

Specification of Competency Standards of the Insurance Industry

Unit of Competency

Functional Area: Sales & Distribution Management

Title	Explain risks of investment-linked products to customers
Code	105671L4
Range	This unit of competency is applicable to those who are required to explain risks involved in investment-linked products to customers. It involves understanding customers' investment needs and expectations, presenting product information, and elaborating respective risks and protection measures.
Level	4
Credit	3 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Possess knowledge of investment-linked products <ul style="list-style-type: none"> • Familiarize with insurance and investment market • Comprehend company's investment-linked products and target segments • Comprehend features and limitations of individual investment-linked products • Comprehend the historical performance and risk classifications of each of the funds/portfolios in individual investment-linked products • products 2(a). Evaluate customers' background, needs and risk profiles <ul style="list-style-type: none"> • Gather requirements from customers, including: <ul style="list-style-type: none"> • Age • Gender • Occupation • Education background • Health conditions • Investment experience • Investment market knowledge • Return expectations • Risk tolerance • Investment period willing to commit to 2(b). Explain to customers the risks of selected investment-linked products <ul style="list-style-type: none"> • Present information materials on investment-linked products, including product brochures and other supporting documents • Present information materials on selected funds/portfolios associated with investment-linked products, including fact sheets and other supporting documents • Elaborate risks and protection measures, including: <ul style="list-style-type: none"> • Risk classifications • Historical performances • Country risks • Sector risks • Portfolio concentration risks • Portfolio diversification • Appropriate frequencies for portfolio review 3. Explain risks and protection measures of investment-linked products <ul style="list-style-type: none"> • Provide recommendations of investment-linked products based on analysis of customers' background, requirements and risk profile • Clarify all risks and protection measures relevant to the selected products with supporting information materials.
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Able to perform analysis based on customers' background and financial information • Able to select investment-linked products appropriate to customers' requirements and abilities • Able to explain any risks and protection measures related to the selected products.
Remark	