

Specification of Competency Standards of the Insurance Industry

Unit of Competency

Functional Area: Underwriting

Title	Establish risk assessment guidelines
Code	105564L5
Range	This unit of competency is applicable to those who are responsible for establishing risk appraisal guidelines for individual business lines. It involves setting up guidelines respective systems for fraud identifications and assessment of different risks, as well as introducing the guidelines to relevant units.
Level	5
Credit	6 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Possess knowledge in natures of different risks <ul style="list-style-type: none"> • Comprehend corporate development strategy • Comprehend features of company's products and target segments • Comprehend perils and hazards in different business lines • Comprehend frequency and severity of different risks • Knowledge in identifying insurance frauds • Comprehend company's policies on risk exposure and profitability • Be alert to potential correlations amongst different types of risks • Understand financial management of an insurance business 2(a). Develop risk assessment guidelines <ul style="list-style-type: none"> • Establish systems of identifying frauds • Establish risk assessment guidelines for standard and non-standard risks • Establish overall risk assessment guidelines • Explain risk assessment guidelines to relevant units • Apply risk assessment guidelines to underwriting operations • Provide channels to obtain feedback from business lines 2(b). Review risk assessment guidelines <ul style="list-style-type: none"> • Review risk assessment guidelines based on collected feedback and changes in operating environment • Fine-tune risk assessment guidelines based on review findings. 3. Ensure risk assessment guidelines effectively support company's control of risk exposures <ul style="list-style-type: none"> • Develop risk assessment guidelines that provide clear instructions on how to reveal and assess the risks involved in insurance applications • Ensure relevant units are well informed about risk assessment guidelines • Ensure risk assessment activities undertaken by relevant staff members facilitate effective control of company's risk exposures.
Assessment Criteria	<p>The integral outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Able to identify areas of risk assessment activities which are vulnerable to frauds • Able to describe risk assessment criteria in writing • Able to establish risk assessment guidelines • Able to explain risk assessment guidelines in operation contexts • Able to fine-tune risk appraisal guidelines in light of changing operating environment.
Remark	This unit of competency is also applicable to general insurers and life insurers.