









Po Leung Kuk Life Planning & Financial Education Centre

Pilot Programme to Enhance Talent Training for the Insurance Sector Career-Planning and Risk Management

Teaching Kit

Outline of Content

Design Concept:

The teaching kit suggests leveraging on career planning to allow students to understand the functions of various positions in the insurance industry while learning career planning concurrently. The teaching kit is composed of two parts: 1) **Personal Career Planning**; and 2) **Knowledge About Functions of the Insurance Industry**.

The first chapter of Part 1 - "Personal Career Planning" will help students explore what is an ideal career by analysis in terms of "income", "interest/ability" and "profession and growth". Students should strive to establish a personal and professional career planning direction and consider more specialised jobs and industries (such as middle and back office positions in the insurance industry). The second chapter will help students understand what career planning is, while allowing students to understand that everyone can develop professional career abilities and career planning is a continuous process.

Part 2 - "Knowledge About Functions of Insurance Industry" provides information on the job functions, remuneration and prospects of the relevant positions of the insurance industry through interesting graphical presentations. Students can also test their understanding of different positions in the middle and back office of the insurance industry through quizzes in the teaching kit, which could enhance their interest when going through the relevant materials.



Part I: Personal Career Planning

Introduction

I.	What is Career Planning?
II.	Stages and Tasks of Career Development

Chapter I:

1.1 Concept of Occupation

- 1.1.1 What is an Ideal Occupation?
- 1.1.2 Occupation and Future Life
- 1.1.3 Importance of Professional Development

Chapter II:

1.2 Career Planning

- 1.2.1 Self-exploration and Understanding
- 1.2.2 Functional Concepts and Functional Management
- 1.2.3 Relationship between Function and Occupation

Part II: Knowledge About Functions of the Insurance Industry



- 2.1.1 Market Role and Importance of the Insurance Industry
- 2.1.2 Concept of Risk

Chapter II: Professional Positions and Development in the Insurance Industry

- 2.2.1 Understanding Professional Positions in the Insurance Industry
- 2.2.2 Career Path and Remuneration Guidance
- 2.2.3 Suitability Test for Middle and Back Office Positions in the Insurance Industry

Part I: Personal Career Planning

Introduction

I. What is Career Planning?

Simply put, career planning is a process in which one considers his or her personality, interests, values, abilities, and surroundings to make the best possible arrangements for his or her future life. The purpose of career planning is to turn ideas into actions through scientific analysis, comparison and learning of implementation ability, so that the ideas are no longer unreachable dreams, but a plan that can be achieved.

Three Steps for Career Planning

There are three key points we need to consider when establishing a career plan: "know yourself", "know others" and "put yourself in the right place".

(1) Know Yourself

Understand yourself

Knowing yourself is the most important and the first and foremost thing in your career planning process. This includes understanding your own personality, traits, interests, abilities and values.

• Make good use of your advantages

"Career planning" is a blueprint for one's life, so you must know what you like, what kind of life you want to live in the future, what you can do according to your own abilities, and what can be done to compensate if there are any deficiencies. You need to understand yourself thoroughly before you can achieve your dreams in life.

(2) Know Others

After knowing yourself, you must also understand the external circumstances before making a complete assessment of your career planning. This part can be further divided into "information collection" and "relationship between oneself and the circumstances".

• Information collection

This section covers different areas, ranging from understanding the articulation pathways, exploring disciplines, learning about various industries and positions, future development trends and employment opportunities etc., to the analysis of the national economy, culture and politics. With advanced technology nowadays, career information is widely available on the internet. Students can obtain relevant information from websites of schools, institutions, labour departments, vocational training institutions, or through interviews and hands-on experience.

• Relationship between individuals and environment

Personal career planning does not exist independently. Factors like politics, economy, environment, community, family and teachers have major impact on a person's development. If students can grasp the pulse of the times and carefully evaluate the barrier and accelerator of the external environment, it will be helpful for their career planning.

(3) Put Yourself in the Right Place

After understanding thoroughly yourself and the external environment, the next step is to properly position yourself for your career. Teachers can help students explore two aspects: 1) understand different stages and roles of career, and 2) develop the ability to make choices.

• Understand the stages and roles of career

Each stage of life has different development priorities. For example, the most important thing in adolescence is to explore yourself and enhance the understanding of career by participating in various activities at school. Hence, you must know which stage of life you are in and what role you need to play in order to focus on the most important development tasks.

• Develop the ability to make choices

In career planning, you have to put your own ideas into action, otherwise, they are mere dreams. On the crossroads of life, there are often many opportunities for us to seize. The ways we choose will result in different outcomes. There are many important decisions that need to be made in one's life, such as determining a career, where to settle, etc. These choices have a noticeable impact on our lives, so we must learn to make choices and decisions based on what we want, not just what others tell us to do.

In summary, there are three steps to establishing a career plan, i.e. -

Know yourself

• Physiological conditions/personality traits/interests/abilities/values

Know others

 Social and economic development/nature and conditions of work/employment opportunities/family factors

Put yourself in the right place

- Understand different stages and roles of career
- Develop the ability to make choices: analysis and comparison, decision making, self-management, planning and action



II. Stages and Tasks of Career Development

Career development includes activities and experiences in life. Following the physical and mental conditions and needs at different ages, the goals and tasks we need to develop are also different. In the course of career development, we can identify the following characteristics —

- 1. Everyone is unique, and so is the development of everyone's career.
- 2. All stages are coherent. Improper development in the previous stage would affect the next one.
- 3. Career development is lifelong, so the pursuit of self-realisation is very important.
- 4. Career development is a continuous exploration process of reconciling yourself and the external environment, through which we find the best position for ourselves.

Stages	Ages	Development Priorities
Growth	0-14	 Develop personal abilities, attitudes, interests and needs. Gradually build self-concept through observation, imitation, games and role-playing, and establish concepts of work and career.
Exploration	15-24	 Gain work experience from school and extracurricular activities, learn about the relationship between career and your interests, personalities, abilities and values. As the profession gradually leans toward certain fields, a career has initially established in this period.
Establishment	25-44	 Accumulate work experience, find the right job, improve skills for working and skills for career advancement through training, and strive to maintain the stability and development of career.
Maintenance	45-64	Maintain existing position and achievements and plan for retirement.
Decline	65~	 Change work-lifestyle according to physical and mental conditions. Gradually adapt to retirement.

According to the career development theory of Donald E. SUPER, an American psychologist, people's life is divided into five stages of development: "Growth", "Exploration", "Establishment", "Maintenance" and "Decline". Each stage has its own development tasks and characteristics.

Young people in their career exploration period can focus on themselves and try to complete the following tasks —

Know your traits

Use various tests or participate in school activities to learn about your abilities, interests, values, and personality traits. When the traits conflict with each other, you can make rational judgments and choices.

• Prepare for further studies or employment

During your studies, participate in experience courses arranged by the school to understand your attitude towards further studies or employment. You should also pay more attention to the information related to disciplines and professional qualifications of industries, such as professional qualifications that must be obtained for a particular occupation, and get prepared for the future.

Ability to collect and process data

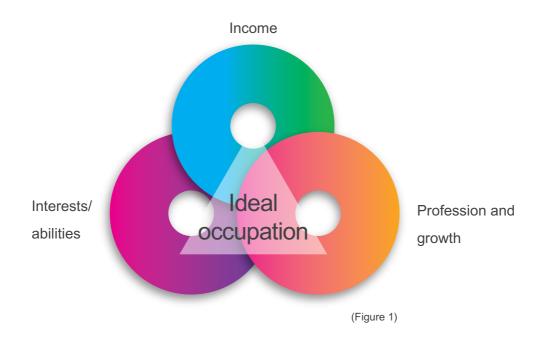
In a world of information overload, it is important to find and use information efficiently. Students can practice processing data during their studies and develop the ability to analyse, filter and organise.

• Enhance the ability to make decisions

Students at the exploration stage are facing the critical period of physical and psychological growth, so they must practise analysing the external environment and their inherent traits to make decisions that suit them best and learn to be responsible for their own decisions.

Chapter I. Concept of Occupation

1.1.1. What is an Ideal Occupation?



Job seekers of different ages and with varied experiences have different opinions on an ideal occupation, which can also reflect the job seeker's understanding of career and maturity. For some newly graduated job seekers, they might consider that an ideal occupation should be creative, content of work not too boring, challenging in nature, flexible working hours, not heavy workload, satisfactory salary, etc... but is there really a company that could meet all the requirements?

We could define an ideal occupation in terms of income, interests/abilities, profession and growth. (Figure 1)

Income: whether your job provides a reasonable salary? Interests/abilities: does your job match your interests, abilities, or personality? Profession and growth: whether you can expand your work profession through continuous learning, and advance your career and achieve personal growth?

1.1.2. Occupation and Future Life

"Occupation" refers to the type of job or position held by an individual. A position or role that is given or authorised to achieve certain tasks and activities at work is called an occupation. For example, "nurse" is an occupational name, "tending and cleaning patients' wounds, distributing drugs, etc." are activities and tasks of the work; "software engineer" is an occupational name, and "designing program language and various network architectures" are activities and tasks of the work.

Occupation consists of a group of highly similar "work", and individuals can get compensation from "work" (referring to cash or remuneration in-kind). For individuals, work helps maintain a regular routine, gain personal and social recognition, self-confidence and self-esteem. For society, work can promote community cohesion and security, and reduce public expenditures.

"Occupation" is vital to our lives. It does not only shape and develop our own personality, but also promote the economy. Therefore, planning our career and work can help us make progress in our future life.

1.1.3. Importance of Professional Development

Professional development is very important. Not only could it benefit individuals, their professions, and the public, but also more importantly, it protects the public, employers, professionals and their careers. The importance of professional development is as follows:

- ✓ Maintain personal abilities similar to those of people in the same sector
- ✓ Enhance the knowledge and skills needed to deliver professional services to customers and the society
- Ensure possessing the latest knowledge in the relevant industry and understand the changing trends and directions in the occupation
- ✓ Continue to make meaningful contributions to institutions or society
- ✓ Keep an interest in the industry
- ✓ Provide new possibilities, new knowledge and new skill areas
- ✓ Learn in-depth about the meaning of becoming a professional
- Promote professional knowledge and technologies. Sustainable development can enhance public confidence in professionals and sectors.
- ✓ Improve work efficiency

Continuous professional development ensures your ongoing competence for your occupation.



Chapter II: Career Planning

1.2.1. Self-exploration and Understanding

• Know yourself-personality traits¹

Personality refers to a collection of internal and external traits. These unique personalities, influenced by family genetics, social interaction, cognitive learning, self-construction and other factors, are reflected by various physical and psychological features. These features have a considerable degree of integration and durability. Therefore, the personality trait is internally an extension of the self-concept and externally behavioural performance of an individual's unique attitude.

It is possible to identify the elements that are most motivating at work with Myers Briggs Type Indicator (MBTI) below, such as introversion/extroversion, thinking/feeling, practicality/intuitiveness, and judgment/perception.

Myers Briggs Type Indicator (MBTI)

Method: Please score in the boxes of each pair of statement A and B. The sum of scores of each pair must be 5.

	0		1	2	3	4	5	
	Nev	er	Rarely	Sometimes	Often	Very often	Always	
1	А		I will first learn about what others think before making a decision.					
	В		I don't discuss it with	others before mak	ing a decision.			
2	А		I am an imaginative	or intuitive person.				
2	В		I am an accurate and	I truth-seeking pers	son.			
2	А		I will analyse existing	information and si	tuations and then n	nake judgments ab	out others.	
3	в		I will first understand	the needs and valu	ues of others before	e making judgment	s about them.	
4	А		I will make promises according to the intentions of others.					
4	В		I will make my own promises and practice them.					
5	А		I have to be quiet and think alone.					
Ο	в		I like to mingle with others.					
6	А		I will use the good methods I am familiar with to get the job done.					
U	В		I will try to use new methods to get the job done.					
7	А		I will draw conclusior	ns from logical think	ing and step-by-ste	ep analysis.		
1	в		I will draw conclusions based on the experiences and messages from my past life.					
0	А		I will set a deadline f	or completing the w	vork.			
8	в		I will prepare a timeta	able and strictly enf	orce it.			

Rating Criteria:

¹ Source: Qiu Meihua, Du Huiying (2016). Career and Occupational Development Study Manual. Luwen Culture, Taiwan.

	А	I will talk to people a little and then think about it myself.
9	В	I will talk to others about something thoroughly and then think about it myself.
	А	I will imagine a variety of situations that may occur.
10	10 B	I only deal with the problem according to the actual situation.
	А	I think I am good at thinking.
11	В	I am considered by others to be a sensitive person.
	А	I will consider all kinds of possibilities in detail beforehand and think repeatedly afterwards.
12	В	I will collect the information I need and make a straight decision afterwards.
	А	I have inner thoughts and emotions that are not known to others.
13	В	I will share some activities or events with others.
	А	I like abstract and theoretical things.
14	В	I like concrete and practical things.
4.5	А	I will help others explore their own feelings.
15	В	I will help others make a reasonable decision.
16	А	My answer to a question remains flexible and can be modified.
10	В	My answer to a question is clear and predictable.
17	А	I rarely express my inner thoughts and feelings.
	В	I am very free to express my inner thoughts and feelings.
18	А	I tend to focus on the big picture.
	В	I like to start with the details.
19	А	I am used to using common sense and making decisions based on my beliefs.
	В	I am good at analysing data to make fact-based decisions.
20	А	I will plan in advance.
	В	I will make plans on a temporary basis as needed.
21	А	I like to make new friends.
	В	I like to be alone or with close friends.
22	А	I value concepts.
	В	I value facts.
23	А	I believe in my own thoughts.
	В	I believe in proven conclusions.
24	А	I take notes as much as I can in a notebook.
	В	I try not to take notes in a notebook.

25	А	I will discuss in detail the undecided issues in groups.
23	В	I will come up with my own conclusions before discussing with others.
26	А	I will draw up a detailed plan and then implement it.
20	В	I make plans but do not necessarily implement them.
27	А	I am rational.
21	В	I am emotional.
28	А	I will do whatever I want.
20	В	I try to know in advance what others expect me to do.
29	А	I like to be the focus of everyone.
23	В	I like to stay behind the scenes.
30	А	I like to imagine freely.
30	В	I tend to check the truth.
31	А	I like to experience moving situations or things.
	В	I tend to use my ability to analyse situations.
32	А	I will hold meetings at the scheduled time.
52	В	I will hold meetings when everything is appropriate or in place.

Scoring Method

1. Put your scores of each statement in the following scorecard and add up the scores in the same column. There are a total of four pairs and eight scores.

Introversion (I)	Extroversion (E)	Intuition (N)	Sensing (S)	Thinking (T)	Feeling (F)	Perceiving (P)	Judging (J)
1.B	1.A	2.A	2.B	3.A	3.B	4.A	4.B
5.A	5.B	6.B	6.A	7.A	7.B	8.A	8.B
9.A	9.B	10.A	10.B	11.A	11.B	12.A	12.B
13.A	13.B	14.A	14.B	15.B	15.A	16.A	16.B
17.A	17.B	18.A	18.B	19.B	19.A	20.B	20.A
21.B	21.A	22.A	22.B	23.B	23.A	24.B	24.A
25.B	25.A	26.B	26.A	27.A	27.B	28.A	28.B
29.B	29.A	30.A	30.B	31.B	31.A	32.B	32.A
Scores	Scores	Scores	Scores	Scores	Scores	Scores	Scores

- 2. For each pair, the column with higher score indicates your personal style. Each person can have four styles. For example, you have 18 scores for introversion and 22 scores for extroversion, then the higher score, i.e. extroversion is your personal style and so on.
- 3. Each style is different from others. In each pair of styles (such as extroversion vs introversion), when one style is stronger, the other is relatively weaker. The comparison scores are as follows:

30-40 scores	Indicates that this style is very strong and there is almost no other corresponding style.
25-29 scores	Indicates that this style is stronger than the other one.
22-24 scores	Indicates that this style is slightly stronger than the other one.
20-21 scores	Indicates having both styles of traits

Characteristics of Each Style

Styles	Merits
Introversion	Independent, immersed in work, diligent, contemplative, act according to their own ideas.
Extroversion	Can make use of external environmental resources, willing to communicate with others, open, a doer, easy to be understood by others.
Intuition	See things in a comprehensive way, look at things with a holistic concept, imaginative, try new ideas, like complicated work, like to solve novel problems.
Sensing	Attentive to details and reality, remember trivial details, endure boring work, patience, careful and systematic.
Thinking	Good at logical analysis, objective, fair, think logically and systematically, critical and determined.
Feeling	Considerate of others' feelings, understand the needs of others, like harmonious interpersonal relationships, like to express emotions, persuasive.
Perceiving	Cooperative, appreciate things from all angles, flexible and open, make decisions based on reliable information, and do not criticise arbitrarily.
Judging	Well-planned and organised, determined, have control ability, and decisive.



1.2.2. Functional Concepts and Functional Management

Function is the ability to perform tasks efficiently for a variety of different occupational types. Function includes the skills and knowledge required at work, work motivations and performances.

The following are the eight functions²:

(I) Communication and Expression Skills

Express your thoughts in speaking or writing to make others understand, and strive to understand the messages others convey.

Performance of ability:

- Interpret work-related documents such as files and chart data, technical documents, and test reports correctly
- Prepare documents with correct grammar, formats or logic
- · Report messages appropriately to different parties in writing
- Pay attention to each other's themes and purposes when talking to people at work
- Concentrate on listening to other people's messages in talks even if their opinions are different from yours.
- Use appropriate methods to articulate information and handle conversations based on a variety of topics

(II) Problem-solving Ability

Able to effectively clarify the problem, systematically collect information for analysing and then propose solutions.

Performance of ability:

- · Collect information about happenings systemically
- Evaluate possible problems carefully based on evidence and find the information needed to solve the problem
- Clarify issues systematically
- · Evaluate the pros and cons of various solutions and find the best one



² Source: Summary Statement of UCAN Career Common Functions https://ucan.moe.edu.tw/News/download1.aspx?id=6 (2019/02/12)

(III) Ability of Continuous Learning

Able to understand, plan, and effectively manage your abilities and continue to learn new knowledge.

Performance of ability:

- Clearly understand the knowledge, skills and requirements of individual career development
- Curious about learning new skills and new knowledge, and able to set specific learning goals
- Understand and implement continuous learning and training necessary for career development
- · Continuously develop professional skills to respond to industry trends
- · Consistently apply different methods to enhance your abilities

(IV) Innovation Ability

Able to propose and implement new suggestions or ideas under different levels of resources and different working modes.

Performance of ability:

- · Able to collect, analyse, organise opinions and ideas, and present new ideas and insights
- · Able to achieve goals or solve problems in new ways
- Able to propose effective ways to improve and streamline systems and processes based on original practices
- Able to imagine and predict possible developments and new trends
- Open to changes in the course of the task

(V) Interpersonal Skills

Be able to interact or work with others in the right way and in different situations.

Performance of ability:

- Actively understand the needs and feelings of others to build a good interpersonal relationship
- Identify and actively build or improve interpersonal relationships in different situations
- · Proactively express goodwill to those who provide information and help in the workplace
- · Support others in the workplace to build mutually beneficial relationships
- · Find and create opportunities to build relationships with others
- · Manage contacts systematically using appropriate methods

(VI) Work Responsibilities and Disciplines

Understand personal responsibilities. Comply with the ethical, institutional and integrity requirements of an organisation and profession.

Performance of ability:

- · Identify the goals and values of the organisation
- Understand the tasks to be responsible, and actively complete and maintain the quality of work
- · Understand and comply with institutional rules and systems
- Ensure personal safety, physical and mental health
- · Find the right way to relieve stress
- · Work in accordance with the principles of integrity, ethics and law

(VII) Teamwork Ability

Able to interact with team members and actively work with the team to achieve goals.

Performance of ability:

- Identify team goals and support team decisions
- · Actively work with the team and express personal opinions
- Respect the opinions and expertise of team members
- · Able to work with team members to solve problems and take responsibilities
- · Able to make constructive responses and recommendations to team members
- · Adjust your role or behaviour as needed to coordinate with the team



(VIII) Ability to Apply Information Technology

Effectively use information technology and tools needed to access, integrate, manage and deliver messages.

Performance of ability:

- · Efficiently use technology to streamline workflow and increase efficiency
- · Able to access information in an efficient manner and with the right tools
- · Effectively apply basic computer operations and word processing software
- · Use the right information technology to communicate effectively with others as needed
- · Use information technology and tools in accordance with the principles of integrity, ethics and law



1.2.3. Relationship between Function and Occupation

No one is born with a variety of career abilities. Cultivating career abilities is a process of continuous growth. As we grow older, we will develop various career abilities at every stage of our career development, so most of our career abilities can be acquired through learning and cumulative experience. Different occupations have different requirements for career abilities.

Students can understand the relationship between function and career abilities through the following Career Planning Ability Assessment Form. What abilities do you need for your ideal occupation?

Complete the form and compare the columns of "abilities required for work" and "my innate abilities". You will be able to understand the career abilities that need to be developed most urgently, and plan how to develop these abilities to increase the chance of successfully achieving your ideal occupation.

Career Planning Ability Assessment Form

* Please try to fill in your current ideal occupation in "job title", then collect relevant information, consult others, visit or use other methods to complete "abilities required for work" and "my innate abilities ".

Job title	Abilities required for work	My innate abilities	Abilities to be strengthened
	□ Expression ability	□ Expression ability	1
	□ Language ability	□ Language ability	'. <u></u>
	\Box Communication and	\Box Communication and	2
	coordination abilities	coordination abilities	۷
	□ Professional skills	\Box Professional skills	3
	□ Leadership	□ Leadership	J
	\Box Computer software operation	\Box Computer software operation	4.
	□ Chinese and English typing	□ Chinese and English typing	т
	□ Financial management ability	□ Financial management ability	5.
	□ Sales ability	\Box Sales ability	J
	\Box Mechanical operation ability	\Box Mechanical operation ability	6.
	□ Judgment	□ Judgment	0
	□ Creativity	□ Creativity	
	□ Learning ability	\Box Learning ability	
	\Box Intuition and sensitivity	\Box Intuition and sensitivity	
	□ Legal knowledge	Legal knowledge	
	\Box Other important expertise	\Box Other important expertise	
	□ Management ability	□ Management ability	
	□ Action ability	\Box Action ability	
	\Box Problem solving ability	\Box Problem solving ability	
	□ Interpersonal relationship	□ Interpersonal relationship	
	□ Others	□ Others	

Part II: Knowledge About Functions of Insurance Industry

Chapter I: Insurance and Risks

2.1.1. Market Role and Importance of the Insurance Industry

• What is insurance?

Insurance is about risk transfer and it is a tool for managing risks. If you have insurance cover, you transfer part of the financial risk to the insurance company. If you do not have insurance cover, you will have to bear the financial risk by yourself. Incorporating insurance into your financial plan is necessary to protect yourself, your family and individual's and company's assets, and it is very important in safeguarding against a wide range of risks.

When you take out an insurance policy, you will become the legal holder of the policy, and you could be the insured at the same time. You pay a certain amount of money called 'premium' to the insurance company for being covered against certain risks. If an incident happens and you suffer losses, and that incident is covered by the policy, you can file a claim to the insurance company. Therefore, procuring insurance could provide a certain extent of financial protection against unforeseen incidents and other risks in life³.

The role of the insurance industry covers different aspects of society, such as cyber risks, medical care, infrastructure and terrorist attacks, to safeguard daily operations at all levels of society. The insurance industry is definitely an important part of the society. From an economic perspective, the insurance industry is the main backbone of Hong Kong's financial services industry and an important engine for local economic growth. According to the provisional statistics released by the Insurance Authority (IA), the total gross premiums of the insurance industry in Hong Kong reached HK\$531.7 billion in 2018, indicating an increase of 8.6% over 2017⁴. In the first quarter of 2019, the total gross premiums of the insurance HK\$148.8 billion, indicating an increase of 12.3% over the corresponding period in 2018⁵.

The insurance industry has a long history of 170 years in Hong Kong. Hong Kong is one of the most open insurance centres in the world. From frontline to middle and back office staff, the industry employs more than 100,000 practitioners, and the positions include general insurance, professional brokerage services, life insurance, underwriting, claims, laws and regulations, policy administration, risk management, actuary, marketing and customer service, etc.

³ Source: The Chin Family https://www.thechinfamily.hk/web/en/financial-products/insurance/basics/insurance-basics.html (2019/07/11)

⁴ Source: Insurance Authority https://www.ia.org.hk/en/infocenter/press_releases/20190315.html (2019/07/11)

⁵ Source: Insurance Authority https://www.ia.org.hk/en /infocenter/press_releases/20190531.html (2019/07/11)

• Industry development and market prospects

According to the statistics by the IA, as of 31 March 2019, there were 162 authorised insurance companies in Hong Kong, of which 94 operated general business, 49 operated long-term business and the remaining 19 operated composite businesses. According to statistics provided by the Insurance Agents Registration Board ("Registration Board"), as of 31 May 2019, there were 72,111 individual agents registered with the Registration Board and 25,590 responsible officers and technical representatives⁶.

As of 31 March 2019, there were 798 authorised insurance brokers, all of them were members of the two approved bodies of insurance brokers, namely the Hong Kong Confederation of Insurance Brokers and Professional Insurance Brokers Association. In addition, there were 9,711 chief executives/technical representatives of these authorised insurance brokers as at 31 March 2019⁷.

As the Hong Kong market gradually matures, the population ages, and consumers' awareness of insurance products increases, the insurance industry is actively meeting the needs of the market in expanding retirement plans and wealth management products. The distribution channels of products are also increasingly diversified. Global insurance and reinsurance companies consider Asia, especially China, as the region with the greatest growth potential. The market-opening measures implemented after China's entry into the World Trade Organisation (WTO) and Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) signed between China and Hong Kong have also benefited the Hong Kong insurance industry and related professionals.

In addition, driven by the "Belt and Road" Initiative and the development of the Guangdong-Hong Kong-Macao Greater Bay Area development, the Hong Kong insurance industry may provide insurance and reinsurance services on different infrastructure projects. The IA also launched the "Belt and Road Insurance and Exchange Facilitation" (BRIEF) in 2018 with the goal of providing a platform to facilitate information exchange, build alliances and connections, and to establish Hong Kong as a global risk management centre and a hub for regional development.



⁶ Source: Hong Kong Federation of Insurers https://www.hkfi.org.hk/#!/insurance-agent/index (2019/07/11/) ⁷ Source: Insurance Authority https://www.ia.org.hk/en/infocenter/statistics/market.html (2019/07/11/)

2.1.2. Risk Concept

Accidents are often unpredictable. As accidents will bring losses, we will try our best to avoid them. Insurance is one of the tools that can transfer risk. As long as there is a suitable insurance cover, we can try to transfer the economic loss (risk) caused by the accident to the insurance company or a third party as far as practicable.

Insurance can help us reduce the losses brought by risks. While understanding insurance, we also need to learn the types of risks. We often face some unexpected risks, which refer to the uncertainty of a certain gain or loss in a specific objective situation within a specific period. This is the definition of risk in a broad sense. The following is a brief introduction to risk classification.

(1) Speculative Risk and Pure Risk

Speculative Risk

Speculative risk is the risk of generating a profit or causing a loss through some speculative behaviours. This risk leads to three results: gain, no loss, or loss. In other words, it has both an opportunity for profit and a possibility of damage. The occurrence of speculative risk is often closely related to the choices made by individual investment decisions and is also closely linked to changes in the socio-economic environment.

• Pure Risk

Pure risk is the risk that having a chance to cause a loss. There are two situations resulting from pure risk: no loss or loss. In other words, it only has the possibility of damage but not profit. The natural disasters and accidents we face, such as diseases, fires, traffic accidents and theft, are pure risks. Also, pure risk is the only insurable risk that can be insured by insurance companies.

(2) The Main Risks We Face

Since pure risk is the only insurable risk, let us focus on this risk in the following content. In our daily lives, we might encounter the following types of risk when classifying them by risk-damaging objects:

Personal Risk

Personal risk refers to the risk caused by a person's illness or disability. This risk tends to affect his/her work, resulting in a reduction in expected income or additional expenses. Its main categories are:

- · Risk of injury and consequent economic loss or incapacity
- · Risk of illness and consequent economic loss or incapacity
- · Risk of losing labour capacity as a result of old age
- · Risk of early death
- Risk of financial difficulties for the dependent as a result of the death of the provider

Property Risk

Property risk refers to the risk of depreciation, damage, or any form of loss of physical property. For example, personally owned houses, furniture, clothing, household appliances, and vehicles, etc., may be damaged by natural disasters such as fires, floods, etc., or lost due to theft or looting. In addition to the direct loss of property, property risk may also cause indirect loss of property-related benefits. Relatively speaking, the more property you have, the greater the risk you face.

• Liability Risk

Liability risk is the risk that you must be held liable for any injury or loss to others due to the actions of yourself or the person under your guardianship. For example, if personal injury or property damage caused by a person due to neglect or negligence, the risk of legal liability, or the liability for damages caused by failure to perform the contract, is a liability risk.

Risk Management

We face many different risks in our daily lives. In order to reduce the risk of loss and even avoid risks, we must manage these risks. In general, management of pure risk can be done in the following ways:

Risk Control

Risk control means we take measures to control them when facing potential risks. Before the risk occurs, we eliminate the circumstances under which the risk occurs to reduce the chance of risk, or take effective measures to minimise possible losses after the risk has occurred. For example, installing fences outside windows reduces the chance of theft for residents of low-rise buildings, or putting a warning label next to flammable items to prevent fires and to installing lightning rods on the top of buildings to prevent lightning strikes.

Risk Avoidance

Risk avoidance refers to taking measures to directly avoid risks, or not doing things that may lead to risks, so as to avoid certain risks and losses. For example, avoid building a house on the edge of the mountain to prevent the risk of landslides, or give away a relatively narrow and dangerous shortcut and choose a longer but relatively safe journey when driving a car.

Risk avoidance is a relatively simple and thorough risk management method, but sometimes avoiding risk negatively means giving up benefits; and when avoiding certain risks, it may also generate other new risks. In addition, some risks such as those associated with life, old age, illness, and death, are unavoidable.

Risk Diversification

Risk diversification refers to trying to spread the same risk across multiple individuals, so that the risk taken by each individual is relatively lesser. For example, it is generally not wise to put all eggs in the same basket, and it is suggested to arrange and combine individuals with different risks according to certain goals and rules, thereby improving the risk-coping ability of each individual, so as to reduce the uncertainty of income and risks. This type of management is most commonly used in the selection of portfolio investment strategies.

Risk Retention

Risk retention refers to an individual taking responsibility for the possible losses caused by the risk he/she faces. This way of dealing with risks often occurs when there are no better ways to deal with risks, such as when the cost of risk avoidance or transfer is relatively high, or when the losses caused by the risk are within the economic affordability of an individual.

Risk retention is a kind of self-insurance. This kind of treatment is convenient and simple, for example, bearing the medical expenses brought by small diseases such as a cold or coryza. However, the effect of this risk treatment is greatly reduced when the risk-causing losses are great or unpredictable.

• Risk Transfer

Risk transfer refers to the transfer of risks and their possible losses to others. In general, risk transfer can be divided into non-insurance transfer and insurance transfer.

Non-insurance transfer refers to the transfer of risks and risk-related financial results to others through the establishment of economic contracts. The common non-insurance risk transfer is using derivatives to hedge risks.

Insurance transfer refers to the transfer of risk to an insurance company by entering into an insurance contract. Individuals can pay premiums to insurance companies and transfer risks. Once the expected risks occur and cause losses, insurance company must compensate within the scope of liability under the contract. Since insurance has many advantages, transferring risks through insurance is the most common risk management method.

• Insurable Risk

Not all risks can be transferred through insurance, and insurance contracts must be in compliance with the conditions of insurable risk. In general, the insurable risks acceptable by insurance companies are subject to the following conditions:

(1) Risk Must be Non-speculative

Insurance companies only provide insurance for pure risks. On the contrary, speculative risks are not insurable. For example, when making stock investments, stock buyers may profit from rising stock prices, or they may suffer losses due to falling stock prices. Insurance companies will not insure such risks.

(2) Risks Must be Accidental and Unexpected

Accidental means we do not know whether the risk will occur or not, or whether the risk occurred will cause a loss or the level of loss. Risks are unexpected because it is not caused by the insurant's intentional behaviour, and insurance companies will not be liable for damages caused by intentional acts or intentional failures. For example, those who open the door to the robbers will not be compensated.

(3) The Probability of Occurrence of Risks Must be Predictable

By analysing and summarising the statistics of similar events in the past, insurance companies calculate the probability of occurrence of risks and use this as the basis for establishing compensation rules. The law of large numbers is the basis for insurance companies to operate insurance business. Only when a large number of insurants are likely to suffer certain risks, insurance companies can spread risks within a relatively wide range.

General Concept of Insurance

Need for Insurance

We face a variety of risks in our lives, which can be summarised as personal risk, property risk and liability risk. Since people generally have a nature of hedging against risks, we have a need to avoid or transfer risks.

(1) Needs for Personal Protection

- Medical expenses due to serious injuries, accidents, or serious illnesses, such as one-off medical expenses and hospitalisation expenses, etc.
- Cost of living for themselves and their dependants after a permanent incapacity due to injury or illness, which may be long-term
- · Cost of living after losing capacity due to aging
- · Cost of living for depandants of people who died early
- All other obligations and debts of people who died early, such as car mortgages, personal loans, etc.

(2) Needs for Property Protection

There is a need to pay for repairing or resettling physical properties after a risk occurs, causing property damage or loss, such as repairing a car after a traffic accident, rebuilding a house after a fire, and purchasing furniture.

(3) Needs for Liability Protection

There is a need to pay for the liability for damage of others as a result of one's behaviours. This includes compensation for the loss of other people's property, such as repair costs resulting from smashing someone else's car, compensation for personal injury to others, medical expenses as a result of scalding others; and other compensation for possible losses.

It can be seen that in people's daily life and work, they often face a variety of risks that cause personal injury or property damage, thus creating a need to circumvent various risks. In response to the adverse effects of various risks, insurance has gradually become an important way to meet our risk aversion needs. As we have a demand for various types of protection, there is a great need for diversifying products as well as cultivating industry professionals.



Chapter II: Professional Positions and Development in the Insurance Industry

2.2.1. Understanding Professional Positions in the Insurance Industry

Claims Handler

• Job description

How do we get insurance compensation in the event of an accident such as ceiling leakage or foot injuries in a football game? After the claim form is handed over to insurance companies, it is not handled by the intermediaries. Instead, it is the responsibility of the claims handler of insurance companies' compensation department to verify and follow up with the claim so as to ensure that it is processed fairly. That is the work of the claims handler.

• Job requirements

- Secondary school graduates or above, preferably with a bachelor's degree
- Members of Chartered Institute of Insurance (CII) and the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) are preferred
- Possess practical knowledge of software such as general computer documents and briefing documents
- Good reading, writing and language skills in both Chinese and English

• Duties

- ✓ Assess whether the claim for compensation is covered by the insurance policy
- ✓ Explain insurance policy terms
- ✓ Liaise with customers, notary offices, law firms, government agencies, medical institutions, third-party claimants, etc.
- ✓ Assist customers in providing sufficient documents to process claims
- ✓ Prevent immoral/fraud claims (immoral/fraud claims will increase the risk of underwriting, and accordingly increase premiums, which is unfair to insurance companies as well as honest and law-abiding policyholders)
- ✓ Handle claims in a fair and just manner for customers and insurance companies, and make reasonable and appropriate decisions for claims.

• Personalities suitable for the position

Serious, prudent, thoughtful, and sympathetic

• Skill guidance

Because the duties involve the processing of customer data, the claims handler is accountable for keeping all data confidential. In addition, the claims handler has to deal with different types of insurance claims, such as automobile, labour, professional liability, third-party liability insurance, etc. They need to continuously learn, understand the operation of different industries, and revision of relevant laws, etc. People who love learning new things are more suitable as a claim handler. Knowing how to communicate with others, good reading, observation, understanding and analysis skills are all characteristics of a claims handler.

Career path

Insurance is a professional industry, so practical work experience and continuing education are equally important to the promotion of a claims handler. Secondary school graduates may start as a claims handler, and a claims officer with three-year work experience can master and handle the entire claim process.

There are many different opportunities for further studies in the industry, including the Insurance Intermediary Qualification Examination, membership of Chartered Institute of Insurance (CII), and the Australian and New Zealand Institute of Insurance and Finance (ANZIIF).



Underwriter

Job description

Have you ever thought about how insurance premiums are determined?

The premium of life insurance we are familiar with is mainly based on the age and physical health of the insurant, and the calculation is easier to understand; but the calculation of premium for general insurance (i.e., property insurance, including fire insurance, auto insurance, accident insurance, etc.) is much more complicated.

For example, if a restaurant wants to buy fire insurance, there is no uniform premium. As the size, nature, and operation mode of restaurants are different, the probability of accidents is therefore different, so as the premiums. The primary responsibility of the underwriter is to evaluate the risk of undertakings (guaranteed project), determine premiums and related terms.

• Job requirements

- Holders of bachelor's degree or above
- Members of Chartered Institute of Insurance (CII) and the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) are preferred
- Possess practical knowledge of software such as general computer documents and briefing documents
- Good reading, writing and language skills in both Chinese and English

• Duties

- ✓ Understand customer needs, and conduct site visits and surveys depending on the situation/needs so as to objectively analyse and assess the risks of undertakings
- ✓ Make decisions to accept or reject insurance applications, establish policy terms, premiums, etc. based on the risks of undertakings
- ✓ Contact customers and intermediaries to explain the terms and details of policies
- ✓ Assist customers to assess risks and provide management knowledge to prevent risks (appropriate management and measures may reduce number of unexpected accidents and associated risks, therefore keeping the premium at a reasonable level so that customers and insurance companies become win-win partners)

• Personalities suitable for the position

Good communication skills, understanding and analytical skills, prudent, outgoing, like to learn and expose to new things, thoughtful, and observant

Skill guide

Underwriters must constantly learn and understand the operations of various industries, carefully observe every detail, and analyse the risks of the undertakings. In addition to the knowledge about the insurance industry, underwriters must have a broad vision and concern for society, current events and economic development. Since the world is constantly changing, developing and updating, an underwriter needs to keep abreast of the times to perform satisfactorily in risk assessment. Therefore, those who love to learn and expose to new things are more suitable for this position.

As the duties involve processing customer data, an underwriter is accountable for keeping all data confidential. Underwriters will also make recommendations on improving the management of their operations for customers to reduce risk of accidents and enable customers and insurance companies to achieve a win-win situation.

Career path

Insurance is a professional industry so practical work experience and continuous learning are equally important. Many insurance companies will provide various types of training to underwriters for them to learn and understand various types of insurance products. They will also provide support and subsidies for underwriters to obtain internationally recognised qualifications for continuing education. There are many different opportunities for further studies, including membership and senior membership of the Chartered Institute of Insurance (CII), and membership of the Australian and New Zealand Institute of Insurance (ANZIIF).

Actuary

Job description

Is an actuary an accountant? Is an actuary like an auditor? Does an actuary have to be a university graduate?

Many secondary school students are not familiar with the profession of actuaries. They only know the admission requirements are very demanding, and often confuse actuaries with accountants and auditors. They are right that the admission requirements of the actuarial department is indeed very high.

What kind of work does an actuary do? The actuary is the person who designs products for the insurance industry and makes the valuation of those products. What is the premium for purchasing insurance at different ages? How much is the compensation if the insured has an accident at a certain age? Are there any new diseases to be included in the existing insurance products recently? These are the work of actuaries.

• Job requirements

- Secondary school graduates; you do not have to be a bachelor's degree holder to start a job as an actuary as long as you successfully obtain the occupational qualifications for actuaries.

Remarks: There is no actuary registration system in Hong Kong, so Hong Kong's actuary licenses are generally obtained from the United Kingdom, Australia or the United States. Although it is not necessary to have a bachelor's degree to be engaged in the actuarial industry, studying in the actuarial department of universities will help establish a network of people, which will help in future employment.

• Duties

- ✓ Use mathematical, economic, financial, probabilistic, and statistical knowledge to assist insurance companies in assessing product risks and developing policies to minimise the cost of risks, and calculate premiums and reserves for insurance liabilities. In addition to life insurance which is broadly known by the general public, types of insurance products also include travel insurance, home insurance, auto insurance, and the latest products even involve pension plans (i.e. annuity plans).
- ✓ Manage large amounts of data and design products from them, i.e. different insurance plans.

• Personalities suitable for the position

Good mathematical ability, communication skills, understanding and analysis skills, thoughtful, observant, accurate, logical, curious, proactive.

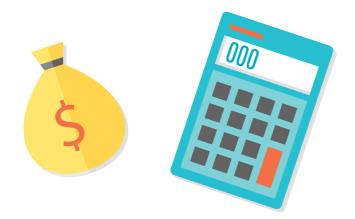
• Skill guide

Actuaries are generally curious about everything around them and need to be proactive because insurance products are closely related to everyday life. For example, when a new disease appears, the actuary needs to know more about it and decide whether to develop a new insurance plan. In addition, the actuary is also an "adhesive agent" that combines computer programmers, insurance intermediaries, marketing personnel, and accountants, etc., and together they understand various needs and considerations to design a product that is accepted by the public. In this connection, the actuary must have good communication skills. In addition, designing products and making valuations involves a lot of digital processing, so actuaries must be careful and thoughtful.

Career path

According to estimates by the Actuarial Society of Hong Kong, as of 2018, there were about 1,200 actuaries in Hong Kong, and most were active in the insurance industry. Calculated according to the proportion of the actuaries in the population, it is an industry with insufficient manpower. Therefore, the graduates' employment rate in recent years has been close to 100% in this industry.

It used to take a long time and was difficult to obtain an actuary license. However, due to the shortage of actuaries in the industry, the actuarial professional examinations in Hong Kong have been held more frequently.



Risk Manager

• Career description

The main task of the risk manager is to assess environmental risks and to examine the items insured by customers, such as shops, buildings, employees, etc., so that the policyholder can understand the potential risks and strengthen preventive measures to reduce losses. They will also advise underwriters on whether to underwrite the policy and will transfer the loss to a third party through the strategy of risk transfer.

Job requirements

- Holders of bachelor's degree or above
- Possess practical knowledge of software such as general computer documents and briefing documents
- Good reading, writing and language skills in both Chinese and English

• Duties

- ✓ Analyse the potential risks involved in insured items. For example, if a customer wants to hold an event, the risk manager must first visit the site, pay attention to the entrance and exit, and whether there is any debris in the fire exit door.
- ✓ Measure the extent of loss associated with the risk and discuss with customers how to reduce risk and possible losses.
- ✓ Familiar with quantitative analysis, and able to complete work within a strict deadline, while maintain the ability to analyse financial statements, project management skills, etc.

• Personalities suitable for the position

Good communication skills, comprehension, observation and analytical skills, and logical

• Skill guide

Risk managers need to be sophisticated and familiar with quantitative analysis. They also need to analyse various needs and consider the potential risks of different projects so as to minimise risks and reduce losses. Therefore, risk managers must have good observation and analytical skills.

• Career path

Different insured items present different risks, depending on a number of factors, such as item value, security measures, location and environment. As a risk manager, it is necessary to judge the risk level through professional knowledge and accumulated work experience.

Policy Administrator

Job description

Help customers with logistical support, such as following up on policy details, word processing, digital processing, file sorting, etc., and provide assistance when needed.

Job requirements

- Secondary school graduates
- Possess Cantonese, English and Mandarin
- Achieve 40 words or above per minute in Chinese and English typing
- Possess office software skills

• Duties

- ✓ Document input
- ✓ Save, copy, and integrate data
- ✓ Handle financial management

Personalities suitable for the position

Good communication skills, reading skills, comprehensive, careful, know how to communicate with others, helpful, patience for dull and repetitive work.

Skill guide

Due to the need to handle administrative work related to various aspects of policies, policy administrators need to have good word processing, digital processing, and archiving capabilities to provide substantial logistical support. In addition, during the course of processing policies, it is necessary to cooperate with personnel from different departments, hence policy administrators must also have good communication skills.

• Career path

Policy administrators handle a large number of policy documents on a daily basis. They have accumulated experience and a certain understanding of the operation of the insurance industry. It is a junior position in the professional insurance industry. Upon accumulating certain experience and training, policy administrators can choose to work in other departments.



2.2.2. Career Path and Remuneration Guidance

General Career Path

No work experience	2-4 years of work experience	5 years of work experience and above
Trainaga	Assistant Officers	Senior Officers \rightarrow Assistant Managers
Trainees	→ Officers	→ Managers

Remuneration Guidance⁸

Functions	Trainees / Assistant Officers	Officers	Senior Officers	Assistant Managers	Managers
Underwriting	\$15,000 - \$35,000	\$20,000 - \$70,000	\$30,000 - \$90,000		
Claims handling	\$15,000 - \$35,000	\$20,000 - \$70,000	\$30,000 - \$90,000		
Actuary		\$20,000 - \$50,000			\$30,000 - \$110,000
Risk management		\$15,000 - \$30,000	\$15,000 - \$30,000	\$30,000 - \$45,000	\$45,000 - \$75,000
Insurance Agent	\$10,000 - \$30,000	\$20,000 - \$50,000		\$20,000 - \$70,000	\$30,000 - \$90,000
Auditing		\$20,000 - \$60,000		\$30,000 - \$80,000	\$40,000 - \$110,000
Legal and Compliance		\$15,000 - \$40,000		\$20,000 - \$70,000	\$30,000 - \$90,000
Finance		\$15,000 - \$40,000	\$20,000 - \$70,000		\$30,000 - \$90,000
Marketing		\$15,000 - \$40,000		\$20,000 - \$70,000	\$30,000 - \$90,000
Human Resources		\$10,000 - \$40,000		\$30,000 - \$70,000	\$40,000 - \$90,000

⁸ Source: Occupation Dictionary https://occupation-dictionary.vtc.edu.hk and Hays Recruiting Worldwide www.hays.com.hk. (2019/07/11)

2.2.3. Suitability Test for Middle and Back Office Positions in the Insurance Industry

Please select statements that describe you from Column 2 and put a tick in the respective boxes in Column 1.

Column 1	Column 2	Column 3
	1. Good at planning	
	2. Pursuit of justice	•
	3. Do not mind fieldwork	•
	4. Decisive	•
	5. Like to keep learning	•
	6. Like to be exposed to and learn new things	☆
	7. Curious	☆
	8. Organise large amounts of data systematically	
	9. Value logical thinking	
	10. Strong comprehensive ability	
	11. Like to know the details	☆
	12. Good execution ability	
	13. Like to analyse the execution method behind things	
	14. Observant	
	15. Considerate for others	☆

Please count the number of patterns above and write it in the table below. Each pattern represents an office position in the insurance industry, and the ones with a larger number of patterns represent the suitable positions for you.

Patterns:		☆		•
Number:				
Right position for you	Actuary	Underwriter	Risk Manager	Claims Handler

Publication Date

September 2020

Disclaimer

The data provided in this teaching kit by the Government of the Hong Kong Special Administrative Region, the Vocational Training Council and the Po Leung Kuk Career Planning and Education Center (hereafter "the Publisher") are for reference only. Although the Publisher has made every effort to ensure the accuracy of the materials in this teaching kit, it does not make any express or implied warranties or guarantee that the data in this teaching kit is accurate and the Publisher will not be liable for any errors or omissions. Users can link from this teaching kit to data provided by other persons or organisations. The Publisher hereby states that it does not approve or endorse the data provided by other persons or organisations in this teaching kit and does not assume any responsibility or liability for such data (regardless of how such liability is caused). The Publisher is not responsible for any loss or damage caused by or in connection with any data contained in this teaching kit.

Pilot Programme to Enhance Talent Training for the Insurance Sector Career-Planning and Risk Management **Teaching Kit**