

Initiative on Financial Needs Analysis

Purpose:

Life insurance policies are long term policies that may lock the liquidity of customers. Accordingly, it is of paramount importance that insurance advice provided by intermediaries needs to be based upon customers' needs. It is therefore necessary to carry out financial needs analysis for the customers during the sales advisory process. This is in line with the global trend of the life assurance industry becoming more and more customer-focused. This circular supersedes the "Initiative on Needs Analysis" issued in 2007 and will **take effect on 1 January 2016**.

Requirements:

- 1) Every application for new life insurance policy (including rider and top-up) falling under the following types must be accompanied by a financial needs analysis ("FNA") form:
 - (a) Any policies of the nature specified in Class A in Part 2 of the First Schedule to the Insurance Companies Ordinance (Cap. 41) ("ICO") except –
 - (i) term insurance policies;
 - (ii) refundable insurance policies providing hospital cash, medical, critical illness, or personal accident cover;
 - (iii) yearly renewable insurance policies (without cash value) for critical illness/medical cover; or
 - (iv) group policies.
 - (b) Any policies of the nature specified in Class C in Part 2 of the First Schedule to the ICO.
- 2) The FNA must include all the questions and multiple choice options as set out in the Appendix. However, Member Companies may include additional questions and/or multiple choice options, if they consider that such will further enhance the suitability assessment for their own products. Member Companies may accept FNA forms of insurance brokers and insurance agencies provided that such forms are in compliance with the requirements of this circular.
- 3) Neither Member Companies nor customers can opt out of the FNA. A customer must respond to all the questions and multiple choice options as set out in the Appendix. If a customer, for privacy or other reasons, chooses not to disclose income/asset information under 4(a) or (b) (but not both) of the FNA, he/she must confirm their reason(s) in writing. This notwithstanding, if the absence of information under the FNA would render Member Companies or the intermediaries unable to comply with any of the requirements (e.g. assessing affordability of products recommended or comparison of different insurance options etc) under this (or any other) circular, Member Companies must reject the relevant application and should advise the customer accordingly.
- 4) The FNA must be clearly identified as a "Financial Needs Analysis" and must be signed and dated by the customer. The FNA form should include the following:
 - personal particulars (name, date of birth, marital status, occupation,

(effective 1 January 2016)

- education level etc)
 - financial outgoings (monthly living expenses, rent/mortgage redemption, etc)
 - disposable assets (savings, stock/securities/bonds etc)
 - liabilities (mortgage loan, debts, etc)
 - family commitments (no. of dependents, education funds, etc)
- 5) Intermediaries should take into account the customers' total protection needs, total disposable assets, financial outgoings and liabilities, as well as his/her willingness and ability to pay premium (and the duration of payment) in assessing the affordability of customer before making recommendation. The factors considered, evaluation, and reason(s) for the recommendation made by the selling intermediary should also be included in the FNA.
- 6) Member Companies must require the intermediaries to carry out an FNA (including comparison of different insurance options) with the customers before recommending to them **any** life insurance products and signing the application.

Validity Period:

A signed FNA form shall have a validity period of one year, i.e. in the event that a customer purchases additional insurance coverage from the same Member Company within a year after an FNA form is signed, he/she will not necessarily have to go through another FNA provided that there are no substantial changes in the customers' circumstances (and in such cases Member Companies can rely on the declaration by the customer) and that there are no mismatch (i.e. needs, risks, affordability etc) identified.

APPENDIX: Financial Needs Analysis (“FNA”) Form

The following questions form the minimum required contents of the FNA form:

Note: Please answer all questions in this form. Do NOT sign on this form if any questions are unanswered and have not been crossed out.

[Note: You must reply this question. Do not leave it blank. We will reject your application if you do not reply.]

1. What are your objectives of buying our product? (tick one or more)
- a) ☐ Financial protection against adversities (e.g. death, accident, disability etc)
 - b) ☐ Preparation for health care needs (e.g. critical illness, hospitalization etc)
 - c) ☐ Providing regular income in the future (e.g. retirement income etc)
 - d) ☐ Saving up for the future (e.g. child education, retirement etc)
 - e) ☐ Investment
 - f) ☐ Others (Please specify _____)

[Note: You must reply this question. Do not leave it blank. We will reject your application if you do not reply.]

2. What type(s) of insurance products you are looking for to meet your objectives above? (tick one or more)
- a) ☐ Pure insurance product (without any savings or investment element) (e.g. term insurance)
 - b) ☐ Insurance product with savings element (with savings but without investment element) (e.g. non-participating policy)
 - c) ☐ Insurance product with investment element (Investment decisions and risks borne by insurer) (e.g. participating policy, universal life insurance)
 - d) ☐ Insurance product with investment element (Investment decisions and risks borne by policyholder) (e.g. Investment-Linked Assurance Schemes)
 - e) ☐ Others (Please specify _____)

[Note: You must reply this question. Do not leave it blank. We will reject your application if you do not reply.]

3. What is your target benefit / protection period for insurance policy and/or investment plan? (tick one)
- | | | |
|--------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> < 1 year | <input type="checkbox"/> 1-5 years | <input type="checkbox"/> 6-10 years |
| <input type="checkbox"/> 11-20 years | <input type="checkbox"/> > 20 Years | <input type="checkbox"/> Whole of life |

[Note: You must reply at least either 4(a) or (b). If you do not wish to answer either one of them, please cross it out.]

4. Your ability to pay premiums:
- a. What is your average monthly income from all sources in the past 2 years? (tick one or more)
 - i. ☐ Specific amount: Not less than HK\$ _____ per month
 - or ii. ☐ In the following range:
 - a) ☐ less than HK\$10,000
 - b) ☐ HK\$10,000 - HK\$19,999
 - c) ☐ HK\$20,000 - HK\$49,999
 - d) ☐ HK\$50,000 - HK\$100,000
 - e) ☐ over HK\$100,000.
 - b. What is your approximate current accumulative amount of liquid assets? Please specify type(s) and total amount:
Type : ☐ Cash
☐ Money in bank accounts

(effective 1 January 2016)

- ☐ Money market accounts
- ☐ Actively traded stocks
- ☐ Bonds and mutual funds
- ☐ US Treasury bills
- ☐ Others (Please specify _____)

Amount : HK\$ _____

Note: Liquid assets are assets which may be easily turned into cash. Real estate, coin collection and artwork are not considered to be liquid assets.

*If you choose not to disclose income/asset information under 4(a) or (b) above, you must indicate your reason(s) **in your own handwriting** in the box below. Please note that we (the insurance company) will **reject your application** if you **choose not to respond to both 4(a) and (b)** above.*

*(Applicant must complete explanation in **own** handwriting in this box.)*

[Note: You must reply 4(c), (d) and (e) below. Do not leave any of these questions blank. We will reject your application if you do not reply.]

- c. For how long are you able and willing to contribute to an insurance policy and/or investment plan? (tick one)
- | | | |
|--------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> < 1 year | <input type="checkbox"/> 1-5 years | <input type="checkbox"/> 6-10 years |
| <input type="checkbox"/> 11-20 years | <input type="checkbox"/> > 20 Years | <input type="checkbox"/> Whole of life |
- d. Approximately what percentage of your disposable income would you be able to use to pay your monthly premium for the entire term of the insurance policy/investment plan in (c) above? (tick one)
- i) ☐ <10%
 - ii) ☐ 10% - 20%
 - iii) ☐ 21% - 30%
 - iv) ☐ 31% - 40%
 - v) ☐ 41% - 50%
 - vi) ☐ >50%
- e. In considering your ability to make payments, what are your sources of funds? (tick one or more)
- i) ☐ salary
 - ii) ☐ income
 - iii) ☐ savings
 - iv) ☐ investments
 - v) ☐ others (Please specify _____)

5. Based on your answers to the questions above, the intermediary concerned has explored the following insurance options (as available to the intermediary) to meet your objective(s) and needs(s):

Objective(s) of Buying the Product(s) (Q1)	Type(s) of Insurance Product Explored (Q2)	Name of Insurance Product(s) Introduced (if any)	Product(s) Selected (if any)

Applicant's Name

Applicant's Signature

Date

WARNING: Please read and fill in this form carefully. Do not leave any questions blank. Do **NOT** sign if any questions are unanswered and have not been crossed out.

Note: You are required to inform us (the insurance company) if there is any substantial change of information provided in this form before the policy is issued.

附錄: 財務需要分析表格

以下問題為財務需要分析表格內容的最低要求:

註: 請回答財務需要分析表格內的所有問題。如有任何未回答的問題未被刪去, 請不要在表格上簽署。

[註: 閣下必須回答此問題。請不要留空。如閣下不回答, 本公司必須拒絕閣下的申請。]

1. 閣下選購本公司產品的目標為何? (可選多於一項)
- a) ☐ 為應付不時之需的財務保障(例如: 死亡, 意外, 殘疾等)
 - b) ☐ 為醫療需要作準備 (例如: 危疾, 住院等)
 - c) ☐ 為未來提供定期的收入 (例如: 退休收入等)
 - d) ☐ 為未來需要儲蓄 (例如: 子女教育, 退休等)
 - e) ☐ 投資
 - f) ☐ 其他 (請詳述: _____)

[註: 閣下必須回答此問題。請不要留空。如閣下不回答, 本公司必須拒絕閣下的申請。]

2. 閣下考慮以哪種類型的保險產品迎合閣下上述的目標? (可選多於一項)
- a) ☐ 純保險產品 (沒有任何儲蓄或投資成份)(例如: 定期保險)
 - b) ☐ 有儲蓄成份的保險產品 (有儲蓄但沒有投資成份)(例如: 非分紅保單)
 - c) ☐ 有投資成份的保險產品 (投資決定及風險由保險公司承擔)(例如: 分紅保單, 萬用壽險)
 - d) ☐ 有投資成份的保險產品 (投資決定及風險由保單持有人承擔)(例如: 投資相連保險計劃)
 - e) ☐ 其他 (請詳述: _____)

[註: 閣下必須回答此問題。請不要留空。如閣下不回答, 本公司必須拒絕閣下的申請。]

3. 閣下投購保單及/或投資計劃的目標得益/保障年期為多久? (請選一項)
- | | | |
|----------------------------------|----------------------------------|---------------------------------|
| <input type="checkbox"/> 少於 1 年 | <input type="checkbox"/> 1-5 年 | <input type="checkbox"/> 6-10 年 |
| <input type="checkbox"/> 11-20 年 | <input type="checkbox"/> 超過 20 年 | <input type="checkbox"/> 終身 |

[註: 閣下必須至少回答 4(a)或(b)。如閣下不欲回答其中一條, 請將之刪去。]

4. 閣下繳付保費的負擔能力:
- a. 在過去兩年裡, 閣下由所有收入來源所得的每月平均收入為? (可選多於一項)
 - i. ☐ 具體金額: 每月不少於港幣_____
 - 或 ii. ☐ 在以下範圍內:
 - a) ☐ 少於港幣 10,000
 - b) ☐ 港幣 10,000 - 19,999
 - c) ☐ 港幣 20,000 - 49,999
 - d) ☐ 港幣 50,000 - 100,000
 - e) ☐ 超過港幣 100,000.
 - b. 閣下現時累積的流動資產約有多少?請註明種類及金額:
 - 種類: ☐ 現金
 - ☐ 銀行存款
 - ☐ 貨幣市場賬戶
 - ☐ 交投活躍的股票
 - ☐ 債券及互惠基金
 - ☐ 美國國庫債券
 - ☐ 其他 (請詳述: _____)

金額：港幣 _____

註：流動資產是指可以容易變為現金的資產。物業、錢幣收藏及藝術品均不被視為流動資產。

如閣下選擇不在上述 4(a)或(b)透露閣下的收入/資產資料，閣下必須在下欄內親筆詳述有關原因。
如閣下選擇同時不回應上述 4(a)及(b)，本公司必須拒絕閣下的申請。

(投保人必須親筆於此欄內提供原因)

[註：閣下必須回答以下 4(c), (d) 及(e)。請不要留空任何一條問題。如閣下不回答，本公司必須拒絕閣下的申請。]

c. 閣下能夠及願意支付保單及/或投資計劃的年期為? (請選一項)

- ☐ 少於 1 年 ☐ 1-5 年 ☐ 6-10 年
☐ 11-20 年 ☐ 超過 20 年 ☐ 終身

d. 就閣下在(c)所選擇的保單/投資計劃之整段供款年期內，閣下每月可承擔的保費佔閣下個人可動用收入的比率為? (請選一項)

- i) ☐ 少於 10%
ii) ☐ 10% - 20%
iii) ☐ 21% - 30%
iv) ☐ 31% - 40%
v) ☐ 41% - 50%
vi) ☐ 超過 50%

e. 就閣下繳付保費的能力，請註明閣下的資金來源，（可選多於一項）

- i) ☐ 薪酬
ii) ☐ 收入
iii) ☐ 儲蓄
iv) ☐ 投資
v) ☐ 其他(請詳述：_____)

5. 根據閣下的上述選項，中介人曾與閣下討論下列保險產品的選擇(因應中介人所能提供的產品)，以迎合閣下選購保險產品的目標及滿足閣下的需要:

選購產品的目標 (問題 1)	曾討論的保險產品的類型 (問題 2)	曾介紹的保險產品名稱 (如有)	最終選購的產品 (如有)

投保人姓名

投保人簽署

日期

警告：請小心細閱及填寫本財務需要分析表格。請不要留空任何問題。如有任何未回答的問題未被刪去，
請不要在表格上簽署。

註：若財務需要分析表格上填報的資料有重大改變，閣下在保單未簽發前，必須通知承保人/公司。