

Specification of Competency Standards of the Insurance Industry

**Unit of Competency**

**Functional Area: Operational Support & Services**

Title	Monitor financial ratios
Code	105597L5
Range	This unit of competency is applicable to those who are responsible for monitoring financial ratios. It involves monitoring and analyzing asset values, liability values and investment performance, identifying and reporting situations where company management's attention is needed.
Level	5
Credit	4 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> <li>1. Possess knowledge in monitoring financial ratios <ul style="list-style-type: none"> <li>• Fully aware of 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>• Possess knowledge in classifications of assets and liabilities</li> <li>• Comprehend regulatory requirements in calculations of asset values</li> <li>• Comprehend regulatory requirements of financial ratios</li> <li>• Comprehend company profitability, reserve and solvency policy</li> <li>• Comprehend corporate investment strategies</li> </ul> </li> <li>2. Monitor financial ratios <ul style="list-style-type: none"> <li>• Track changes in asset and liability values continuously</li> <li>• Track investment performance</li> <li>• Assess financial ratios against regulatory requirements</li> <li>• Assess asset and liability values against regulatory requirements</li> <li>• Analyze trends of changes in asset and liability values</li> <li>• Report to management on abnormal situations</li> <li>• Recommend remedial solutions to improve situations</li> </ul> </li> <li>3. Ensure financial ratios are in compliance with regulatory requirements <ul style="list-style-type: none"> <li>• Monitor and evaluate investment performance and financial ratios regularly</li> <li>• Analyze financial information in accordance with regulatory requirements</li> <li>• Report irregularities and provide appropriate remedial solutions to resolve situation.</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 monitor financial ratios in compliance with regulatory requirements</li> <li>• Able to observe and evaluate trends in investment performance</li> <li>• Able to identify and report any abnormalities to relevant management personnel</li> <li>• Able to suggest corrective measures to remedy issues.</li> </ul>
Remark	This unit of competency is also applicable to general insurers, life insurers and broker.