

Specification of Competency Standards of the Insurance Industry

Unit of Competency

Functional Area: Legal & Compliance

Title	Manage enterprise risks
Code	105644L7
Range	This unit of competency is applicable to those who are responsible for managing all aspects of risks involved in an insurance business. It involves identifying the risks faced by the business, analyzing their potential impact on business development, and devising appropriate tactics to manage and control the identified risks.
Level	7
Credit	5 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Possess knowledge in risk management <ul style="list-style-type: none"> • Master risk management principles and practices • Possess sound knowledge in statistics and actuary • 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 • Alert to global trends in regulatory requirements on insurance operations • Classify risks associated with insurance business, e.g. equity, credit, liquidity, interest rate, regulatory, etc. 2(a). Identify risks faced by business and analyze their impact on business development <ul style="list-style-type: none"> • Work with relevant personnel to continuously identify risks faced by the business, including but not limited to regulatory, capital, interest rate, equity and currency risks • Acquire comprehensive knowledge of the identified risks, e.g. requirements of different capital measures • Analyze current business situations, e.g. current product mix for the determination of liabilities levels • Assess impact of the identified risks, e.g. risk-based measures, scrutiny on distribution, on business development, overall profitability and competitiveness 2(b). Devise tactics to manage and control identified risks <ul style="list-style-type: none"> • Work with relevant personnel to develop management tactics for the identified risks, e.g. extra capacity to accommodate potential regulatory changes, dynamic asset allocations, currency swap for managing currency exposures • Analyze resources requirements for the identified tactics • Work with relevant personnel to implement the tactics • Arrange risk stress testing • Evaluate effectiveness of the tactics • Improve the tactics based on evaluation results 3. Manage enterprise risks according to corporate risk management strategies <ul style="list-style-type: none"> • Proactively identify and assess the different types of risks faced by the business • Develop tactics to manage the identified risks • Ensure all risk management practices comply with all regulatory requirements • Evaluate effectiveness of tactics and improve as necessary.
Assessment Criteria	<p>The integral outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Able to identify risks faced by the business and analyze their impact on business development • Able to work with relevant personnel to devise appropriate tactics to manage the identified risks • Able to manage enterprise risks according to corporate risk management strategies and in accordance with all regulatory requirements • Able to evaluate effectiveness of risk management tactics and improve as required.
Remark	This unit of competency is also applicable to general insurers, life insurers and broker.