheless, subject to the agreement of candidates, they will be arranged to sit for an examination session which differs from their original chosen examination sessions if the latter are already full. The PEAK Examination Centre reserves the right to allocate candidates to designated examination sessions.
- 7.4 Once the enrolment is accepted, any requests for re-scheduling and/or cancellation will not be entertained.

8. Computer or System Breakdown

For CSME, candidates' results will be invalid if there is a technical breakdown caused by whatever reason during the examination. The PEAK Examination Centre will try to fix the problems but delay may inevitably arise. If the technical problems cannot be fixed within reasonable time, the PEAK Examination Centre will arrange the candidates concerned to take a rescheduled examination as soon as possible. Candidates cannot object to the arrangements and any requests for cancellation and/or refunds will not be entertained. The VTC will not be liable for the candidates' losses resulting from the system breakdowns.

9. Examination Regulations

Candidates should read carefully the Regulations of the Examination at Appendix V. Failure to observe any of these regulations will result in disqualification from the examination.

10. Disqualification

- 10.1 If a candidate is found cheating in whatever manner in respect of the Examination, he/she may be disqualified from taking all the papers of the Examination for 3 years. The PEAK Examination Centre would report to the Office of the Commissioner of Insurance, Insurance Agents Registration Board, The Hong Kong Confederation of Insurance Brokers and Professional Insurance Brokers Association any cheating in respect of the Examination.
- 10.2 Any candidates who deliberately attempt to, or intend to, disrupt the system operations, destroy/alter the computer facilities and/or tamper with the computers will be disqualified immediately (examination fee will not be refunded) and are required to indemnify VTC for the losses. The PEAK Examination Centre would also report the incident to the organizations as mentioned in 10.1 and the Hong Kong Police, and/or any law enforcement bodies, if necessary.

11. Identification Requirements

Candidates are required to bring with them their valid Hong Kong Identity Cards or Passports and Admission Forms to the examination venue for identification checking throughout the examination. Those who fail to produce such identification or whose identity cannot be satisfactorily verified will not be permitted to sit for the examination.

12. Distribution of Results

12.1 For candidates attending Pencil-and-Paper Mode Examination:

- 12.1.1 Notifications of examination results will be sent to candidates by post within 7 full working days after the date of examination. Candidates can make enquiries to the PEAK Examination Centre by phone or in person if they do not receive the notifications 10 full working days after the date of examination. By virtue of confidentiality, the examination results will not be disclosed by phone, facsimile or email.
- 12.1.2 In order to allow candidates to check their results sooner, an enquiry system has been established. Candidates can have access to their individual results via the website of the PEAK Examination Centre at <http://www.vtc.edu.hk/cpdc>.

Candidates may log in to the system to check their results starting from the 7th full working day after the examination. The examination results will exist in the system for **3 months** since the respective date of examinations.

Candidates who are unwilling to have their results available in the system may inform the Examination Centre in writing not later than **3 full working days after the date of examination**. Candidates have to provide their name, Hong Kong Identity Card or Passport number, date of examination, name of examination paper and contact telephone number. Letters can be sent to The Institute of Professional Education And Knowledge Examination Centre, M/F, VTC Tower, 27 Wood Road, Wanchai, Hong Kong (postmark will be referred to) or faxed to 2574 0213. Late notifications will not be entertained.

Enquiries may be directed to the PEAK Examination Centre at 2919 1468 or 2919 1478 during office hours.

- 12.1.3 List of candidates who passed the examination (including Hong Kong Identity Card number or Passport number) may be sent to relevant regulators and bodies for reference.
- 12.2 For candidates attending Computer Screen Mode Examination:
 - 12.2.1 The examination results will be shown on the computer screen immediately after the completion of the examination. Candidates must inform the invigilators before they submit the answers. The invigilators will confirm the result with the candidates and guide them to print the Notification of Result. The results will also be recorded for candidates' confirmation and signature.
 - 12.2.2 Candidates may print the result at the examination venue and then collect the Notification of Result from the invigilators.
- 12.3 Candidates may request a re-issued copy of the Notification of Result in writing together with a copy of the Hong Kong Identity Card to the PEAK Examination Centre within two years from the date of the examination.

Note: To avoid loss in the mail, candidates should notify the PEAK Examination Centre in writing IMMEDIATELY of any change in their correspondence address.

13. Re-marking of the Examination Papers

- 13.1 Candidates who are not satisfied with their examination results may, within **2 weeks** after the date of issue of the Notification of Result, request in writing to the PEAK Examination Centre for re-marking of the examination papers.
- 13.2 Candidates submitting such request would have to enclose a crossed cheque for HK\$400 payable to "Vocational Training Council" as a fee for re-marking of each examination paper.
- 13.3 All re-marking fees are non-transferable and non-refundable. However, if the original examination result is found incorrect after the re-marking, the re-marking fee will be refunded to the candidate concerned.
- 13.4 All re-marking of examination papers will be kept confidential.
- 13.5 The result will be sent to the candidates concerned in writing within one month after receipt of the re-marking request.

13.6 Candidates will only be notified of the final grading (i.e. PASS or FAIL). The result of the re-marking is final. The PEAK Examination Centre will not disclose the exact scores, the examination questions and the corresponding correct answers.

14. Certificates

Candidates who pass the Examination will be awarded certificates, which can be collected by candidates in person from the PEAK Examination Centre during office hours two weeks after the examination. Certificates can also be collected by a representative provided with a duly signed authorization letter, a copy of the Notification of Result and a copy of the Hong Kong Identity Card or Passport of the candidate concerned. Alternatively, certificates can be sent to candidates by registered mail upon candidates' written request (a photocopy of Hong Kong Identity Card or Passport enclosed) and submission of a crossed cheque for HK\$25 payable to "Vocational Training Council" being payment for the postal expenses. With effect from 12th April, 2006 (the examination date), the valid period for collection of the certificates is two years from the date of the examination.

Note: For the examination before 12th April, 2006, the uncollected certificates were disposed of six months after the examination.

15. Loss or Damage to Certificates

Candidates may request in writing for re-issuing certificate(s) which was/were lost, damaged or disposed of. The charge is HK\$200 per certificate. The application procedures are:

- (1) Write to the PEAK Examination Centre at M/F, VTC Tower, 27 Wood Road, Wanchai, Hong Kong (a photocopy of Hong Kong Identity Card or Passport and a copy of corresponding Notification of Result slip enclosed). A crossed cheque for HK\$200 payable to "Vocational Training Council" must be submitted. The candidate's contact telephone number should be provided.
- (2) The PEAK Examination Centre will contact the candidate to collect the certificate in person one week after the receipt of the request.
- (3) A chop "Duplicate" will appear on the certificate to indicate that it is a re-issued certificate.
- (4) The certificates will be re-issued only once.

16. Study Notes for Examination

The study notes for the Examination can be downloaded from the websites of VTC and the Office of the Commissioner of Insurance which are: <http://www.vtc.edu.hk/cpdc> and <http://www.oci.gov.hk> respectively. Candidates may also request for a hard copy of the study notes at the PEAK Examination Centre. A copying charge of HK\$50 will be collected for each copy of study notes requested.

17. Notice on Personal Data (Privacy) Ordinance

- 17.1 Candidates are advised to read the notice relating to the Personal Data (Privacy) Ordinance at Appendix VI in understanding their rights and obligations regarding the supply of their personal data to VTC and the manner in which VTC may use or deal with such data for their examination applications.
- 17.2 Candidates who apply to sit for the Examination should read the Notes on Personal Information Collection in Connection with the Insurance Intermediaries Qualifying Examination and sign the Consent at the bottom of the Notes which are part of the enrolment package distributed to candidates. The Notes should be submitted to the PEAK Examination Centre together with the enrolment form.

18. Enquiries

Enquiries may be directed to the PEAK Examination Centre by the following methods: -

- 18.1 By post or in person : PEAK Examination Centre
: Vocational Training Council
M/F, Vocational Training Council Tower
27 Wood Road
Wanchai
Hong Kong

Office Hours:

9:00 a.m. – 8:00 p.m. from Monday to Friday
9:00 a.m. – 12:00 noon on Saturday

- 18.2 By telephone : 2919 1467
2919 1468
2919 1478

Services hours for answering telephone enquiries:

9:00 a.m. - 5:15 p.m. from Monday to Friday
9:00 a.m. - 12:00 noon on Saturday

Note: The office hour may subject to change on the working day immediately before a public holiday. The PEAK Examination Centre will publish the related information in our website at <http://www.vtc.edu.hk/cpdc> and post in the centre.

- 18.3 By e-mail : cpdc@vtc.edu.hk
- 18.4 By fax : 2574 0213

Insurance Intermediaries Qualifying Examination – Paper I
Syllabus for Principles and Practice of Insurance Examination

I. RISK AND INSURANCE

- i. Concept of Risk
 - A. Meaning of Risk
 - B. Classification of Risk
 - C. Risk Management
- ii. Functions and Benefits of Insurance

II. LEGAL PRINCIPLES

- i. The Law of Contract
 - A. Definition
 - B. Types of Contracts
 - C. Elements or Essentials of a Contract
- ii. The Law of Agency
 - A. Definition
 - B. How Agency Arises
 - C. Authority of Agents
 - D. Duties Owed by Agent to Principal
 - E. Duties Owed by Principal to Agent
 - F. Termination of Agency

III. PRINCIPLES OF INSURANCE

- i. Insurable Interest
- ii. Utmost Good Faith
- iii. Proximate Cause
- iv. Indemnity
- v. Contribution
- vi. Subrogation

IV. CORE FUNCTIONS OF AN INSURANCE COMPANY

- i. Product Development
- ii. Customer Servicing
- iii. Marketing and Promotion
- iv. Insurance Sales

- v. Underwriting
- vi. Policy Administration
- vii. Claims
- viii. Reinsurance
- ix. Actuarial Support
- x. Accounting and Investment
- xi. Training and Development

V. STRUCTURE OF HONG KONG INSURANCE INDUSTRY

- i. Types of Insurance Business
- ii. Size of Industry
- iii. Insurance Companies
- iv. Insurance Intermediaries
- v. Market Associations/Insurance Trade Organisations

VI. REGULATORY FRAMEWORK OF INSURANCE INDUSTRY

- i. Regulation of Insurance Companies in Hong Kong
 - A. Insurance Companies Ordinance ('ICO')
 - B. Code of Conduct for Insurers
 - C. Guidelines on Complaint Handling
 - D. Insurance Claims Complaints Bureau ('ICCB')
- ii. Regulation of Insurance Intermediaries in Hong Kong
 - A. Roles and Responsibilities of Insurance Agents and Brokers
 - B. The Code of Practice for the Administration of Insurance Agents
 - C. Minimum Requirements Specified for Insurance Brokers

VII. ETHICAL AND OTHER RELATED ISSUES

- i. Insurance Intermediaries' Duties to Policyholders
- ii. Protection of Personal Data
- iii. Issues Regarding Equal Opportunity
- iv. Prevention of Money Laundering and Terrorist Financing
- v. Prevention of Corruption
- vi. Prevention of Insurance Fraud

Insurance Intermediaries Qualifying Examination – Paper II
Syllabus for General Insurance Examination

I. Insurance Products

- i. Motor Insurance
 - A. Private Vehicle
 - B. Motor Cycle
 - C. Commercial Vehicle
- ii. Health Insurance
 - A. Personal Accident (PA) and Sickness Insurance
 - B. Medical Insurance
- iii. Combined and Package Policies
 - A. Household Insurance
 - B. Domestic Helper Insurance
 - C. Travel Insurance
 - D. Commercial Combined Policies
- iv. Property Insurance and Pecuniary Insurance
 - A. Fire and Extra Perils Insurance
 - a. Fire Business Interruption Insurance
 - B. “All Risks” Insurance
 - C. Theft Insurance
 - D. Glass Insurance
 - E. Money Insurance
 - F. Fidelity Guarantee Insurance
 - G. Bonds
- v. Engineering Insurance
 - A. Boiler Explosion Insurance
 - B. Machinery Breakdown Insurance
 - C. Contractors’ “All Risks” Insurance
 - D. Erection “All Risks” Insurance
- vi. Liability Insurance
 - A. Employers’ Liability Insurance
 - B. Products Liability Insurance
 - C. Professional Indemnity Insurance
 - D. Directors’ and Officers’ Liability Insurance
 - E. Public Liability Insurance

- vii. Marine Insurance
 - A. Cargo Insurance
 - B. Hull Insurance
 - C. Pleasure Craft Insurance
 - D. Statutory Requirements for Third Party Risks Insurance

II. Underwriting and Policy Wording

- i. Proposal and Material Facts
 - A. Material Facts and Risk Assessment
 - B. Physical and Moral Hazards
 - C. Proposal Forms
 - D. Methods of Obtaining Material Facts

- ii. Underwriting Procedures
 - A. Quotations
 - B. Proposal Forms
 - C. Issue of Cover Notes, Policies and Certificates of Insurance
 - D. Premium
 - a. Method of Calculation
 - b. Relevance of Premium Payment for Valid Cover
 - E. Levies
 - a. Motor Insurers' Bureau of Hong Kong
 - b. Employees Compensation Assistance Scheme
 - c. Employees Compensation Insurer Solvency Bureau

- iii. Policy Wording, Terms and Conditions
 - A. Policy Forms and Policy Schedules
 - B. Common Policy Exceptions and Conditions
 - C. Use of Excesses, Deductibles and Franchises
 - D. Warranties, Conditions and Representations
 - E. General, Specific and Market Exclusions

- iv. Renewals and Cancellation
 - A. Renewals
 - B. Operation of Cancellation Clauses

III. Claims

- i. Valid Claims
 - A. Legal Requirements for Valid Claims
 - B. Invalid Claims
 - C. Operation of Policy Provisions Affecting Claims
 - D. Duties of Insured after a Loss
 - E. Documentary Evidence
 - F. Functions of Various Related Professionals
 - a. Surveyors
 - b. Loss Adjusters
 - c. Engineers
 - d. Settling Agents
 - e. Survey Agents
 - f. Average Adjusters

- ii. Claims Handling
 - A. Operation of Arbitration Clauses
 - B. Methods of Settlement
 - a. Payment of Money
 - b. Paying for Repairs Direct
 - c. Replacement
 - d. Reinstatement
 - C. Insurance Claims Complaints Bureau

IV. Customer Service

- i. Customer Service and its Importance
 - A. The Importance of Customer Service
- ii. Policies and Codes of Conduct of Organizations
- iii. Customer Service Standard and its Implementation
 - A. Implementation of Customer Service Standard
- iv. Legal and Regulatory Obligations of Organizations
- v. Legal Implications of Rebating of Commission

Insurance Intermediaries Qualifying Examination – Paper III
Syllabus for Long Term Insurance Examination

I. Introduction to Life Insurance

- i. Definition of Life Insurance
 - A. Needs for Life Insurance
- ii. Principles of Life Insurance
 - A. Insurable Interest
 - B. Duty of Disclosure
 - C. Other Insurance Principles
- iii. Calculation of Life Insurance Premium
 - A. Premium
 - a. Mortality, Interest & Expenses
 - b. Other Factors
 - B. Natural and Level Premium (Pricing) Systems
 - a. The Natural Premium (Pricing) System
 - b. The Level Premium (Pricing) System

II. Types of Life Insurance and Annuity

- i. Traditional Types of Life Insurance
 - A. Term Insurance
 - a. Level/Decreasing/Increasing Term Insurance
 - b. Renewable/Convertible Term Insurance
 - B. Endowment Insurance
 - C. Whole Life Insurance
- ii. Non-Traditional Types of Life Insurance
 - A. Universal Life
 - B. Unit-Linked Long Term Policy
- iii. Annuities and Pensions
 - A. Annuities
 - B. Pensions
- iv. Group and Individual Insurance Plans

III. Benefit Riders and Other Products

- i. Disability Benefits
 - A. Waiver of Premium
 - B. Disability Income Benefit
- ii. Accident Benefits
 - A. Accidental Death and Dismemberment
 - B. Other Accident Benefits
- iii. Accelerated Death Benefits
 - A. Critical Illness Benefit
 - B. Long-Term Care (LTC)
- iv. Medical Benefits
- v. Insurability Benefits
 - A. Guaranteed Insurability Option
- vi. Inflationary Adjustment
 - A. Cost of Living Adjustment (COLA)

IV. Explaining the Life Insurance Policy

- i. Entire Contract Provision
- ii. Incontestability Provision
- iii. Grace Period
- iv. Beneficiary Designation
- v. Nonforfeiture Benefits
- vi. Policy Loan
- vii. Reinstatement
- viii. Misstatement of Age or Sex
- ix. Assignment
- x. Dividend Options
- xi. Settlement Options
- xii. Suicide Exclusion

V. Life Insurance Procedures

- i. Company Operation
 - A. Typical Company Operational Structure

- ii. Application
 - A. Application Procedure
 - B. Receipts and Policy Effectiveness
 - C. Client Service - Policies and Standards
 - a. The Importance of Client Service
 - b. How to Achieve Quality Client Service
 - D. Cooling-Off Period
 - E. Policy Switching
 - F. Sales Illustrations for Linked and Non-Linked Policies
 - a. Linked Policy Illustration Document
 - b. Non-Linked Policy Sales Illustration
 - c. Universal Life (Non-Linked) Policy Sales Illustration
 - G. Distributions of Policy Dividends
 - a. Basic Principles of Dividend Distributions
 - b. Methods of Dividend Distributions
 - c. Advantages of Participating Policies
 - d. Transparency of Life Insurers with regard to Dividends

- iii. Underwriting
 - A. Factors Considered
 - B. Medical Reports
 - C. Sub-Standard Life and Underwriting Measures

- iv. Policy Issuance
 - A. Policy Delivery

- v. After Sales Service
 - A. Policy Changes

- vi. Claims
 - A. Maturity Claims
 - B. Death Claims
 - C. Surrenders

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. Users 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
 - B. Information to be Communicated in Sales Process
 - C. Principal Brochure
 - D. Cooling-off Period
 - E. Customer Protection Declaration
- 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. The Office of the Commissioner of Insurance
 - B. The Securities and Futures Commission
- ii. Insurance Legislation, Codes and Guidelines
 - A. Insurance Companies Ordinance
 - B. Code of Practice for the Administration of Insurance Agents
 - C. IARB Guidance Notes
 - D. Minimum Requirements Specified for Insurance Brokers

- E. Relevant Codes and Guidelines by the Self-Regulatory Bodies
 - F. Guidance Note on the Use of Internet for Insurance Activities(GN8)
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- iii. Securities Legislation and Code of Conduct
- A. Securities and Futures Ordinance
 - B. Licensing and Registration Requirements
 - C. Other Relevant Codes Issued by the Securities and Futures Commission
 - D. Offers of Investment
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 - F. CIS Internet Guidance Note
- iv. Other Relevant Legislation
- A. Prevention of Money Laundering and Terrorist Financing
 - B. Personal Data (Privacy) Ordinance

**Regulations of the
Insurance Intermediaries Qualifying Examination**

General Rules

1. Candidates shall only be allowed to attend an examination at the designated venue.
2. Candidates are advised to arrive at the examination venue **at least 15 minutes before the start of the examination**. Invigilators will check the candidates' valid Hong Kong Identity Card or Passport and Admission Form upon their arrival. Candidates will be assigned a seat after their identity is verified. Those who fail to produce such identification or whose identity cannot be satisfactorily verified will **not** be permitted to sit for the examination.
3. As far as possible, the examination will be started according to the published schedule. However, the Vocational Training Council will not be responsible for any delay arisen due to operational reasons, or system failure.
4. Candidates who arrive at the examination venue more than 15 minutes late for whatever reason will not be allowed to take the examination and the examination fee paid will not be refunded.
5. Calculators brought into the examination centre are subject to inspection. Non-programmable electronic calculators may be used in examination, provided that the calculators are battery-powered, silent in operation and with neither print-out nor graphic/word display functions.
6. Candidates are NOT allowed to use any communication devices during the examination. Candidates are required to switch off all communication devices such as mobile phones and pagers, as well as devices which produce sound of any kind, such as alarm watches, **BEFORE entering the examination venue**.
7. Candidates are NOT allowed to use Personal Digital Assistants (PDAs) or any devices (except authorised calculators stipulated in Rule number 5 above) which includes any of the following functions:
 - input/output and/or transmission of information such as data, text and images;
 - data, text or image storage/display functions (e.g. electronic diaries, dictionaries and databank watches);
 - wireless communication functions such as Bluetooth® wireless technology, infrared interface, Wireless Local Area Network (LAN);
 - audio/video play-back and/or recording (e.g. MP3 and compact disc players);
 - walkie-talkie (i.e. radio transmitting and/or receiving);
 - text/graphics scanning;
 - photo-taking.
8. Candidates should bring their own pencils and erasers to the examination venue.
9. Candidates should use HB pencils to answer multiple choice questions.

10. **Candidates who are not able to attend the Examination for whatever reason are regarded as “ABSENT” (including those who are more than 15 minutes late). Absentees will not be re-scheduled to another examination session and the fees paid are not refundable.** For the Candidates who arrive at the examination venue within 15 minutes after the start of the examination, their examination time will not be extended.
11. Candidates attending CSME are **forbidden** to switch on the monitor or any computer facilities until they are instructed by the Chief Invigilator. Before the start of the examination, candidates must listen to the Chief Invigilator’s announcement. Then the candidates will have **one minute** to log in the examination system. The Chief Invigilator will announce the start of the examination after the login is completed (normally within one minute).
12. After the examination has been in progress for **more than 30 minutes**, candidates may request to leave the examination venue with the approval of the invigilator. However, candidates attending Pencil-and-Paper Mode Examination are not permitted to leave the examination centre in the **final 15 minutes**.
13. The Vocational Training Council will not be responsible for any loss, theft or damage of personal property of candidates during the examination.
14. All personal articles including any textbooks, notes, dictionaries, electronic diaries and any other electronic devices, study materials must be placed in the designated area during the examination.
15. Drinking, eating and smoking are not allowed in the examination venue.
16. Candidates must sit according to the designated seat numbers unless otherwise approved by the invigilator.
17. The use of correction fluid on the Multiple Choice Answer Sheets is not permitted.
18. At the end of the examination, candidates should remain silent and seated until the invigilators announce that they could leave the examination venue.

Disqualification

A candidate may be disqualified from the Examination if he/she:

1. obtains knowledge of an examination paper prior to the examination;
2. communicates or attempts to communicate with any person inside or outside the examination centre during an examination;
3. copies or attempts to copy from notes, books, electronic devices or any suspected material brought into the examination centre or from the work of another candidate during an examination session;
4. takes away or attempts to take away from the examination centre any examination materials, such as examination question books or examination questions, answer sheets, backing sheets or graph papers by any means;
5. leaves the examination centre without permission;
6. starts to work on the Pencil-and-Paper question paper before being instructed to do so or continues to write after being told to stop writing at the end of an examination session;
7. does anything which causes unnecessary distraction to other candidates or disruption to the examination;
8. takes an examination on behalf or in the name of another person or allows other persons to take the examination instead of himself/herself. Any incident of impersonation will be reported to the police;
9. fails to follow the General Rules or the instructions of the invigilators in the examination; or
10. is found cheating in whatever manner.

Proof of Identity

Candidates must bring the Admission Forms together with their respective valid Hong Kong Identity Cards or Passports, as a proof of their identity, to the examination. The identification document must be the original of the one submitted for the enrolment. Those who fail to produce such identification will not be permitted to sit for the examination.

Typhoon and Black Rainstorm Warning

1. If the typhoon signal no. 8 or above or the black rainstorm warning signal is in force after 6:15 a.m., but before 11:00 a.m., examinations between 9:00 a.m. to 12:00 noon will be cancelled.
2. If the typhoon signal no. 8 or above or the black rainstorm warning signal is in force at 11:00 a.m., but before 4:00 p.m., examinations between 12:00 noon to 6:00 p.m. will be cancelled.
3. If the typhoon signal no. 8 or above or the black rainstorm warning signal is in force at or after 4:00 p.m., examinations between 6:00 p.m. to 10:00 p.m. will be cancelled.
4. Candidates are advised to visit the website of the PEAK Examination Centre (<http://www.vtc.edu.hk/cpdc>) for any special announcements concerning postponement of examinations. The new examination date and time will be notified to candidates as soon as possible.
5. However, once the examination has commenced, candidates are required to sit through the examination even if the typhoon signal no. 8 or above or the black rainstorm warning signal is announced.

Appendix VI

Notice relating to the Personal Data (Privacy) Ordinance

In view of the Personal Data (Privacy) Ordinance (“the Ordinance”), this notice is to help candidates understand their obligations and rights in respect of the supply of their personal data to the Vocational Training Council (VTC) and the way in which VTC may use or handle such data.

- (1) Candidates are required to keep VTC informed of any change of their personal data once they are enrolled as candidates for the examination until 6 months after the date of the examination.
- (2) VTC may use the supplied personal data for the following purposes:-
 - a. administering the examination;
 - b. maintaining a candidate record;
 - c. distribution of examination results to candidates concerned;
 - d. posting of examination result on the website of the PEAK Examination Centre for the candidates’ own checking, unless expressly requested not to do so by the respective candidate in writing;
 - e. certifying candidates' examination results to the Office of the Commissioner of Insurance, Insurance Agents Registration Board, The Hong Kong Confederation of Insurance Brokers and Professional Insurance Brokers Association;
 - f. reporting cases of disqualified candidates to the relevant regulators and bodies;
 - g. research or statistical analysis;
 - h. any other related purposes.
- (3) VTC will keep the personal data of candidates confidential. Nevertheless, during its operations, VTC may, as permitted by law, compare, match, transfer or exchange their data with the data already possessed, or obtained hereafter, by VTC for these or any other purposes.
- (4) Candidates may have the right under the Ordinance to request access to or correction of any data provided by them as per the manner and limitations prescribed therein. In this connection, please note that the answer sheets used by candidates in the examination (which may contain their personal data) will be destroyed two months after the date of the examination concerned.
- (5) As the Ordinance allows, VTC has the right to charge a reasonable fee for the processing of any request for data access.
- (6) Candidates who request for access to data or correction of data may contact or write to VTC. Its address, telephone number, fax number and e-mail address are as below:

PEAK Examination Centre
Vocational Training Council
M/F, Vocational Training Council Tower
27 Wood Road
Wanchai
Hong Kong

Telephone : 2919 1467, 2919 1468, 2919 1478

Fax : 2574 0213

E-mail : cpdc@vtc.edu.hk