

Specification of Competency Standards of the Insurance Industry

**Unit of Competency**

**Functional Area: Underwriting**

Title	Establish insurance underwriting authority limits
Code	105610L6
Range	This unit of competency is applicable to those who are responsible for establishing underwriting authority limits for different business lines. It involves analyzing proper authority limits required to support corporate underwriting procedures, setting up the authority limits and introducing the limits to relevant units.
Level	6
Credit	4 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> <li>1. Possess knowledge in establishing underwriting authority limits <ul style="list-style-type: none"> <li>• Comprehend corporate development strategy</li> <li>• Comprehend features of company's products and target segments</li> <li>• Comprehend underwriting procedure</li> <li>• Comprehend company's policies on risk exposure</li> <li>• Comprehend nature of risk in different business lines</li> <li>• Comprehend business structure of the company</li> <li>• Familiar with potential correlations amongst different types of risks</li> <li>• Familiar with the financial management aspects of an insurance business</li> <li>• Use a range of skills to analyze the financial implications of underwriting policies</li> </ul> </li> <li>2(a). Establish underwriting limits <ul style="list-style-type: none"> <li>• Analyze requirements of authority limits on risk exposure based on underwriting procedure</li> <li>• Set up authority limits for different underwriting positions</li> <li>• Establish procedure of obtaining higher level authorities</li> <li>• Introduce authority limits to relevant units</li> <li>• Provide training to relevant staff on applying established limits in underwriting operations</li> </ul> </li> <li>2(b). Maintain effective authority limits <ul style="list-style-type: none"> <li>• Review effectiveness of authority limits in underwriting operations in light of changing operating environment</li> <li>• Update authority limits in light of review findings</li> </ul> </li> <li>3. Ensure underwriting authority limits align with company's risk exposure policies <ul style="list-style-type: none"> <li>• Develop authority limits that effectively classify underwriting procedures according to the levels of risks involved</li> <li>• Ensure authority limits effectively implement company's risk exposure policies</li> <li>• Ensure relevant units are well informed about authority limits.</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 derive the criteria for underwriting authority limits based on company's risk exposure policies and underwriting procedures</li> <li>• Able to design levels of authority limits according to the levels of risks exposed</li> <li>• Able to establish authority limits for different business lines</li> <li>• Able to maintain effective authority limits in underwriting operations in light of changing operating environment.</li> </ul>
Remark	This unit of competency is also applicable to general insurers and life insurers.