



# Manpower Update Report

## Insurance Industry

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# 2019

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Insurance Training Board

# ACKNOWLEDGEMENT

The Insurance Training Board (INTB) would like to express gratitude to industry experts who participated in the focus group. They have contributed their time and offered valuable views on the manpower situation of the insurance industry. The opinions they made have formed an integral part of this update report. Chairperson of the INTB would also like to thank the board members for sharing their thoughtful feedback, candid insights and constructive recommendations during the course of compiling this report.

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# Introduction

## Background

The Insurance Training Board (INTB) of the Vocational Training Council (VTC) was appointed by the Government of Hong Kong Special Administrative Region to be responsible for, among other duties, determining the manpower situation and training needs of the industry. Following a rationalization exercise in 2017, a new approach for conducting manpower survey was adopted to enhance the effectiveness and better reflect the dynamic manpower situation. The new approach is to conduct full manpower survey for each industry once every four

years, supplemented by periodic information updates through focus group meetings and desk research.

The INTB completed its latest full manpower survey in 2017. Two manpower update reports would be prepared during the period between 2019 and 2020. The INTB conducted two focus group meetings of the insurance industry on 16 May 2019 and 28 May 2019 to collect views about the latest manpower situation and training needs of the industry.

Desk research has also been conducted to capture recruitment information including job vacancies of principal jobs, qualification requirements and salary offered in the industry for the period from the 1st quarter of 2018 to the 4th quarter of 2018.

This is the first manpower update report of the insurance industry which mainly covers the findings obtained from focus group meetings, supplemented by the information acquired from desk research for reference purpose.

## Objectives

The objectives of the manpower update are as follows:

- (i) To examine the latest trends and development;
- (ii) To explore the job market and training needs;
- (iii) To recognise recruitment challenges; and
- (iv) To recommend measures to meet manpower and training needs.

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# Methodology

## Overview

A new approach is adopted by the INTB to collect a holistic manpower information of the insurance industry through conducting full manpower survey, supplemented by periodic update based on focus group meetings and desk research. For the purpose of this update report, only views of the focus groups and desk research will be covered.

## Focus Group Meeting

The focus group meetings are intended to collect industry's view on the latest trend of manpower development, training needs and recruitment difficulties, etc. Members participating in the focus groups are representatives from the insurance industry, including:

- i) Life insurer;
- ii) General insurer;
- iii) General insurance broker;
- iv) Life tied agent;
- v) Company agency; and
- vi) Independent financial advisor sector.

Two focus group meetings (1.5 hours each) were arranged on 16 May 2019 and 28 May 2019 with industry representatives participated in each meeting. The first focus group meeting, with seven representatives, was moderated by the secretariat staff. The second focus group meeting, which had eight representatives, was facilitated by a research consultant. Moderators of both meetings initiated the discussion with general questions and probed into more specific context to collect in-depth information on relevant topics in the discussion guide.

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## Desk Research

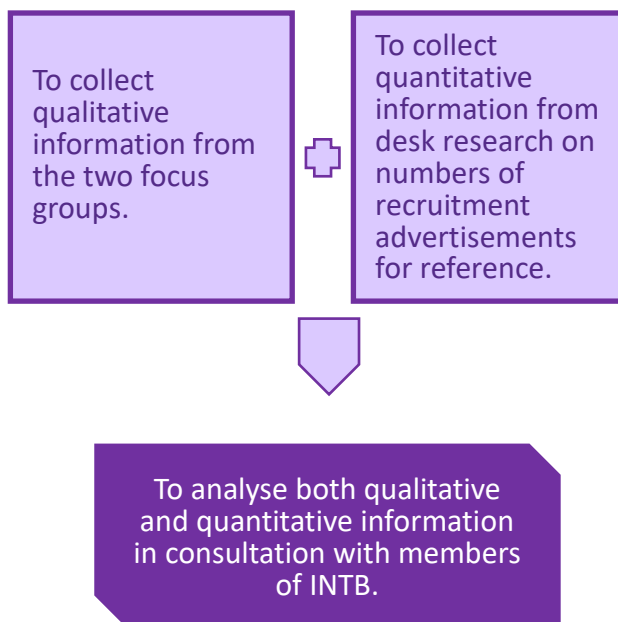
Manpower information covering the period from the first quarter to the fourth quarter of 2018 was collected through desk research. The information includes the number of job advertisements,

required competency of the posts, qualification and experience, and market remuneration, etc. An integrated database was developed to capture the relevant recruitment data from major online recruitment portals. Around 4,400 (including 1,200 from general

insurance and 3,200 from life insurance) recruitment records were collected during the research period and served as indicative information of the job market trend.

## Data Analysis

The analysis consists mainly of the following three steps:



## Limitations

As this is not a full manpower survey, the findings and recommendations are more qualitative in nature and the report mainly focuses on the manpower trend. The desk research, which focuses on online advertisements on major recruitment websites and the Labour Department, does not cover occupations that might use other recruitment methods such as executive search companies, word-of-mouth or connection through social media. Since the data collected is a snapshot of a particular period without referencing to any historical data, this can only serve as reference information supplementary to the findings of focus group meetings.

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# Findings

## Factors Affecting the Development of the Insurance Industry

The INTB had identified several factors affecting the development of the industry to facilitate discussion by focus groups. Focus groups members were invited to give their views on relevant questions in relation to those factors to understand the influences on the recent development or changes in respective sectors of the industry.

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### Insurance Premiums

According to the statistics released by the Insurance Authority (IA), the insurance industry grew 8.6% in terms of total gross premiums in 2018. The industry brought in premiums totalling HK\$531.7 billion in 2018. Meanwhile, total revenue premiums for long-term business amounted to HK\$478.2 billion, up by 8.3%. The general insurance sector was able to command a turnaround in 2018, with overall underwriting performance going from a loss of HK\$792 million in 2017 to a profit of HK\$583 million in 2018. Gross premiums were up 11.3% at HK\$53.6 billion. The IA identified accident and health, general liability, and property damage business as the main drivers of premium growth for the general insurance sector. The business situation for the life insurance sector has

been satisfactory over the past few years. On the other hand, the business outlook of the general insurance sector is generally regarded as less satisfactory due to over-competition among insurers in the market and its comparatively smaller market size.

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### Compliance Requirements and Regulations

Industry practitioners are facing issues like stricter compliance requirements and regulations, Risk-Based Capital (RBC), Enterprise Risk Management (ERM), and International Financial Report Standard (IFRS) 17.

On 23 September 2019, the IA will take over from the three Self-Regulatory Organisations (SROs) and be responsible for all aspects of the regulation of insurance intermediaries in Hong Kong, including granting licences, conducting inspections and investigations, and imposing disciplinary sanctions where applicable. With the implementation of this regime for regulating insurance intermediaries, it is expected that additional customer protection measures will be introduced in relation to the

provision of insurance products.

For RBC, the IA is developing a capital framework toward a risk-based capital regime. Once in effect, it will greatly overhaul the current capital framework as set forth in the Hong Kong Insurance Ordinance. The IA has also launched a consultation on a draft Guideline on ERM, as part of the qualitative requirements under the RBC regime. ERM is the coordination of strategic planning, risk management, capital adequacy and financial efficiency in order to strengthen the operation of authorised insurers and ensure adequate protection of policy holders.

The new insurance accounting standard – IFRS 17, which takes effect in January 2021, brings fundamental changes to international insurance accounting. The impact of the new standard will vary significantly between insurance companies. Its implementation may also require substantial effort in adopting new or upgraded systems and processes.

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## Insurance Technology

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The advancement of technology is re-shaping many different industries and the insurance industry is no exception. While new insurance products are being developed so as to meet the needs of an expanding and changing customer base, costs are likely to go down as new ways of conducting businesses evolve with the

emergence of new technologies like artificial intelligence and data analytics. These new technologies not only provide customers with new user experience, they will also automate business processes to a certain extent. Having said that, the development of insurance technology (InsurTech) and its relevant applications are relatively in the early stage in Hong Kong. Most of the newly developed e-platforms including mobile apps are not fully adopted by users. Apparently, many e-platforms are being used by intermediaries rather than end users. End users are still relying on their intermediaries to provide them with relevant services instead of buying the services they need on their own through e-platforms.

For the insurance players and end users in the Mainland, however, they rely heavily on InsurTech to close the deal. Digital distribution channels are popular in the Mainland which support the growth of the insurance industry there.

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## Insurance in the Greater Bay Area

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The Outline Development Plan for the Greater Bay Area (GBA) announced by the Central Government has reaffirmed Hong Kong as the national risk management centre, responsible for bolstering cross-border transactions in financial markets (including insurance) and promoting



collaborative efforts in cross-boundary Renminbi reinsurance business. The outline also calls for joint development by insurance institutions in Guangdong, Hong Kong and Macao regarding innovative and cross-boundary motor vehicle and medical insurance products. By exploring the development of a platform for innovative insurance elements such as international marine

insurance and providing facilitation services such as underwriting, investigation and claims for cross-boundary policy holders, the insurance industry can be benefited under the GBA blueprint. Nevertheless, the issues of free movement of capital as well as different rules and regulations should be given enough attention.

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## Future Manpower Demand

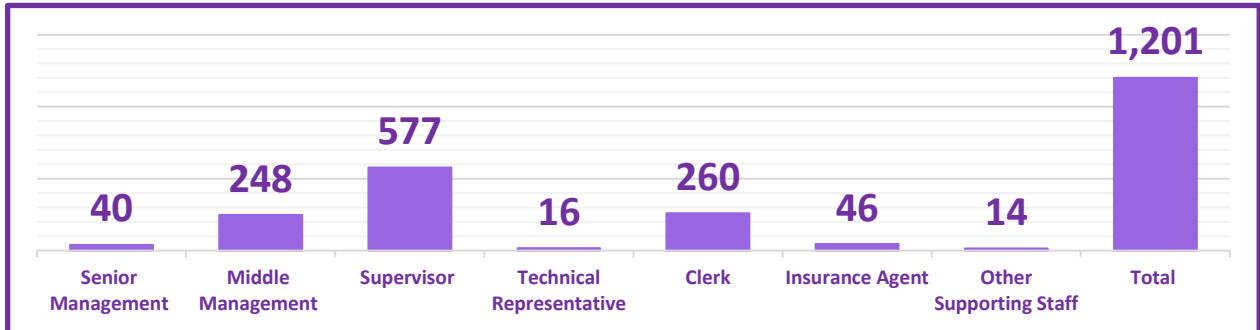
In the 2017 manpower survey of the Insurance industry, employers generally opined that the manpower situation of the industry would maintain steady with a slow to moderate manpower growth in 2019. Employers forecasted 1.1% increase in the general insurance sector and 2.9% increase in the life insurance sector by 2019. The manpower changes might be due to various reasons, including but not limited to the business expansion and change in organisational structure as well as the increasing workloads due to the tightened regulatory and compliance requirements.

With the coverage of a tax deduction for

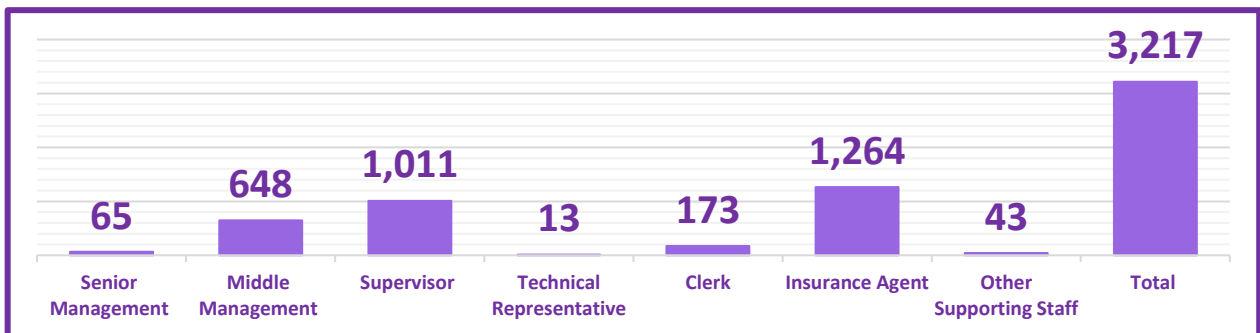
premiums for the qualifying deferred annuity products and Voluntary Health Insurance Scheme (VHIS), it is anticipated that more manpower will be demanded across the two sectors of the industry due to an increase in business volume.

The distribution of recruitment advertisements across different job levels revealed that the majority of recruitment advertisements in the general insurance sector were related to posts of supervisor (48.0%), clerk (21.6%) and middle management (20.6%). For the life insurance sector, most of the posts sought were insurance agent (39.3%), supervisor (31.4%) and middle management (20.1%).

**Number of recruitment advertisements of the Insurance Industry  
in the General Insurance Sector  
for the period between January 2018 and December 2018 (by job level)**



**Number of recruitment advertisements of the Insurance Industry  
in the Life Insurance Sector  
for the period between January 2018 and December 2018 (by job level)**



Out of 1,201 and 3,217 recruitment advertisements from the general insurance sector and the life insurance sector respectively, the following principal jobs occupied the largest number of advertisements:

### Top 3 Recruiting Positions of the General Insurance Sector by Job Level in 2018

Senior Management	Middle Management	Supervisor	Clerk	Insurance Agent
Assistant General Manager/ Senior Manager	Marketing/ Account/ Servicing Manager	Claims Supervisor	Accounting Clerk	Agent
Managing Director/ General Manager/ Chief Executive	Information Technology Manager	Customer Services Supervisor	Underwriting Clerk/ Claims Clerk	Director/ Manager
Deputy Managing Director/ Deputy General Manager	Accounting Manager/ Marketing Manager/ Account Manager/ Sales Manager/ Business Development Manager	Account Supervisor/ Underwriting Supervisor	Clerical Staff	-

### Top 3 Recruiting Positions of the Life Insurance Sector by Job Level in 2018

Senior Management	Middle Management	Supervisor	Clerk	Insurance Agent
Head – Operations	Accounting Manager	Human Resources/ Training Supervisor	Accounting Clerk	Agent
Managing Director/ General Manager/ Chief Executive	Information Technology Manager	Customer Services Supervisor	Clerical Staff	Agency Manager
Head – Finance/ Investment/ Treasurer	Actuarial Manager	Actuarial Supervisor	Customer Services Representative	Unit Manager/ Agency Supervisor

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## General Insurance Sector

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There are a wide range of products and services provided by the general insurance sector. By its very nature, the knowledge to be possessed by general insurance practitioners is both broad and deep. Therefore, it takes quite some time for a new recruit to grow and become mature in this sector. Young people nowadays normally do not have the patience to learn and grow in the general insurance sector.

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## Life Insurance Sector

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For the period between January 2018 and December 2018, insurance agents occupied the largest number of recruitment advertisements. This somehow reflects the relative importance of the sales force in the life insurance sector to generate insurance premiums. In view of the fact that insurance products have become more sophisticated and diversified, the general

public is expecting robust monitoring of insurance intermediaries. In this connection, the IA has plans to specify the minimum education requirements for individual licensees and update existing continuing professional development (CPD) requirements. It is believed that the measure is to enhance the overall professionalism of the insurance industry and offer better protection for policy holders.

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## InsurTech

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With the rapid growth of InsurTech, it is expected that the manpower demand for InsurTech specialists will be on the rise. Associated principal jobs related to cybersecurity, data analysis etc will also be required. Though InsurTech will automate business processes to a certain degree, manpower is still needed to man middle and back offices in order to provide clients with adequate customer service support.

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# Training Needs

Based on the aforementioned trends and development of the insurance industry as well as the expected manpower changes, the focus group identified further details on the skill sets as required by the industry. In fact, law relating to insurance and general insurance were chosen as top five types / topics of training for insurance

employees by respondents in the 2017 Manpower Survey. Regarding insurance agents, financial planning was chosen as the top topics of training by respondents of the 2017 Manpower Survey.

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## Poised for InsurTech

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The IA launched two pilot initiatives, namely InsurTech Sandbox and Fast Track, to promote the development and application of InsurTech in the insurance industry in late September 2017. With these two initiatives, it provides an opportunity for insurance companies to get away from their legacy systems and work closely with InsurTech in a relatively more open and encouraging environment. These two initiatives have also allowed stakeholders to have more confidence in the future of InsurTech in Hong Kong that it has been left behind by Mainland's fast pace of innovation in insurance. According to the FinTech Adoption Index 2019 prepared by an international certified public accountants (CPA) firm, the Mainland, which is ranked number one globally, has an adoption index of 87% whereas the index is 67% for Hong Kong. It is imperative for Hong Kong to strengthen training on InsurTech so as to support the sustainable development of the industry. Overseas exchange programmes can be considered as a measure to meet training needs, particularly for areas like InsurTech as Hong Kong does not have enough local experts.

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## Risk Management and Compliance

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Risk management is an important concept in modern businesses. It is a disciplined

approach to identify risks and determine ways to handle such exposure in order to minimise harm and financial losses.

Though all businesses are exposed to risks and uncertainties that cannot be completely avoided, there is a device to cover financial losses, which is known as insurance. Similar to other basic business concepts, risk management should be something that every businessman should be aware of. It is a concept that should be introduced to students early in their school life. With a growing significance of risk management across different industries, a module of risk management with the fundamental knowledge of insurance should be embedded in training programmes offered by higher education institutions.

On the other hand, the IA replaced the Office of the Commissioner of Insurance (OCI) to regulate insurance companies on 26 June 2017. Subsequent to its establishment, the IA has been initiating a number of regulatory measures so as to strengthen the professionalism of the insurance industry. While it takes time for insurance practitioners to get used to those initiatives and new measures, relevant training programmes related to compliance and regulatory requirements should be readily available to facilitate practitioners to adapt to the transition.

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## Professionalism of the Insurance Industry

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The majority of the general public believes that the insurance industry is simply sales oriented. In fact, the industry has many other principal jobs like actuarial services, InsurTech, claims, underwriting, policy servicing, operations, and loss adjusting services, etc. Due to the misunderstanding, many young people are less willing to join the insurance industry as they think that they are not good at selling products and services. Employers are of the view that the professional image of the industry should be further enhanced and the industry should let the younger generation know more about the variety of functions that insurance companies can offer.

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## Programmes for the Young People

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In order to attract new blood and enhance the professional competency and knowledge of the insurance industry, the government has launched a Pilot Programme to Enhance Talent Training for the Insurance Sector targeting at the public, students and existing in-service practitioners. It tries to increase participants' awareness of the wide range of career opportunities and career paths in

the industry. Nevertheless, a number of employers are not aware of the programme and as such promotion should be further strengthened to attract more employers to participate.

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## Other Training Issues

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Very often, potential learners register for training programmes without reading course descriptions. Some learners may find traditional course titles not appealing to them. Giving adequate information and engaging potential learners, particularly those young ones, through a catchy and enticing course title may be able to arouse their interest to enrol.

Training in the form of e-learning is able to provide a greater flexibility for industry practitioners facing a very tight working schedule while some employers prefer the sandwich mode of training. Besides, learning through case studies will be an effective way of acquiring practical knowledge. Courses with practical contents and bite-sized training programmes are always welcomed.

Last but not least, there is opinion that updates on the curriculum of the Insurance Intermediaries Qualifying Examination (IIQE) should be needed with enrichment on financial planning.

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# Recruitment Challenges

The industry has encountered challenges in the recruitment process or staff retention. Manpower shortage is common in different functions, particularly in the areas of compliance, risk management, actuarial services, InsurTech, claims, underwriting, policy servicing and operations. That is to say, the situation is particularly acute for posts in middle and back offices. Besides, as the service scope of general insurance companies is wide, the problem of manpower shortage is severe in the general insurance sector.

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## Aging Middle and Back Offices

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A number of changes are observed in the insurance industry under the current volatile and complex business environment. Change in market drivers and regulatory reforms are the main reasons for these changes. Due to the continuous rise in business competition, the insurance industry faces various challenges. People may have the idea that with the right products and an effective sales force, insurance companies should be able to obtain a handsome amount of gross premiums. However, this is not the end of the story. Insurance companies also require

competent staff to man the middle and back offices or else they will be unable to meet the requirements of clients. Important middle and back office functions like underwriting, claims, actuarial work, risk management, and policy serving, etc are essential to the smooth operation of insurance companies. Therefore, the aging issue of middle and back offices should not be overlooked.

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## InsurTech Talents

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Employers also face challenges when hiring information technology (IT) employees to support the development of InsurTech or automation in the industry. The majority of IT employees do not have a basic understanding of the operational needs of the insurance industry. Existing insurance practitioners rely on IT specialists to develop user-friendly e-platforms to automate manual processes and facilitate clients to locate the right insurance products as well as complete transactions. However, because of the lack of knowledge in the operational procedures of the insurance industry, insurance companies may find it difficult to recruit the right IT staff to develop an e-platform that suitably addresses the need.

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## Industry Image

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When compared with other branches of the financial services sector, the insurance industry does not earn the reputation that it deserves. In fact, it is an important industry that the total gross premium was HK\$531.7 billion in 2018, representing an increase of 78% over the past five years. The insurance density, i.e., insurance premium per capita, is the

highest in Asia and second globally. Nevertheless, the general public always label the insurance industry as sales oriented. They have the misconception that insurance agents are the only principal job in the industry. As such, the insurance industry is often less preferred when compared with other branches of the financial services sector like banking and asset management. This in turn brings obstacles to staff recruitment and retention.

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# RECOMMENDATIONS

## Measures to Meet Training Needs

To meet the future development and manpower demand of the industry, it is crucial that education institutions and employers should formulate effective strategies in providing suitable training opportunities and upskilling talents.

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### Upskilling for the Future

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Like most developed cities, Hong Kong is facing the paradigm of knowledge and skill obsolescence. The issue carries the risk of layoffs for those who do not have the right set of skills to meet today's requirements. On the other hand,

organisations may also find it difficult to locate qualified people to fill the vacancies as most people in the market do not possess those new skill sets. Therefore, insurance corporations and education institutes should collaborate to close the skills gap. To accommodate the working schedule of busy industry practitioners, companies often desire to have intensive courses that may take two to three consecutive days as compared to courses that require weekly attendance. In addition, practitioners welcome learning through practical case studies. Industry related practical intelligence and a wider grasp of knowledge of different industries are both important to the



development of successful insurance practitioners. More knowledge sharing sessions / workshops should be organised such that new comers will be able to learn from seasoned insurance practitioners.

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## **Innovation and Automation through InsurTech**

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The digital age brings the world many benefits and convenience such as an increase in productivity and better user experience. At the same time, it also leads to some hiccups that individuals have to learn new skills and adapt to new applications. Obviously, the benefits outweigh the negative impact of those challenges that the society should make good use of InsurTech to benefit both the insuring public and insurance industry. The industry is embracing this trend in order to facilitate innovation and automation by means of InsurTech. As per industry estimates, the startup population is around 550+ FinTech companies and startups and 30+ InsurTech startups in this city with a high level of openness and a world-class infrastructure. Subsequent to the granting of the first virtual insurance company licence by the IA in December last year, more companies are promoting their digital platform. In this connection, InsurTech training should double its effort in order to generate a pool of talents to support the

development of the industry. As the majority of the IT employees do not have a basic understanding of the operational needs of the insurance industry, cross-training for different functions of a corporation would be useful to enable the IT employees to acquire more knowledge about the insurance industry.

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## **Stringent Rules and Regulations**

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The industry does appreciate an enhancement of the overall professionalism of insurance companies in the region with stringent rules and regulations. Practitioners welcome rules and regulations as long as they are clear and specific. What insurers and intermediaries concern most is indeed the related operating costs and cost of possible breaches. Rules and regulations should be clear enough so that practitioners are able to follow without doubts. Workshops organised by education institutions may invite regulators to explain relevant rules and regulations. Case studies always help highlight the essentials of those rules.

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## **Professionalism of the Industry**

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As one of the backbones of the local financial service sector, the insurance industry has a long renowned history of

about 170 years. There are about 160 authorised insurers in Hong Kong at present with more than 100,000 corporate and individual insurance intermediaries (i.e. agents and brokers). As there are still misconceptions about the insurance industry, it is imperative for the general public, particularly the younger generation, to know more about the operation of the industry. By highlighting its cross-disciplinary nature, analytical and advisory roles as well as regional exposure opportunities promised in the profession, it is believed that this will help project a more professional image and correct traditional misconceptions.

The Pilot Programme to Enhance Talent Training for the Insurance Sector launched by the Financial Services and the Treasury Bureau tries to promote the industry with particular focus on students and graduates by allowing them to better understand the full spectrum of functional posts and career prospects in

different functions within the insurance sector. To let young people understand more about the different posts of the industry coupled with a promising outlook as suggested by the growth of gross premiums, it is believed that young people will be more interested in joining the industry and be clearer about the career path. Promotion effort of relevant training programme should be strengthened as some employers are not quite familiar with the programme details. Entities like the Insurance Agents Registration Board, Hong Kong Confederation of Insurance Brokers, and Professional Insurance Brokers Association, etc are currently making good use of the Financial Incentive Scheme (FIS) for Professional Training to provide practitioners with high-end courses so as to enhance their professional knowledge. The scheme has been successful in upskilling practitioners and should therefore be continued.