

Specification of Competency Standards of the Insurance Industry

**Unit of Competency**

**Functional Area: Underwriting**

Title	Approve general insurance applications involving non-standard risks
Code	105553L5
Range	This unit of competency is applicable to insurers in carrying out general insurance underwriting. It involves assessment of non-standard risks (i.e. complex risks) in insurance applications so as to approve a particular insurance application.
Level	5
Credit	3 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> <li>1. Possess knowledge in non-standard risk (i.e. complex 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 on complex risks</li> <li>• Able to classify different types of risks</li> <li>• Be alert to potential correlations amongst different types of risks</li> <li>• Know how to source domain specialists</li> <li>• Understand regulatory requirements in relation to risk discrimination</li> </ul> </li> <li>2 (a). Assess non-standard risks for general insurance <ul style="list-style-type: none"> <li>• Apply company's underwriting philosophy on non-standard risk assessment</li> <li>• Determine if insured amount is within the company's acceptable risk level</li> <li>• Identify any misrepresentations or non-disclosure</li> <li>• Determine the scope of specialist information required</li> <li>• Seek specialists' advice on need basis</li> <li>• Determine if premium loading is imposed</li> <li>• Determine if excesses or exclusions 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 non-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 non-standard risks, as well as potential correlations amongst the risks, involved in insurance applications</li> <li>• Able to source for specialists' advice to reveal potential risk exposures</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	