

**Candidates are recommended to study the 2021 Edition of the Study Notes  
for examinations to be held before 17 February 2025**

**Insurance Intermediaries Qualifying Examination – Paper I  
Syllabus for Principles and Practice of Insurance Examination**

**I. RISK AND INSURANCE**

- i. Concept of Risk
  - A. Meaning of Risk
  - B. Classification of Risk
  - C. Risk Management
- ii. Functions and Benefits of Insurance

**II. LEGAL PRINCIPLES**

- i. The Law of Contract
  - A. Definition
  - B. Types of Contracts
  - C. Elements or Essentials of a Contract
  - D. Privity of Contract
- ii. The Law of Agency
  - A. Definition
  - B. How Agency Arises
  - C. Authority of Agents
  - D. Duties Owed by Agent to Principal
  - E. Duties Owed by Principal to Agent
  - F. Termination of Agency

**III. PRINCIPLES OF INSURANCE**

- i. Insurable Interest
  - A. Definition
  - B. Importance of Insurable Interest
  - C. Its Essential Criteria
  - D. How It Arises
  - E. When Is It Needed?
  - F. Assignment
- ii. Utmost Good Faith
  - A. Ordinary Good Faith
  - B. Utmost Good Faith
  - C. Material Fact
  - D. When to Disclose Material Facts
  - E. Types of Breach of Utmost Good Faith
  - F. Remedies for Breach of Utmost Good Faith

- iii. Proximate Cause
  - A. Meaning and Importance of the Principle
  - B. Types of Peril
  - C. Application of the Principle
  - D. Policy Modification of the Principle
- iv. Indemnity
  - A. Definition
  - B. Implications
  - C. Link with Insurable Interest
  - D. How Indemnity Is Provided
  - E. Salvage
  - F. Abandonment
  - G. Policy Provisions Preventing Indemnity
  - H. Policy Provisions Providing More Than Indemnity
  - I. The Practical Problems with Indemnity
- v. Contribution
  - A. Equitable Doctrine of Contribution
  - B. Rateable Proportions
  - C. How Arising
  - D. How Applicable
  - E. How Amended by Policy Conditions
- vi. Subrogation
  - A. Definition
  - B. How Arising
  - C. How Applicable
  - D. Other Considerations

#### **IV. CORE FUNCTIONS OF AN INSURANCE COMPANY**

- i. Product Development
- ii. Customer Servicing
- iii. Marketing and Promotion
- iv. Insurance Sales
- v. Underwriting
- vi. Policy Administration
- vii. Claims
- viii. Reinsurance
- ix. Actuarial Support
- x. Accounting and Investment
- xi. Training and Development
- xii. Key Persons in Control Functions

#### **V. STRUCTURE OF HONG KONG INSURANCE INDUSTRY**

- i. Types of Insurance Business
  - A. Statutory Classification of Insurance
  - B. Practical Classification of Insurance
  - C. Academic Classification of Insurance
  - D. Reinsurance
- ii. Size of Industry
  - A. Authorized Insurers
  - B. Licensed Insurance Intermediaries
  - C. Persons Employed
  - D. Premium Volume
- iii. Insurance Companies
- iv. Insurance Intermediaries
- v. Market Associations/Insurance Trade Organisations
  - A. The Hong Kong Federation of Insurers
  - B. Professional Bodies of Insurance Brokers
  - C. Industry Organisations to Assist Claimants or Victims
  - D. Employees' Compensation Insurance Residual Scheme Bureau

## **VI. REGULATORY FRAMEWORK OF INSURANCE INDUSTRY**

- i. Regulation of Insurance Companies in Hong Kong
  - A. Insurance Ordinance
  - B. Code of Conduct for Insurers
  - C. Insurance Complaints Bureau
- ii. Regulation of Insurance Intermediaries in Hong Kong
  - A. Basic Requirements of the Licensing Regime for Regulation of Insurance Intermediaries
  - B. Authorized Insurer's Relationship with its Agents
  - C. Multiple Capacities of Licensed Insurance Intermediaries
  - D. Grant of Licence
  - E. Other Regulatory Measures

## **VII. ETHICAL AND OTHER RELATED ISSUES**

- i. Insurance Intermediaries' Duties to Policyholders
  - A. If the Insurance Intermediary is an Insurance Broker
  - B. If the Insurance Intermediary is an Insurance Agent
- ii. Protection of Personal Data
  - A. Features of the Ordinance
  - B. Insurance Applications
- iii. Issues Regarding Equal Opportunity
  - A. Legislation Addressing Discrimination
  - B. 'Fair' Discrimination in Insurance
  - C. Unfair Discrimination in Insurance
- iv. Prevention of Money Laundering and Terrorist Financing
  - A. What is Money Laundering
  - B. What is Terrorist Financing
  - C. Vulnerabilities in Insurance Industry
  - D. Stages of Money Laundering
  - E. Legislation on Money Laundering and Terrorist Financing
  - F. Guideline on Anti-Money Laundering and Counter-Terrorist Financing (GL3)
- v. Prevention of Corruption
  - A. Major Provisions of the POBO
  - B. Report Corruption
  - C. Assistance from the ICAC
- vi. Prevention of Insurance Fraud
  - A. Beware of Becoming Partners in Crimes
  - B. The Insurance Intermediary and Examples of Insurance Fraud
  - C. Practical Steps in Preventing Fraud

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