

Specification of Competency Standards of the Insurance Industry

Unit of Competency

Functional Area: Claims

Title	Formulate insurance claims reserving policies
Code	105642L7
Range	This unit of competency is applicable to those who are responsible for formulating insurance claims reserve policies. It involves understanding company assets, liabilities, premium liabilities, claims liabilities, and making projections on company future premiums, claims ratio, cash flows, etc. to determine claims reserve policies for different lines of business.
Level	7
Credit	5 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Possess knowledge in formulating insurance claims reserve policies <ul style="list-style-type: none"> • Comprehend company business structure • Comprehend company risk exposure • Comprehend trends of claims in different lines of business • Comprehend company assets, liabilities and overall financial position • Comprehend methodologies in formulating claims reserves • Comprehend relevant compliance and regulatory requirements in claims reserves 2. Formulate insurance claims reserve policies <ul style="list-style-type: none"> • Work with company finance unit to analyze company financial positions to fully understand company assets and liabilities • Analyze company business structure to fully understand company premium liabilities and claims liabilities • Work with company actuarial unit to analyze and project trends of claims in different business lines of business in the market as well as within company • Observe closely regulatory minimum requirements on the technical reserves of different business lines • Project future company premiums, claims ratio, cash flows, reinsurance business, returns on assets, expenses, etc • Determine claims reserve policies for different lines of business 3. Review and revise insurance claims reserve policies in light of change in business environment and regulatory requirements <ul style="list-style-type: none"> • Proactively observe and forecast change in business environment • Closely observe the change in regulatory requirements on claims reserves • Conduct scenario/sensitivity analysis on impact of change in business environment/claims reserve requirement on company profitability and risk exposures • Provide solutions to possible challenges arise from the change in business environment/regulatory requirements
Assessment Criteria	<p>The integral outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Able to understand company assets and liabilities, premium liabilities and claims liabilities in financial management aspects • Able to project future company premiums, claims ratio, cash flows, reinsurance business, returns on assets • Able to forecast possible change in business environment/regulatory requirements and provide solutions for the challenges arise
Remark	This unit of competency is also applicable to general insurers and life insurers.