



- ❖ *Module description*
- ❖ *Module objectives*
- ❖ *Module outcome*

# SYLLABUS

**Hong Kong Practical Education Module**

June 2017 Edition



ACTUARIAL SOCIETY  
HONG of KONG  
香港精算學會

**ASHK practical education module****1. Module description**

This module is a largely self-learning module, in conjunction with seminars where appropriate. You will be required to perform most of the learning by yourself with guidance from the ASHK in the format of reading lists, interviews with mentor(s) and attending seminars.

The goal of this module is to help you gain a practical appreciation of the Hong Kong regulatory environment, business practice and professional conduct code, professional standards and actuarial guidance notes relevant to the work of actuaries practicing in life insurance, pension, general insurance and investment sectors.

The module is made up of two sections – (i) Generic; (ii) Practice-specific (candidates can choose from insurance, pension, general insurance and investment)

The expected learning hours are expected to range between 40 to 60 hours.

**2. Module objectives**

By the end of the module you should be able to

- Explain the roles and responsibilities of the relevant government agencies and independent bodies regulating the industries in which actuaries commonly work
- Appreciate the responsibilities of the statutory roles reserved for actuaries
- Understand how the local regulations and taxation are applicable to life insurance products, pension products, general insurance products or investment products
- Be aware of the professional standards and actuarial guidance notes applicable to actuaries practicing in Hong Kong as required by local regulations and the Actuarial Society of Hong Kong

### 3. Module Outcome

Upon completion of this module, candidates will have gained knowledge and understanding of the topics below. The “Generic” section sets out the macro view of the regulatory framework and market environment of the financial services industry most relevant to actuaries practicing in Hong Kong. The practice-specific sections dwell into more details of tax and regulations relevant to each practice area.

#### 3.1 Generic

##### 3.1.1 Roles and responsibilities of main regulators supervising the financial service industry

- Office of the Commissioner of Insurance (**OCI**) (its responsibilities taken over by Independent Insurance Authority from 26 June 2017 onwards)
- Independent Insurance Authority (**IIA**)
- Hong Kong Monetary Authority (**HKMA**)
- Mandatory Provident Fund Authority (**MPFA**)
- Securities & Futures Commission (**SFC**)

##### 3.1.2 Roles and responsibilities of main industry bodies

- Actuarial Society Hong Kong (**ASHK**)
- Hong Kong Federation of Insurers (**HKFI**)
- Hong Kong Confederation of Insurance Brokers (**HKCIB**)
- Professional Insurance Brokers Association (**PIBA**)
- Hong Kong Stock Exchange (**HKEx**)

##### 3.1.3 Statutory reserved roles for actuaries, including

- Appointed actuary of a company carrying out long term business
- Providing actuarial opinion on transfer of liabilities of a long term business
- Preparation of actuarial certificates for occupational retirement schemes
- Preparation of annual actuarial reports with respect to Employees’ Compensation (EC) and motor insurance business in accordance to IIA GL 9

##### 3.1.4 Risk management responsibilities for actuaries

- Consumers complaints or disputes
- Anti-money laundering (AML) & counter-terrorist financing (CTF)
- Data protection
- Outsourcing
- Anti-discrimination

## 3.2 Life Insurance

### 3.2.1 Role of life insurance actuaries in Hong Kong

### 3.2.2 Overview of market landscape in Hong Kong

- Insurance companies and competitive environment
- Product types and classification
- Authorisation requirements and guidelines

### 3.2.3 Regulations, professional standards, guidelines and industry standard practice

- Qualification for appointment as an actuary in Hong Kong - Chapter 41A Insurance Companies (Actuaries' Qualifications) Regulation Chapter 41H Insurance Companies (Actuaries' Standards) Regulation
- Guidelines and circulars
- Professional conduct and actuarial guidance notes
- Regulations of intermediaries
- Market conduct
- Taxation

### 3.2.4 Insurance regulations for long term business (reserve requirements and solvency requirements)

- Chapter 41 Insurance Company Ordinance
- Chapter 41E Insurance Companies (Determination of Long Term Liabilities) Regulation
- Chapter 41F Insurance Companies (Margin of Solvency) Regulation

### 3.2.5 Reinsurance and captives

- GL 17: Guideline on Reinsurance
- Captive insurance

### 3.2.6 Recent industry developments

### **3.3 Pension**

#### 3.3.1 Role of actuaries in pension market in Hong Kong

#### 3.3.2 Main types of retirement schemes available in Hong Kong

- Birth of MPF schemes
- ORSO schemes

#### 3.3.3 Overview of retirement market landscape in Hong Kong

- MPF market
- ORSO market
- Projection of the MPF market size to 2035
- Regulations of intermediaries
- MPF fees comparison
- MPF member protection

#### 3.3.4 Regulations, professional standards, guidelines and industry standard practice

- Funding requirement under ORSO legislation
- Accounting requirement (HKAS 19)
- Tax requirement
- GL 7: Guideline on the Reserve Provision for Class G of Long Term Business

#### 3.3.5 Recent industry developments

- Ernst & Young cost study
- Employee Choice Arrangement (ECA)
- Default Investment Strategy (DIS)

### 3.4 General Insurance

#### 3.4.0 Introduction

#### 3.4.1 Role of actuaries in general insurance (GI) market

- Statutory roles
- Non statutory roles

#### 3.4.2 Main types of products in Hong Kong market

- Statutory classifications
- HKFI classifications

#### 3.4.3 Overview of market landscape in Hong Kong

- General insurance market statistics
- Code of conduct
- Best practice for GI intermediaries

#### 3.4.4 Regulations and guidelines

- Guidelines
- Tax

#### 3.4.5 Reinsurance and captives

- Reinsurance
- Captive

#### 3.4.6 Recent industry developments

- Independent Insurance Authority (IIA)
- Risk-based capital
- Policyholder Protection Fund (PPF)
- IFRS 4 Phase 2
- Facility for terrorism risks
- Latest legislative developments on ICO

### 3.5 Investment

3.5.1 Role of actuaries in investment markets in Hong Kong

3.5.2 Main types of investment assets in Hong Kong

- Hong Kong equities
- Hong Kong fixed income
- Hong Kong real estate
- RMB-denominated bonds (Dim Sum and On-Shore bonds)
- China equities (Red chips, A-shares, B-shares, H-shares)

3.5.3 Overview of market landscape in Hong Kong

3.5.4 Regulations and industry standard practice

- Securities & Future Commission (SFC)
- Hong Kong Monetary Authority (HKMA)
- The Stock Exchange of HK (SEHK)
- Investment restrictions for insurers operating in Hong Kong
- Investment guidelines and restrictions for MPF investment products

3.5.5 ALM for retirement funds

3.5.6 ALM for insurers

3.5.7 Recent industry developments

- Ethics and Environmental, Social and Governance (ESG) in investing