

Specification of Competency Standards of the Insurance Industry

**Unit of Competency**

**Functional Area: Legal & Compliance**

Title	Establish internal control procedures
Code	105629L6
Range	This unit of competency is applicable to those who are responsible for establishing internal control procedures. It involves working analyzing work flow and respective operational risks, establishing consensus with units on control principles, fine-tuning work procedures with control checkpoints and improving control procedures as and when necessary.
Level	6
Credit	5 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> <li>1. Possess knowledge in establishing internal control procedures <ul style="list-style-type: none"> <li>• Well versed with regulatory requirements in respect of the insurance industry, including all of the relevant ordinances and statutory regulations; guidance notes and circulars issued by the regulators; industry standards, guidelines and codes of practice issued by industry bodies</li> <li>• Comprehend company corporate governance policy</li> <li>• Alert to government public policy on corporate governance</li> <li>• Alert to global trends on corporate governance</li> <li>• Comprehend corporate development strategy</li> <li>• Familiar with operations of business units</li> <li>• Possess knowledge and skill in developing organization control mechanism</li> </ul> </li> <li>2. Establish internal control procedures <ul style="list-style-type: none"> <li>• Work with unit heads to analyze workflow and respective operational risks of business units</li> <li>• Consolidate and prioritize potential operational risks in different business functions</li> <li>• Establish consensus on control principles and framework</li> <li>• Work with business units to fine-tune work procedures with control checkpoints (e.g. approval authority, approval scope, etc)</li> <li>• Encourage company units to report potential risks in their function areas</li> <li>• Assess effectiveness of control procedures against operational performance (e.g. non-conformance activities)</li> <li>• Improve control procedures as needed</li> </ul> </li> <li>3. Establish internal control procedures to support corporate governance and development <ul style="list-style-type: none"> <li>• Establish internal control procedures that address operational risks in different units</li> <li>• Collaborate with business units to improve procedures with control checkpoints</li> <li>• Prompt the reporting of potential risks from different units</li> <li>• Evaluate and adjust the effectiveness of control procedures as necessary.</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 analyze workflow and respective operational risks of business units</li> <li>• Able to develop mutually agreed internal control principles and framework</li> <li>• Able to stimulate reports on potential risk from company units</li> <li>• Able to review and improve effectiveness of control procedures based on evaluation of operational performance.</li> </ul>
Remark	This unit of competency is also applicable to general insurers, life insurers and broker.