



Manpower Update Report

Insurance Industry

2020

Insurance Training Board

ACKNOWLEDGEMENT

The Insurance Training Board (INTB) would like to express its gratitude to members of the focus group for their valuable time and insights contributed to the manpower situation of the insurance industry. Special thanks go to CPjobs and CTgoodjobs which shared with us their database of job vacancies. The views of focus group members and information from major recruitment websites formed an integral part of this report.

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Introduction

Background

The Insurance Training Board (INTB) of the Vocational Training Council (VTC) is appointed by the Government of HKSAR. According to its Terms of Reference, the INTB is responsible for determining manpower demand of the industry, assessing whether the manpower supply matches manpower demand, and recommending to the VTC the development of vocational and

professional education and training (VPET) facilities to meet the assessed training needs.

A new approach for collecting manpower information is adopted to enhance the effectiveness and better reflect the dynamics of manpower situation in various industries.

Under the new approach, one full manpower survey which collects companies' manpower data by means of questionnaires, is conducted every four years. This is supplemented by two manpower updates by means of desk research and focus group meetings.

The INTB completed its latest full manpower survey in 2017. Two manpower updates were conducted in 2019 and 2020.

The contents of the manpower update reports are based on two information sources:

- (i) The focus group meeting collecting the views of industry experts on the latest development of the industry, its manpower and training needs, recruitment and retention issues, and suggested solutions for the challenges; and
- (ii) Desk research analysing recruitment advertisements, including the offered salaries, qualification, experience and skill requirements of different principal jobs of the industry.

Objectives

The objectives of the manpower update are:

- (i) to examine the latest trends and developments of the industry;
- (ii) to explore the job market situation and training needs;
- (iii) to identify the recruitment and retention challenges; and
- (iv) to recommend measures to meet the training needs and to ease the problem of manpower shortage.

Methodology

Overview

With reference to the 2017 full manpower survey of the insurance (IN) industry, this update report aims to provide qualitative descriptions of the recent development of the industry through a focus group meeting, supplemented by quantitative findings from desk research.

Focus Group Meeting

Members participating in the focus group are representatives from six sectors of 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.

A focus group meeting was conducted on 14 July 2020. The secretariat staff served as the moderator and led members to in-depth discussion on topics selected by the INTB. The discussions were recorded and transcribed to facilitate analysis.

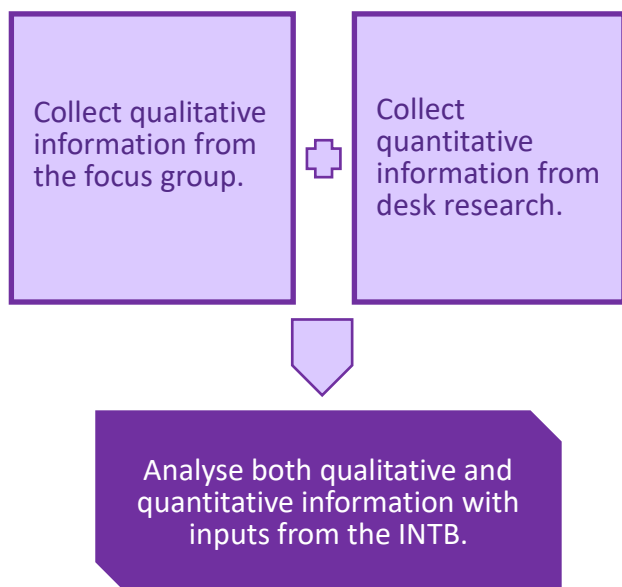
Desk Research

An employment information system was developed to capture recruitment advertisements from CPJobs, CTgoodjobs and other major online recruitment portals. Recruitment records of four months were collected between Quarter 3 of 2019 and Quarter 2 of 2020 for the industry. After de-duplication and a

mapping process based on the company list under the Hong Kong Standard Industrial Classification, 4,105 records relevant to the insurance industry were identified. These records were further grouped by job levels, i.e., i) senior management, ii) middle management, iii) supervisor, iv) clerk, and v) insurance agent to facilitate further analysis.

Data Analysis

The analysis consists of the following three steps:



Limitations

As this is not a full manpower survey, the findings and recommendations of the focus group meeting are more qualitative

in nature and hence the manpower update report focuses mainly on the manpower trends.

The information of job advertisements was collected from major recruitment websites and the Labour Department. Other channels, such as social media and referral by friends, were not covered by desk research. As a result, a clear correlation between the number of recruitment advertisements found and the number of employees recorded in the full manpower survey could not be identified.

Since the data collected is a snapshot of a particular period without reference to any historical data, this can only serve as reference information supplementary to the findings of the focus group meeting. The data should not be directly compared with the figures recorded in the full manpower survey.

Findings

Factors Affecting the Development of the Industry

Social Event

In 2019, the insurance industry in Hong Kong made HK\$580.2 billion total gross premiums, indicating a growth of 9.1% over the previous year as per the provisional statistics released by the Insurance Authority (IA). Nevertheless, the social event is making the life insurance sector less attractive for customers from the Mainland. New office premiums for policies issued to mainland visitors were HK\$43.4 billion in 2019 (down by 8.8%), representing 25.2% of the total for individual businesses. When the social event took a heavy toll in the fourth quarter of 2019, premiums contracted by 23.4%, on top of 28.8% in the third quarter.

For the general insurance sector, claims incurred due to social event are likely to impair the performance of underwriting. Those claims are mainly related to business damage and interruption due to vandalism, arson and loss of business. Large corporations may hold relevant policies covering losses due to damage and business interruption, such as property insurance that encompasses strikes, riots and civil commotion (SRCC) while most SMEs in Hong Kong do not have such a coverage. On the other hand, profit is likely to suffer from

payouts for event cancellations and entities keeping a lower stock level in running their businesses will in turn lead to a decrease in the sum insured. It is fortunate for the general insurance sector as there were no big typhoons in 2019.

COVID-19 Pandemic

Being hit by the social event, the COVID-19 outbreak has added fuel to the fire. Since the first confirmed case in January 2020, the city has gone through phased closures of schools, gyms and bars, etc. For the 12 border checkpoints, most of them have been closed, leaving only a few open to facilitate the flow of goods. As there are not many daily visitor arrivals as in the old days, the policies bought by mainland visitors have dropped enormously. Fortunately, the introduction of Voluntary Health Insurance Scheme (VHIS) and Qualifying Deferred Annuity Policy (QDAP), both of which are eligible for tax deduction, offer great help to the industry in its hour of need.

In order to mitigate the adverse effect brought forth by COVID-19, businesses

have started incorporating digital tools into their work processes. While digitalisation is the trend, the appearance of the pandemic has speeded up the digital transformation process with an aim of making businesses more resilient against future disruptions. Knowing the fact that COVID-19 not only leads to a change in work arrangements and in the way we communicate, it also has a lasting effect on the buying behaviour of customers.

InsurTech and Data Analytics

Whilst e-commerce is a trend that the business world has known for years, the coronavirus has underlined both that trend and the urgency. Obviously, it serves to accelerate the digital transformation. Some insurance companies have already adopted automation to minimise the resources put in rule-based processes which are time-consuming, prone to errors and repetitive in nature. Companies with good capability in insurance technology (InsurTech) will benefit from a long-term increase in the demand for online insurance services as customers are leaning towards online shopping as what have been seen in other industries. This is particularly true for the Millennials (born 1981-1996, also known as Generation Y) and Generation Z (born 1997-2012). These younger generations

have totally different buying behaviour than Generation X (born 1965-1980) and baby boomers (born 1946-1964). They prefer companies who are able to offer them more digital engagement. In China, Ant Financial counted some 100 million registrations on its health insurance platform Xiang Hu Bao, which was introduced in 2018. The platform gives consumers access to medical coverage for treatment of serious diseases, including COVID-19.

Traditionally, actuaries have used mathematical models to estimate the probability and likely economic cost of events such as an accident, natural disaster, death or sickness. They also collect tons of data to help design insurance policies, pension plans, etc. with the aim of minimising risks and maximising returns. Insurance companies have recently realised the strategic value of the data that has been collected for years. Data analytics will examine data related to education background, occupation, shopping habits, credit reports, social media behaviour, etc. Data can be harnessed to suggest personalised marketing ideas, improve customer experience while decreasing claims handling time and costs, as well as minimising fraud.

Manpower Demand

Focus Group

Facing the social event and the global outbreak of COVID-19, focus group members shared their views on the anticipated changes in manpower demand. Talents with specialism in actuary, risk management, compliance, digitalisation and data analytics would be in high demand for both the general insurance sector and the life insurance sector. In addition to emerging skills, conventional talents like underwriting, claims and product knowledge are also highly demanded in the industry.

Desk Research

A total of 4 105 insurance related recruitment advertisements, including 817 general insurance posts and 3 288 life insurance posts, were captured by desk research for the period between Quarter 3 of 2019 and Quarter 2 of 2020*. The distribution of recruitment advertisements by sector and by job level are shown in Figures 1 and 2.

**Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.*

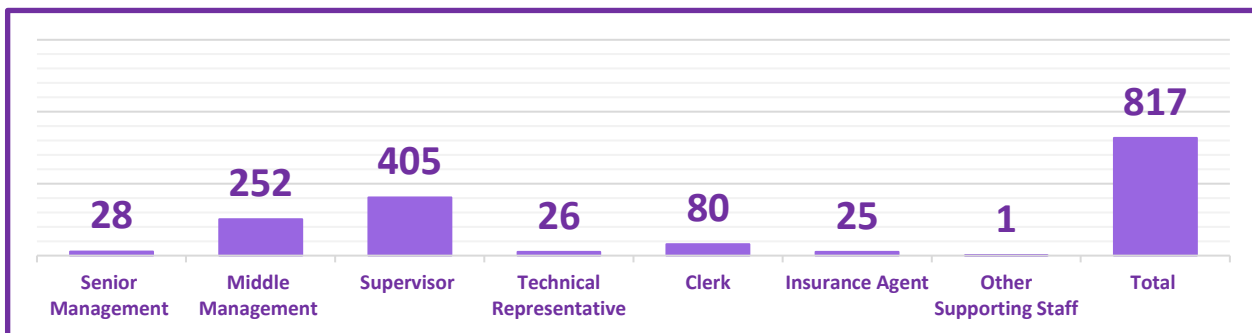
Comparison with Previous Manpower Update

The recruitment advertisements had similar distribution on the top three job levels in two sectors when compared with the figures collected in last year's report. The majority of recruitment advertisements in the general insurance sector were related to the levels of supervisor (49.6%), middle management (30.8%) and clerk (9.8%). However, the recruitment advertisements for the clerical level and the supervisory level were greatly reduced by around 70% (260 in 2018) and 30% (577 in 2018) respectively, leading to a noticeable decrease of around 32% of total advertisements (1 201 in 2018).

Regarding the life insurance sector, most of the recruitment advertisements were insurance agent (46%), supervisor (25%) and middle management (17.2%) which were more or less the same as last year.

Figure 1

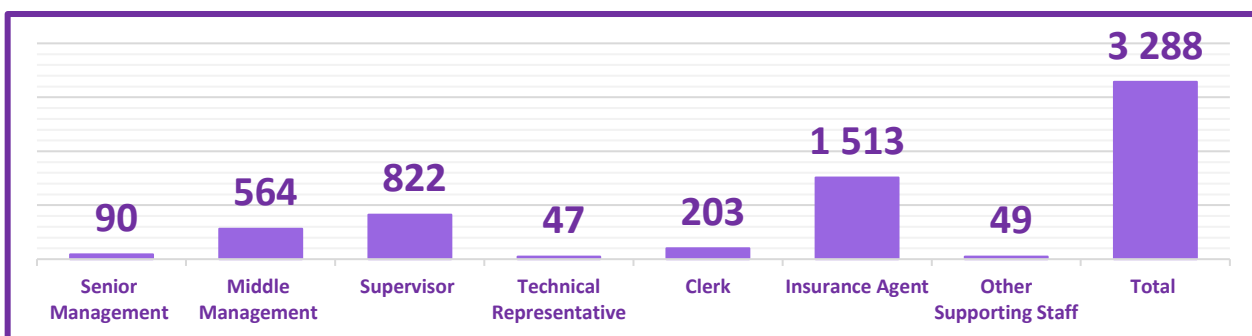
Number of recruitment advertisements of four months*
in the general insurance sector of the insurance industry
for the period between quarter 3 of 2019 and quarter 2 of 2020 (by job level)



*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

Figure 2

Number of recruitment advertisements of four months*
in the life insurance sector of the insurance industry
for the period between quarter 3 of 2019 and quarter 2 of 2020 (by job level)



*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

General Insurance Sector

Among the recruitment advertisements captured, a reduction (-70%) was found for the job advertisements of the clerical level, reflecting that employers would tend to recruit fewer clerical staff or they do not fill clerical positions when the job holder left the position. Tasks previously handled by clerical staff might be automated by systems.

In view of the COVID-19 pandemic, the general public will pay more attention to insurance policies related to the coverage of health. People are also planning to engage an insurance policy to protect them from possible financial difficulties during a crisis. Together with the incentives of tax deductions for QDAP and VHIS, this will have a positive effect on manpower demand to support the business in the sector.

Life Insurance Sector

Insurance agents have still occupied the largest number of recruitment advertisements between quarter 3 of 2019 and quarter 2 of 2020. During the pandemic, customers may need to work from home. Because of the change of customer behaviours, insurance agents may have to offer more help and offer more flexibility in providing customer services. Insurance agents are recognising that they need to bring more value to their customers, with more personalised contacts and online communications with their customers. It is anticipated that more insurance products will be sold through digital channels.

InsurTech Experts

COVID-19 has helped speed up the need for insurance companies to streamline, improve and digitise operations and claims functions. With the growing importance of InsurTech, the manpower demand for InsurTech experts is expected to increase to facilitate the sustainable development of the industry. This is reflected in the number of recruitment advertisements related to information technology which showed an overall increase of 61 (+37.9%) advertisements captured in the manpower update exercise from 2019 to 2020. It also revealed that the largest increase was found at supervisory level from 76 to 122 (60.5%). Job advertisements related to information technology managers and information technology supervisors still occupied the top three recruitment positions at middle management level and supervisory level respectively.

Training Needs

Changing Customer Expectations

The insurance industry is evolving rapidly and the core of the business is customers. It is therefore imperative for insurance companies to innovate on a continuous basis so as to meet customer needs and stay competitive. Nowadays, customers,

particularly the Millennials, get used to buying online and e-commerce. They are grown up with the Internet, mobile devices, social media, and the cloud, etc. These customers are expecting similar online experience as they normally do from popular e-commerce and online platforms when they are considering buying insurance products. What is more, with the emergence of four virtual insurers (as of July 2020) in Hong Kong, traditional

insurance companies have to embrace InsurTech to revamp the entire system in order to satisfy customer needs which are invariably evolving. Those who are good at InsurTech are in high demand.

Risk Management

The insurance business is about risk management. Insurers calculate insurability and rates according to a risk management assessment. Insurance companies have to check thoroughly to understand the amount of risk involved so as to determine the amount of insurance premiums charged. Insurance and risk management always go hand in hand and therefore the knowledge of risk management is so essential to insurance practitioners.

Data Management and Analytics

Data is the foundation of risk management. Insurance companies cannot rely on gut feeling to assess risks, no matter how experienced they are. Data is powerful when it is used to its full capability.

Insurance companies have realised that good data management and data analytics can lead to better customer experience and enhanced customer engagement. Talents related to data science and analytics are likely to bring the insurance company to the next level.

Compliance

Insurance companies are required by the regulatory body to maintain a very high standard in corporate governance. In an ever-changing world, rules and regulations are constantly evolving so as to uphold the professionalism of the insurance industry. In order to minimise the risk of non-compliance, people specialising in compliance are demanded to ensure that the company is operating in accordance with prevailing rules and regulations. In fact, due to the importance of compliance in the modern insurance industry, compliance is the business of every practitioner. Insurance companies are willing to provide their employees / intermediaries with the necessary training so as to make them aware of the updated rules and regulations and infuse the organisation with a culture of compliance.

Recruitment and Retention

Hong Kong's April-June 2020 unemployment rate jumps to 6.2% which is the highest in over 15 years. The rate has climbed for nine straight months as COVID-19 hits the economy further following the social event. Looking into such a pessimistic future, organisations are still hunting for the right talents to fill certain positions, particularly those related to actuary, compliance, risk management and InsurTech, etc. Though a relatively low staff turnover rate is seen, young people are still needed to join the industry to tackle the succession issue.

Staff Turnover

The staff turnover rate of the industry seems to be lower than that in 2019, probably due to the fact that the economy is relatively sluggish with less opportunities being available elsewhere. Sizeable corporations tend to offer less management trainee places with tight headcount control. On the other hand, practitioners with the right talent and experience are still being hunted by employers. The insurance industry is now facing a situation of relative low staff turnover and stable hiring intention amid economic slowdown. Under economic downturn, there are more people trying to take part in the Insurance

Intermediaries Qualifying Examination (IIQE) where every individual licensee must have passed the relevant papers of the examination. As at 30 June 2020, there were 85 509 licensed individual insurance agents, which is more or less the same as the figure in March 2020 which was 85 287. That is to say, more people would like to be granted the license as a precautionary measure though they may not join the industry in the end.

Robotic Process Automation

Because of its very nature, the insurance industry is a good candidate for automation. The industry has repetitive, rule-based processes with lots of documents involved. Robotic process automation (RPA) has proved to be good at assisting insurance companies in streamlining business processes as well as automating transactional and administrative tasks. Its implementation results in a reduction of labour costs with an increase in productivity and improved quality.

Virtual Insurers

Since the first virtual insurer was born in December 2018, Hong Kong had four

virtual insurers as of July 2020. The emergence of these new players is changing the manpower landscape of the insurance industry. Besides traditional roles, insurers are looking for posts like IT specialists, backend engineers, software developers, system operations engineers, data scientists, etc. These virtual

insurers are going to push traditional insurers to invest more in technology. Investment in technology will not just drive costs down in the long run, it will also simplify processes on customers' side, followed by better customer experience.

RECOMMENDATIONS

To meet the future development of the industry, it is considered essential for the government, employers and education institutions to work hand in hand so as to promote the career prospect of the industry and provide suitable training opportunities to employees and the young generation.

A Virtual Future

Many insurance companies have been investing in technologies so as to drive costs down and improve efficiency. The early adopters are willing to invest more in artificial intelligence (AI) and data analytics with the aims of developing personalised marketing campaigns, risk assessment, determining premiums, predicting claims, and fraud detection, etc. Knowing the fact that technology is the trend, COVID-19 calls for the need to boost the speed of digital transformation.

There seems to have lasting changes that the pandemic is going to bring to the industry, such as changing customer attitudes towards social distancing, heightened consciousness about health, more reliance on online platform, etc. Players in the industry should prepare themselves for offering more virtual interactions with customers and stakeholders. Insurance companies should also leverage on the data that they have been collecting for years. They should make good use of the data through analytic tools to refine core customer services.

Compared with the counterparts in the Mainland, there is room for improvement in terms of digital transformation for local insurance companies. For example, Baozhunniu (保准牛) is an insurance customisation platform in the Mainland providing customers with tailor-made insurance products. Its products have

been serving over one billion users. In fact, there are many other success stories in the Mainland to which local insurance companies can make reference.

By embracing a virtual future, it is anticipated that the digital transformation will open up new opportunities, leading to increased efficiency, better informed decisions, and more satisfactory outcomes for both the organisation and the clients. Obviously, insurance companies should always be aware of the importance of data privacy and cybersecurity when focusing on InsurTech.

Young Talents

Nowadays, young talents are looking for creativity, trendiness, and corporate culture when applying for a job. Unfortunately, the insurance industry does not rank high for new graduates or the young generation at large. This phenomenon not only happens locally but in fact it is a worldwide issue. Without enough new blood to join, sustainability will be at stake. The advancement of InsurTech should hopefully stand as an opportunity to bring young talents to the staff composition and attract top-notch competencies. One of the major reasons attributable to the succession gap issue may be the existence of the misconception that the insurance industry is highly sales

oriented. It is therefore essential for the younger generation to know more about the operation of the industry. In fact, there are many different role players in the industry like actuary, underwriting, customer service, InsurTech, marketing, and risk management, etc.

The insurance industry is advised to focus on students and graduates to let them better understand the full spectrum of various functional posts and career prospects in different functions. To allow them to be more aware of the different posts of the industry coupled with a promising outlook as suggested by the growth of gross premiums, it is believed that young talents will be relatively more interested in joining the industry and be clearer about the career path.

Bridging the Skills Gap

As mentioned previously, insurance companies must prepare themselves for a future which will be highly different from today. Some tasks and roles will disappear or change fundamentally and new roles will emerge, together with the disruptions brought forth by the advancement of technology. The manpower of future insurers is built on the workforce of today though a number of new skills will be required. Seasoned practitioners possess good knowledge of insurance practices while young

practitioners are bringing with them new values and attitudes. In order to bridge the talent gap, insurance companies should think about innovative ways of fostering greater collaboration between seasoned and young talents to tackle the succession gap issue and meet organisational goals.

With the right mix of talents and a multi-generational workforce, insurers will be well placed to grow their businesses and take good advantage of productivity gains.

Learning Mode

Living under the COVID-19 pandemic, social distancing is a new norm. Corporations across industries are practising work from home (WFH) measures while training will also be carried out through online mode. Remote training and learning is being

expanded to facilitate people to learn while working from home. As learners are busy and demand for more flexibility, there is a shift from traditional lessons to bite-sized training sessions to better suit the hectic schedule of practitioners. Instead of spending hours on a single course, learners nowadays prefer to consume time in short yet meaningful content. With information overload, traditional courses with long hours tend to be overwhelming and ineffective. On the other hand, bite-sized e-learning packages adapt to the learning mode of today's practitioners. Learners are able to access small chunks of information anytime and anywhere. In this connection, training institutes and heads of the Training and Development Division are encouraged to look for bite-sized e-learning packages which should lead to better learning results and business outcomes.

**Number of online job advertisements of four months*
in the general insurance sector of the insurance industry
for the period between quarter 3 of 2019 and quarter 2 of 2020
Qualification requirements by job level**

| Qualification Job Level | Post Graduate | University Degree | Sub-Degree / Higher Diploma / Higher Certificate | Diploma / Certificate / Apprenticeship | Upper Secondary (F.4 or above) | Primary | Unspecified | Grand Total |
|----------------------------|---------------|-------------------|--|--|--------------------------------|----------|-------------|-------------|
| Senior Management | - | 22 | - | - | - | - | 6 | 28 |
| Middle Management | - | 163 | 12 | 4 | 2 | - | 71 | 252 |
| Supervisor | 2 | 175 | 69 | 21 | 29 | - | 109 | 405 |
| Technical Representative | - | 11 | 1 | 5 | 1 | - | 8 | 26 |
| Clerk | 1 | 10 | 10 | 18 | 12 | 1 | 28 | 80 |
| Insurance Agent | - | 12 | 4 | 1 | 4 | - | 4 | 25 |
| Other Supporting Staff | - | - | - | 1 | - | - | - | 1 |
| Grand Total | 3 | 393 | 96 | 50 | 48 | 1 | 226 | 817 |

*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

**Number of online job advertisements of four months*
in the life insurance sector of the insurance industry
for the period between quarter 3 of 2019 and quarter 2 of 2020
Qualification requirements by job level**

| Qualification Job Level | Post Graduate | University Degree | Sub-Degree / Higher Diploma / Higher Certificate | Diploma / Certificate / Apprenticeship | Upper Secondary (F.4 or above) | Primary | Unspecified | Grand Total |
|----------------------------|---------------|-------------------|--|--|--------------------------------|----------|--------------|--------------|
| Senior Management | - | 53 | 1 | - | 1 | - | 35 | 90 |
| Middle Management | 3 | 331 | 9 | 11 | 9 | - | 201 | 564 |
| Supervisor | 7 | 345 | 75 | 44 | 47 | - | 304 | 822 |
| Technical Representative | - | 22 | 2 | 1 | 6 | - | 16 | 47 |
| Clerk | 2 | 22 | 19 | 41 | 19 | - | 100 | 203 |
| Insurance Agent | 25 | 756 | 56 | 73 | 69 | - | 534 | 1 513 |
| Other Supporting Staff | - | 9 | 6 | 5 | 6 | - | 23 | 49 |
| Grand Total | 37 | 1 538 | 168 | 175 | 157 | - | 1 213 | 3 288 |

*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

**Number of online job advertisements of four months*
in the general insurance sector of the insurance industry
for the period between quarter 3 of 2019 and quarter 2 of 2020
Experience requirements by job level**

| Year of Experience \ Job Level | 0 Year / No requirement/ NA | 1-2 Years | 3-4 Years | 5-6 Years | 7-8 Years | Over 8 Years | Unspecified | Grand Total |
|--------------------------------|-----------------------------|-----------|-----------|-----------|-----------|--------------|-------------|-------------|
| Senior Management | 4 | - | - | 2 | 1 | 7 | 14 | 28 |
| Middle Management | 25 | 3 | 9 | 24 | 7 | 6 | 178 | 252 |
| Supervisor | 58 | 34 | 19 | 11 | 2 | - | 281 | 405 |
| Technical Representative | - | 8 | 1 | 2 | - | - | 15 | 26 |
| Clerk | 11 | 7 | 1 | - | - | - | 61 | 80 |
| Insurance Agent | 6 | 3 | - | - | - | 1 | 15 | 25 |
| Other Supporting Staff | 1 | - | - | - | - | - | - | 1 |
| Grand Total | 105 | 55 | 30 | 39 | 10 | 14 | 564 | 817 |

*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

**Number of online job advertisements of four months*
in the life insurance sector of the insurance industry
for the period between quarter 3 of 2019 and quarter 2 of 2020
Experience requirements by job level**

| Year of Experience \ Job Level | 0 Year / No requirement/ NA | 1-2 Years | 3-4 Years | 5-6 Years | 7-8 Years | Over 8 Years | Unspecified | Grand Total |
|--------------------------------|-----------------------------|------------|-----------|-----------|-----------|--------------|--------------|--------------|
| Senior Management | 1 | 3 | 1 | 2 | 2 | 10 | 71 | 90 |
| Middle Management | 15 | 10 | 17 | 40 | 35 | 11 | 436 | 564 |
| Supervisor | 88 | 51 | 38 | 15 | 6 | 2 | 622 | 822 |
| Technical Representative | - | 1 | 2 | 1 | - | - | 43 | 47 |
| Clerk | 28 | 14 | 1 | - | - | - | 160 | 203 |
| Insurance Agent | 401 | 89 | 13 | 13 | 2 | - | 995 | 1 513 |
| Other Supporting Staff | 6 | 9 | - | - | - | - | 34 | 49 |
| Grand Total | 539 | 177 | 72 | 71 | 45 | 23 | 2 361 | 3 288 |

*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.