



SYLLABUS

**ASHK Examination/Certificate in Hong Kong
Insurance Markets and Regulations**

March 2023 Edition

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ACTUARIAL SOCIETY
HONG of KONG
香港精算學會

1. Overview

The ASHK Examination is designed to assess the ability of candidates in understanding the Hong Kong working environment including industry practices, legislation, professional conduct code, professional standards and actuarial guidance notes relevant to actuaries practicing in life insurance, pension and general insurance sectors. Therefore, the ASHK Examination assures that passing candidates have acquired the appropriate level of local knowledge required for practicing in Hong Kong.

The ASHK Examinations are made up of two parts – (i) Core; (ii) Practice-specific (candidates can choose from life insurance, pension and general insurance).

The expected learning hours for each part are expected to range between 40 to 60 hours.

2. Examination Materials

The syllabus, study guides and sample questions are the useful materials to facilitate candidates' preparation for the ASHK Examination.

- **Syllabus**

The syllabus conveys the expectations of each examination paper of the ASHK. It includes learning outcomes and the study topics for each examination paper.

Core Examination:	Refer to <u>Pages 2 – 4</u> of this document
Life Insurance Examination:	Refer to <u>Pages 5 – 6</u> of this document
Pension Examination:	Refer to <u>Pages 7 – 8</u> of this document
General Insurance Examination:	Refer to <u>Pages 9 – 10</u> of this document

- **Study guides**

A set of documents that set forth primary topics and subtopics covered in each examination paper. The topics summarise timely and relevant elements of Hong Kong-specific regulatory framework and market environment in which actuaries work. The topics are reviewed by the ASHK Curriculum/Examination Taskforce on a regular basis to ensure the examination contents are timely and relevant.

Questions of the ASHK Examination are related to and supported by the readings listed under the Study guides. These readings are selected to assist candidates in their examination preparation. It is strongly suggested that candidates review these readings in depth prior to sitting for each examination paper.

- **Sample questions**

Sample questions of each examination paper are provided to help candidates familiarise themselves with the form and style of questions which they may see in the examination.

Candidates are expected to apply their knowledge of regulatory framework and market environment which, at the time of the examination, have been indicated in the latest syllabus and study guides (plus zipped files of all links/readings listed).

3.1 Core Examination

Upon completion of the Core Examination, candidates will gain knowledge and understanding of the regulatory frameworks and market environment of the financial service industry, including roles and responsibilities of practicing actuaries in Hong Kong.

3.1.1 Roles and responsibilities of financial service regulatory bodies

Candidates will understand the roles and responsibilities of main regulators for the financial service industry in Hong Kong.

Learning Outcome

Candidates will be able to:

- A. List the main regulatory bodies for the financial service industry in Hong Kong.
- B. Describe the core responsibilities of each main regulatory body for the financial service industry in Hong Kong.

Topics

- 3.1.1.1 Insurance Authority
- 3.1.1.2 Hong Kong Monetary Authority
- 3.1.1.3 Mandatory Provident Fund Authority
- 3.1.1.4 Securities & Futures Commission

3.1.2 Roles and responsibilities of main industry bodies in the financial services industry

Candidates will understand the roles and responsibilities of main industry bodies in Hong Kong.

Learning Outcome

Candidates will be able to:

- A. List the main industry bodies in Hong Kong.
- B. Describe the core responsibilities of each main industry body in Hong Kong.

Topics

- 3.1.2.1 Actuarial Society Hong Kong
- 3.1.2.2 Hong Kong Federation of Insurers
- 3.1.2.3 Hong Kong Exchange and Clearing Limited
- 3.1.2.4 The HKMC Annuity Limited

3.1.3 Regulations, professional standards, guidelines and industry standard practice

Candidates will understand the roles and responsibilities of actuaries in statutory roles in Hong Kong and the relevant regulations, guidelines and industry standard practice for insurers and insurance intermediaries in Hong Kong.

Learning Outcome

Candidates will be able to:

- A. Describe the regulatory framework for insurers in Hong Kong.
- B. Identify the regulations, guidelines and industry standard practice for actuaries, insurance intermediaries and insurers in Hong Kong.
- C. List the statutory reserved roles for actuaries.
- D. Describe the responsibilities for each statutory reserved role.

Topics

- 3.1.3.1 Guidelines and circulars
- 3.1.3.2 Professional conduct and actuarial guidance notes
- 3.1.3.3 Authorisation requirements and guidelines
- 3.1.3.4 Statutory reserved roles for actuaries

3.1.4 Risk management responsibilities

Candidates will understand the risk management responsibilities for operational risk and reputational risk for actuaries practicing in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Describe the regulatory framework for resolving consumer's disputes or complaints.
- B. Describe the regulatory framework for anti-money laundering and counter-terrorist financing.
- C. Describe the regulatory framework for data protection.
- D. Describe the regulatory framework for outsourcing.
- E. Describe the regulatory framework for anti-discrimination.
- F. Describe the upcoming regulatory framework for enterprise risk management.

Topics

- 3.1.4.1 Consumers complaints or disputes
- 3.1.4.2 Anti-money laundering & counter-terrorist financing
- 3.1.4.3 Data protection
- 3.1.4.4 Outsourcing
- 3.1.4.5 Anti-discrimination
- 3.1.4.6 New guidelines on enterprise risk management for risk based capital regime

3.1.5 Reinsurance and captives

Candidates will understand the standards for the use of reinsurance and other forms of risk transfer in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Describe the regulatory framework for reinsurance arrangement and management.
- B. Describe the regulatory framework for captive insurance.

Topics

3.1.5.1 GL 17: Guideline on reinsurance

3.1.5.2 Captive insurance

3.1.6 Recent industry developments

Candidates will understand the recent and upcoming regulatory, social and industry developments and their potential impacts to the insurance industry in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Describe the recent and upcoming regulatory, social and industry changes in Hong Kong.
- B. Explain how recent regulatory and accounting changes impact insurance industry in Hong Kong.
- C. Explain how recent social and industry trends impact insurance industry in Hong Kong.

Topics

3.1.6.1 Regulation and accounting related topics

3.1.6.2 Social and relevant industry trends and development

3.2 Life Insurance Examination

Upon completion of the Life Insurance Examination, candidates will gain knowledge and understanding of the life insurance market landscape and regulatory requirements and standard of practices for practicing actuaries specialising in life insurance in Hong Kong.

3.2.1 Role of life insurance actuaries in Hong Kong

Candidates will understand the types of roles commonly available to life actuaries in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. List the types of roles commonly available to life actuaries in Hong Kong.

3.2.2 Overview of the market landscape in Hong Kong

Candidates will understand the life insurance market landscape and regulatory requirements in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Provide an overview of the life insurance market landscape in Hong Kong.
- B. Describe the prevailing trend of Mainland Chinese visitors for the life insurance market.

Topics

3.2.2.1 Insurance companies and competitive environment

3.2.2.2 Product types and classification

3.2.3 Regulations, professional standards, guidelines and industry standard practice

Candidates will understand the applicable regulations, professional standards and guidelines when practicing as actuaries in life insurance in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Summarise the role of the Appointed Actuary in Hong Kong.
- B. Describe the regulatory framework for insurers in Hong Kong.
- C. Identify the regulations, guidelines and industry standard practice that are applicable to life insurer in Hong Kong.
- D. Evaluate the compliance of the relevant regulations, professional standards and guidelines when dealing with actuarial issues in their practices.

Topics

3.2.3.1 Qualification for appointment as an actuary in Hong Kong - Chapter 41A Insurance Companies (Actuaries' Qualifications) Regulation

3.2.3.2 Chapter 41H Insurance Companies (Actuaries' Standards) Regulation

- 3.2.3.3 Guidelines and circulars
- 3.2.3.4 Professional conduct and actuarial guidance notes
- 3.2.3.5 Market conduct
- 3.2.3.6 Taxation

3.2.4 Valuation of assets and liabilities

Candidates will understand the regulations on long term business from the aspect of valuation, reserving and solvency margin requirements in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Determine of the amount of assets and liabilities of an insurer in respect of its long term business.
- B. Calculate the margin of solvency.

Topics

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

3.2.5 Recent industry developments

Candidates will understand the recent and upcoming social and industry developments and their potential impacts to the insurance industry in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Explain how recent social and industry trends impact insurance industry in Hong Kong.

Topics

- 3.2.5.1 Qualifying Deferred Annuity Policy
- 3.2.5.2 Voluntary Health Insurance Scheme

3.3 Pension Examination

Upon completion of the Pension Examination, candidates will gain knowledge and understanding of the retirement market landscape and regulatory requirements and standard of practices for practicing actuaries specialising in pension in Hong Kong.

3.3.1 Role of pension actuaries in Hong Kong

Candidates will understand the primary roles and responsibilities of actuaries in pension market in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Describe the statutory role of actuaries in the pension market in Hong Kong.
- B. Describe the primary accounting standards that actuaries use to prepare valuations in Hong Kong.
- C. Describe the requirements for the provision of Class G business.

3.3.2 Main types of retirement schemes available in Hong Kong

Candidates will understand the main types of retirement schemes available in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Summarise the background of MPF system.
- B. Summarise the background of ORSO schemes.
- C. Explain why MPF and ORSO continue to co-exist.
- D. Describe the basic features of MPF system.
- E. List the major service providers and the major types of funds and schemes available in Hong Kong.

Topics

3.3.2.1 Birth of MPF schemes

3.3.2.2 ORSO schemes

3.3.3 Overview of the retirement market landscape in Hong Kong

Candidates will understand the competitive environment and recent industry developments in the retirement market in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Describe the market landscape of the MPF market.
- B. Describe the market landscape of the ORSO market.
- C. Describe the roles and responsibilities that actuaries play in the MPF and ORSO market.
- D. Explain the assumptions used for the MPF market size projection.

- E. Identify MPFA's responsibilities for supervising approved trustees and MPF intermediaries.

Topics

- 3.3.3.1 MPF market
- 3.3.3.2 ORSO market
- 3.3.3.3 Projection of the MPF market size to 2040
- 3.3.3.4 Regulation of intermediaries
- 3.3.3.5 MPF fees comparison
- 3.3.3.6 MPF member protection

3.3.4 Regulations, professional standards, guidelines and industry standard practice

Candidates will understand the applicable regulations, professional standards and guidelines when practicing as actuaries in the retirement market in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Describe the funding requirement under ORSO legislation.
- B. Describe the requirements from Occupational Retirement Schemes Ordinance and ASHK Professional Standard 2.
- C. Describe the difference between solvency and ongoing funding.
- D. Identify the accounting requirement that actuaries follow in the market.
- E. Describe the tax requirement for MPF and ORSO schemes.
- F. Calculate provision for Class G business under GL7.

Topics

- 3.3.4.1 Funding requirement under ORSO legislation
- 3.3.4.2 Accounting requirement (HKAS 19)
- 3.3.4.3 Tax requirement
- 3.3.4.4 GL 7 on Reserve Provision for Class G of Long Term Business

3.3.5 Recent industry developments

Candidates will understand the trends and innovations in the retirement market in Hong Kong

Learning outcomes

Candidates will be able to:

- A. Describe the recent and upcoming changes to the retirement market in Hong Kong.

Topics

- 3.3.5.1 Ernst & Young cost study
- 3.3.5.2 Employee Choice Arrangement
- 3.3.5.3 Default Investment Strategy
- 3.3.5.4 HKMC Annuity Ltd

3.4 General Insurance Examination

Upon completion of the General Insurance Examination, candidates will gain knowledge and understanding of the general insurance market landscape and regulatory requirements and standard of practices for practicing actuaries specialising in general insurance in Hong Kong.

3.4.1 Role of actuaries in GI market

Candidates will understand the primary roles and responsibilities of general insurance actuaries in the Hong Kong market.

Learning outcomes

Candidates will be able to:

- A. Demonstrate an understanding of the statutory and non-statutory role of actuaries in the general insurance market in Hong Kong.

Topics

3.4.1.1 Statutory roles

3.4.1.2 Non-statutory roles

3.4.2 Main types of products in Hong Kong market

Candidates will understand the key characteristics of the main types of products available in the Hong Kong market.

Learning outcomes

Candidates will be able to:

- A. Demonstrate an understanding of the key features for different types of general insurance products available in the Hong Kong market.

3.4.3 Overview of market landscape in Hong Kong

Candidates will understand the general insurance market landscape in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Demonstrate an understanding of the general insurance market landscape in Hong Kong.

Topics

3.4.3.1 General insurance market statistics

3.4.3.2 Code of conduct

3.4.3.3 Regulation of GI intermediaries

3.4.4 Regulations, professional standards, guidelines and industry standard practice

Candidates will understand the applicable regulations, professional standards and guidelines when practicing as general insurance actuaries in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Demonstrate a practical understanding of the regulations and professional standards and guidelines applicable to actuaries practicing in general insurance in Hong Kong.
- B. Demonstrate in-depth practical knowledge of GL9 and AGN4.

Topics

3.4.4.1 Guidelines

3.4.4.2 Captives

3.4.5 Recent industry developments

Candidates will understand the recent industry developments impacting the general insurance industry in Hong Kong.

Learning outcomes

Candidates will be able to:

- A. Demonstrate an understanding of the way that the IA is structured and the scope of regulation.
- B. Demonstrate an understanding of the way in which risk-based capital would apply specifically to general insurers in Hong Kong.

Topics

3.4.5.1 Insurance Authority

3.4.5.2 Risk-based capital

3.4.5.3 IFRS 17

3.4.5.4 Belt and Road Insurance Exchange Facilitation

4. Examination Question Distribution

Number of question and percentage distribution by sections of the examination:

	Core	Practice-specific <i>(pick one of the following)</i>		
		Life Insurance	Pension	General Insurance
Duration	45 minutes	45 minutes	45 minutes	45 minutes
Number of multiple-choice questions	30	30	30	30
Distribution of examination question by sections	Section and Percentage (%) in Examination	Section and Percentage (%) in Examination	Section and Percentage (%) in Examination	Section and Percentage (%) in Examination
	3.1.1 (25%)	3.2.1 (2%)	3.3.1 (5%)	3.4.1 (15%)
	3.1.2 (15%)	3.2.2 (2%)	3.3.2 (5%)	3.4.2 (5%)
	3.1.3 (10%)	3.2.3 (76%)	3.3.3 (20%)	3.4.3 (5%)
	3.1.4 (35%)	3.2.4 (15%)	3.3.4 (35%)	3.4.4 (60%)
	3.1.5 (5%)	3.2.5 (5%)	3.3.5.1 – 3.3.5.3 (25%) 3.3.5.4 (10%)	3.4.5 (15%)
	3.1.6 (10%)			

This table serves as a reference for the relative weighting of each section of the examination. The ASHK may adjust the weighting and question distribution from time to time.

5. Acknowledgement

ASHK is indebted to a number of organisations for giving their consent to add hyperlinks to their website and relevant webpages into the syllabus and study guides of the ASHK Examination:

- Employees Compensation Insurer Insolvency Bureau
- Financial Dispute Resolution Centre
- Financial Services and the Treasury Bureau
- HKMC Annuity Limited
- Hong Kong Exchanges and Clearing Limited
- Hong Kong Monetary Authority
- IFRS Foundation
- Inland Revenue Department
- Insurance Authority
- Investor and Financial Education Council
- Mandatory Provident Fund Schemes Authority
- Motor Insurers' Bureau of Hong Kong
- Office of the Equal Opportunities Commission
- Privacy Commissioner for Personal Data, Hong Kong
- Professional Insurance Brokers Association
- Securities and Futures Commission
- Society of Actuaries
- The Hong Kong Confederation of Insurance Brokers
- The Hong Kong Federation of Insurers
- The Hong Kong Mortgage Corporation Limited
- The Insurance Complaints Bureau
- The Joint Financial Intelligence Unit
- The Judiciary
- Voluntary Health Insurance Scheme Office