

Specification of Competency Standards of the Insurance Industry

**Unit of Competency**

**Functional Area: Underwriting**

Title	Approve general insurance applications involving standard risks
Code	105509L4
Range	This unit of competency is applicable to those who are responsible for carrying out general insurance underwriting. It involves assessment of standard risks in insurance in order to approve individual insurance applications.
Level	4
Credit	3 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> <li>1. Possess knowledge in risk assessment for general insurance <ul style="list-style-type: none"> <li>• Comprehend company's policy on risk classification</li> <li>• Comprehend company's risk limit</li> <li>• Comprehend company's underwriting criteria</li> <li>• Able to classify different types of risks</li> <li>• Demonstrate awareness to the concept of risk and the type of risk affecting the underwriting profile</li> <li>• Demonstrate competency in underwriting guidelines through familiarity of the underwriting guidelines, procedures and operating system</li> <li>• Understand regulatory requirements in relation to risk discrimination</li> </ul> </li> <li>2 (a). Assess the risks for general insurance <ul style="list-style-type: none"> <li>• Apply company's underwriting principles</li> <li>• Distinguish between standard and non-standard (i.e. complex) risks</li> <li>• Determine if the insured amount is within the company's acceptable risk level</li> <li>• Identify any misrepresentations or non-disclosure</li> <li>• Determine if further information is needed for risk assessment</li> <li>• Arrange for further investigation/examination if needed</li> <li>• Determine if a particular risk is acceptable</li> <li>• Determine if excess or exclusion(s) should be imposed</li> </ul> </li> <li>2(b). Evaluate general insurance applications based on risk assessment results <ul style="list-style-type: none"> <li>• Verify that risk assessment results support approval of applications</li> <li>• Seek approval from higher authority when risk exceeds the limit of given authority</li> <li>• Arrange for reinsurance on need basis</li> <li>• Approve insurance applications</li> </ul> </li> <li>3. Approve general insurance applications based on risk assessment results <ul style="list-style-type: none"> <li>• Ensure all standard risks involved in the application are assessed</li> <li>• Approve insurance applications with proper premiums.</li> </ul> </li> </ol>
Assessment Criteria	<p>The integral outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> <li>• Able to identify and assess all risks involved in insurance applications</li> <li>• Able to compute proper premiums</li> <li>• Able to arrange reinsurance on need basis</li> <li>• Able to approve insurance applications according to risk assessment results.</li> </ul>
Remark	