Candidates are recommended to study the 2015 Edition of the Study Notes for examinations to be held before 6 November 2017.

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
   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)
   G. Guidance Note on Underwriting Class C Business (GN15)

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
   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

**********