

Specification of Competency Standards of the Insurance Industry

Unit of Competency

Functional Area: Underwriting

Title	Approve life insurance applications involving standard risks
Code	105673L4
Range	This unit of competency is applicable to those who are responsible for carrying out life insurance underwriting. It involves assessment of standard risks in insurance in order to approve individual insurance applications.
Level	4
Credit	3 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Possess knowledge in risk assessment for life insurance <ul style="list-style-type: none"> • Understand basic product features, benefits and exclusions • Aware of process improvement methodology • Demonstrate awareness to the concept of risks and the types of risks affecting the underwriting profiles • Demonstrate competency in underwriting guidelines through familiarizing of the underwriting guidelines, procedures and operating systems • Comprehend company's policy on risk classification • Comprehend company's risk limits • Comprehend company's underwriting criteria • Able to classify different types of risks 2(a). Assess the risks for life insurance <ul style="list-style-type: none"> • Apply corporate underwriting guidelines and procedures • Distinguish between standard and non-standard (i.e. complex) risks • Determine if the insured amounts are within the company's acceptable risk levels • Identify any misrepresentations or non-disclosure • Determine if further information is needed for risk assessment • Arrange for further investigation/examination if needed • Determine if a particular risk is acceptable • Determine application outcomes: <ul style="list-style-type: none"> • Approved (standard, substandard, or preferred) • Modified • Deferred • Derive insurance premium for approved applications • Amend terms of insurance and develop counteroffers for modified applications • Pursue outstanding documents or correspondences in timely manner for deferred application 2(b). Evaluate life insurance applications based on risk assessment results <ul style="list-style-type: none"> • Verify that risk assessment results support approval of applications • Seek approval from higher authority when risk exceeds the limit of given authority • Arrange for reinsurance on need basis • Approve insurance applications 3. Approve life insurance applications based on risk assessment results <ul style="list-style-type: none"> • Ensure all standard risks involved in the applications are assessed • Approve insurance applications with proper premiums.
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Able to identify and assess all risks involved in insurance applications • Able to compute proper premiums • Able to arrange reinsurance on need basis • Able to approve insurance applications according to risk assessment results.
Remark	