



SAMPLE QUESTIONS

ASHK Examination

February 2019 Edition

CORE PAPER

Note: This sample question booklet is published solely to help candidates of the ASHK Examination (Core Paper) familiarise themselves with the form and style of questions which they may see in the examination.

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ACTUARIAL SOCIETY
HONG KONG
香港精算學會

No	Syllabus Section	Syllabus Topic	Question	Answer
1	3.1.1	Insurance Authority	<p>Insurance companies and policyholders contribute to the costs of running the Insurance Authority. Which statement below on the funding of Insurance Authority is FALSE?</p> <p>a. The annual authorisation fee is made up of two components, one is fixed in dollar terms and the other is not. b. There is a per policy cap on levy on insurance premium and the cap is the same for both life insurance and general insurance. c. The levy on insurance premium is expressed as a percentage of the insurance premium and the percentage is the same for both life insurance and general insurance. d. The levy on insurance premium is expressed as a percentage of the insurance premium and the percentage will increase every year up until 1 April 2021. e. There is now a table showing the user fees for specific services. The insurance company will be charged according to this table.</p>	B
2	3.1.1	Regulatory authorities	<p>Under the Insurance Authority's Guideline on Application for Authorisation to Carry on Insurance Business in or from Hong Kong (GL5), the Fit and Proper Criteria applies to:</p> <p>a. Managing Director(s) of the applicant or its holding company. b. The Chief Financial Officer of the applicant or its holding company. c. Any person holding 10% or more of the voting power of the applicant or its holding company. d. None of the above. e. All of the above</p>	A
3	3.1.1	Regulatory authorities	<p>Which of the following is NOT a guideline issued by the Insurance Authority?</p> <p>a. Guideline on Reserving for Mortgage Guarantee Business b. Guideline on the Use of Internet of Insurance Activities c. Guideline on Fund Management by Authorised Insurers d. Guideline on Actuarial Review of Insurance Liabilities in respect of Employees' Compensation and Motor Insurance Business e. Only b and c are not guidelines issued by the Insurance Authority</p>	C
4	3.1.1	Responsibilities of HKMA	<p>Which of the following is one of Hong Kong Monetary Authority (HKMA)'s responsibilities?</p> <p>a. Regulating investment banks. b. Regulating insurance companies. c. Regulating deposit taking companies. d. Meeting Hong Kong inflation target. e. Regulation of use of bitcoin in Hong Kong.</p>	C
5	3.1.1	Responsibilities of MPFA	<p>Which of the following is NOT one of Mandatory Provident Fund Authority (MPFA)'s responsibilities?</p> <p>a. Regulating retirement annuity products sold by life insurance companies. b. Regulating the investment choices offered by mandatory pension funds. c. Registration of mandatory pension fund intermediaries. d. Power to investigate and take enforcement actions against trustees or intermediaries to protect the interests of scheme members. e. Registrar of Occupational Retirement Schemes.</p>	A
6	3.1.1	Responsibilities of SFC	<p>Which of the following is NOT one of Securities & Futures Commission (SFC)'s responsibilities?</p> <p>a. Approval of investment products to be sold by insurance companies. b. Regulate intermediaries who provide credit rating service. c. Regulate intermediaries who provide sell investment products offered by insurance companies. d. Regulate Hong Kong Exchanges and Clearing Limited (HKEx). e. Regulate approved share registrars.</p>	C

No	Syllabus Section	Syllabus Topic	Question	Answer
7	3.1.2	ASHK	<p>According to the Professional Code of Conduct issued by the Actuarial Society of Hong Kong (ASHK), which of the following is FALSE?</p> <p>a. Members shall not act in any manner which in the opinion of the ASHK may adversely affect the reputation of the actuarial profession. b. Members shall not knowingly be associated with data which is materially misleading. c. Members shall not provide any service for any principal if the member has any reason to believe that such service may be used to violate or evade the law or professional guidelines. d. Members shall not obtain third party consent for the purpose of reporting unlawful or improper behaviour in breach of the Conduct Code. e. Members must not disclose to another party any confidential information unless disclosure is expressly or implicitly required by law or authorised by the principal, except when the duty of confidentiality is waived.</p>	D
8	3.1.2	HKFI	<p>According to the Hong Kong Federation of Insurers (HKFI), which of the following is FALSE?</p> <p>a. Insurance contracts are contracts of "Utmost Good Faith". b. Insurance agents are not responsible to the companies that they represent even though they are trained by their companies with all company procedures and policies. c. Insurance agents can represent as many as 5 companies of which no more than 3 shall be life assurance companies. d. Regarding property claims, the insurer usually appoints an adjuster to survey the loss. Claims are often delayed because the lost items cannot be substantiated by proper receipts. e. Regarding liability claims, the insurer may or may not send an adjuster depending the nature of the accident.</p>	C
9	3.1.2	Responsibilities of ASHK	<p>Which of the following is one of the Actuarial Society of Hong Kong (ASHK)'s responsibilities?</p> <p>a. Approval of life insurance company's nomination of Appointed Actuary. b. Issuing of guidance notes to be followed by the Appointed Actuary. c. Helping a company vetting out candidates for actuarial vacancies in the company. d. Keeping a register of independent actuarial consulting firms in Hong Kong. e. Providing advice on an individual basis for its members on the development of their actuarial career.</p>	B
10	3.1.2	Responsibilities of HKFI	<p>Which of the following is NOT one of Hong Kong Federation of Insurers (HKFI)' responsibilities?</p> <p>a. Handling complaints from consumers who are having disputes with their insurance companies on claim settlement. b. Representing the interests of reinsurance companies in Hong Kong. c. Issuing code of practice for insurance companies in Hong Kong. d. Handling complaints from life insurance policyholders on the conducts of their independent financial advisor. e. Educating the public on factors to consider when purchasing a medical insurance product.</p>	D
11	3.1.3	Guidelines and circulars	<p>Guideline on Asset Management by Authorised Insurers (GL 13) issued by the Insurance Authority requires an authorised insurer to have regular and timely reports of investment activity. GL13 prescribes the minimum requirements for these report. Which of the following is NOT part of the minimum requirements?</p> <p>a. Details of, and commentary on, investment activity in the period and the relevant period end position. b. Details of any regulatory or internal limits breached in the period and the actions taken thereto. c. Details of the relative position of assets and liabilities. d. A comparison of the investment activities during the period and during the previous period. e. Planned future activity.</p>	D
12	3.1.3	Guidelines and circulars	<p>There are regulations / guidelines relating to investment which should be followed by life insurance companies in Hong Kong. Which statement below is FALSE?</p> <p>a. There are regulations/ guidelines which totally forbid companies investing in derivatives. b. The investment policy must be approved by the Board. c. If a company chooses active asset management, then the scope for investment flexibility must be defined. d. The limits for the allocation of assets by geographical area, markets, sectors, counterparties and currency must be established. e. The Board must ensure that, in relation to asset management, there are adequate reporting and internal control systems.</p>	A

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13	3.1.3	Professional conduct and actuarial guidance notes	<p>Actuarial Guidance Note 9 (Actuarial Guidance Note - Best Estimate Assumptions) describes the factors that should be taken into account in setting the best estimate economic assumptions. Which of the following is NOT one of these factors?</p> <p>a. Accounting rules b. Investment expenses c. The real rate of return on US government inflation linked bonds d. Default costs e. Taxation in all forms, including direct, indirect and withholding tax</p>	C
14	3.1.3	Regulations of Intermediaries	<p>When a broker register with the Insurance Authority, which of the following is NOT one of the requirements?</p> <p>a. Qualifications and experience of its chief executive and technical representative. b. Capital and net assets. c. Professional indemnity insurance. d. Keeping proper books and accounting and keeping separate accounts. e. Demonstration of its independence from insurance companies.</p>	E
15	3.1.3	Statutory reserved roles for actuaries	<p>Which role below is NOT a statutory role for actuaries in Hong Kong?</p> <p>a. Preparation of actuarial report and actuarial certificate for insurance company with general insurance business. b. Appointed actuary of an insurance company with long-term insurance business. c. Providing an actuarial opinion on the transfer of liabilities of a long-term insurance business. d. Preparation of actuarial report and actuarial certificate for ORSO schemes. e. Preparation of annual actuarial report with respect to Employees' Compensation (EC) and motor insurance business.</p>	A
16	3.1.3	Statutory reserved roles for actuaries	<p>The concept of "Key persons in Control Functions" under the Insurance Ordinance Section 13AE(12):</p> <p>a. applies to all individuals working in senior management levels of risk management or financial reporting functions of the insurance company. b. is essentially the Appointed Actuary of an insurance company. c. are assessed against the Fit and Proper criteria by the Insurance Authority. d. are not statutory roles. e. Only c and d are true.</p>	C
17	3.1.4	Anti-discrimination	<p>Which of the following statements relating to anti-discrimination regulations in Hong Kong is FALSE?</p> <p>a. There is on the ground of sex anti-discrimination regulation. b. There is on the ground of race anti-discrimination regulation. c. There is on the ground of disability anti-discrimination regulation. d. There is on the ground of family status anti-discrimination regulation. e. There is on the ground of sexual orientation anti-discrimination regulation.</p>	E
18	3.1.4	Anti-money laundering and counter-terrorist financing	<p>According to Insurance Authority's Guideline on Anti-Money Laundering and Counter-Terrorist Financing (GL 3), the following is / are FALSE:</p> <p>a. Failure to comply with the provision(s) of the Guideline may result in disciplinary action taken against the insurance institutions. b. Failure to comply with the provision(s) of the Guideline by insurance institutions may reflect adversely on the Fitness and Properness of the Directors and Controllers. c. Insurance Institutions should adopt a risk-based approach. d. Money Laundering and Terrorist Financing concerns apply only to Insurance Institutions but not Insurance Intermediaries. e. Only c and d are false statements of GL 3.</p>	D

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19	3.1.4	Anti-money laundering and counter-terrorist financing	<p>According to Insurance Authority's Guideline on Anti-Money Laundering and Counter-Terrorist Financing (GL3), the following is a common stage in money laundering:</p> <p>a. Layering b. Deposit c. Immersion d. Tempering e. Disposal</p>	A
20	3.1.4	Consumers complaints or disputes	<p>Since 16 January 2018, which of the following organisations handle complaints from all types of personal insurance policies in Hong Kong?</p> <p>a. The Insurance Claims Complaints Bureau b. The Consumer Council c. The Financial Dispute Resolution Centre d. The Insurance Complaints Bureau e. The Small Claims Tribunal</p>	D
21	3.1.4	Data protection	<p>Which of the following is NOT a principle of data protection guidance as specified by the Office of the Privacy Commissioner for Personal Data?</p> <p>a. Purpose of Personal Data Collection b. Manner of Personal Data Collection c. Disposal of Personal Data d. Information to be Generally Available e. Access to Personal Data</p>	C
22	3.1.4	Data protection	<p>Which of the following is FALSE under the data protection guidance as specified by the Office of the Privacy Commissioner for Personal Data?</p> <p>a. The need to collect the medical data shall be assessed. b. The relevancy of customer's medical data to the claim needs to be assessed. c. Insurance institutions must comply with paragraph 3.2 of the "Code of Practice on the Identity Card Number and other Personal Identifiers" in collecting identity card data. d. In terms of Hong Kong local references, the Guidance Note on the Collection and Use of Personal Data in Direct Marketing issued by the Privacy Commissioner, and the Code of Practice on Person-To-Person Marketing Calls issued by the Hong Kong Federation of Insurers are the only sources for Collection and Use of Personal Data in Direct Marketing. e. All of the above are true.</p>	D
23	3.1.4	Data protection	<p>Which is NOT part of the life cycle of a piece of personal data under the Personal Data (Privacy) Ordinance, Cap 486?</p> <p>a. Data repository principle b. Data use principle c. Data access principle d. Data security principle e. Openness principle</p>	A
24	3.1.4	Outsourcing	<p>The main reasons for outsourcing according to Insurance Authority's Guideline on Outsourcing (GL14) are all of the below but:</p> <p>a. reducing costs. b. achieving strategic aims. c. bandwidth in increasing its risk profile. d. appropriately increase an insurer's dependence on other parties. e. all are true.</p>	D

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25	3.1.4	Risk-based Capital	<p>Which of the following is/are TRUE about the Insurance Authority's Revised Draft Guideline on Enterprise Risk Management announced in 3 January 2019?</p> <p>a. The Guideline has the force of law. b. Non-compliance with the provisions in the Guideline will by itself render an authorised insurer liable to judicial proceedings. c. Non-compliance may reflect on the Insurance Authority's view of the continued fitness and properness of the directors or controllers of authorised insurers to which the Guideline applies. d. The Insurance Authority may take guidance from the Guideline in considering whether there has been an act or omission likely to be prejudicial to the interests of policyholders. e. Only c and d are true.</p>	E
26	3.1.4	Risk management responsibilities	<p>Which of the following statements relating to the regulatory environment on anti-money laundering and counter-terrorist financing is TRUE?</p> <p>a. The Financial Services and the Treasury Bureau has the overall coordinating role. b. Hong Kong Monetary Authority has the overall coordinating role. c. Securities and Futures Commission has the overall coordinating role. d. Insurance Authority has the overall coordinating role. e. Mandatory Provident Fund Authority has the overall coordinating role.</p>	A
27	3.1.4	Risk management responsibilities	<p>Which of the following statements relating to the regulatory environment on outsourcing of business activities by financial institutions is TRUE?</p> <p>I – There are guidance and regulations which apply to authorised general insurance companies. II – There are guidance and regulations which apply to authorised pure reinsurance companies. III – There are guidance and regulations which apply to approved banks. IV – There are guidance and regulations which apply to registered pension schemes. V – There are guidance and regulations which apply to authorised life insurance companies.</p> <p>a. I, II and V b. I, II, IV and V c. I, IV and V d. III and IV e. All of the above</p>	E
28	3.1.5	Risk-based Capital	<p>According to the Consultation done on the Revised Draft Guideline on Enterprise Risk Management issued by the Insurance Authority, which of the following is FALSE?</p> <p>a. The Risk-based Capital regime will be done on a risk-based approach. b. The Risk-based Capital regime will be done on a principle-based approach. c. The Risk-based Capital regime will be a 3-tier Group-wide supervisory approach. d. Insurers shall apply the whole set of calculation methodology in the most recent Quantitative Impact Study as benchmark for their "regulatory capital requirements" in their Own Risk Solvency Assessment Report during the initial period. e. All are true.</p>	D
29	3.1.6	Policyholder protection fund	<p>According to the Consultation done on the Establishment of Policyholders' Protection Fund, which of the following are NOT considered?</p> <p>a. Facilitation of collection, custody, investment and administration of levy contributions to the fund. b. Market stability. c. Minimising risk of moral hazard. d. Providing certainty on the level of compensation payment to policyholders. e. All are considered.</p>	E

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30	3.1.6	Risk-based Capital	<p>According to the latest Hong Kong Risk-based Capital Regime Development update, which of the following is NOT a key objective for Pillar III?</p> <p>a. Addressing transparency. b. Enhancing market discipline and comparability among insurers. c. Facilitating regulators to pay attention to the financial positions of insurers regularly. d. Enabling policyholders and investors to make more informed decisions when taking out insurance. e. All are true.</p>	E