

Specification of Competency Standards of the Insurance Industry

Unit of Competency

Functional Area: Legal & Compliance

Title	Formulate enterprise risk management strategies
Code	105643L7
Range	This unit of competency is applicable to those who are responsible for formulating risk management strategies to assess, identify, monitor and manage all aspects of risks involved in running an insurance business. It involves identifying enterprise risk management objectives, developing risk management framework and governance structure, as well as defining risk appetites and risk limits.
Level	7
Credit	6 (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 relevant regulatory requirements on insurance operations • 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. • Comprehend various insurance functions, including underwriting, claims, marketing, legal, etc. • Master various pricing and reserving strategies 2. Develop overall risk management strategies for company <ul style="list-style-type: none"> • Establish enterprise risk management objectives, e.g. regulatory requirements, manage complex risk exposures • Prioritize key risks to company • Develop risk management framework and governance structure • Define risk appetites and risk limits • Define risk reporting structures • Identify challenges to implementation of strategies • Work with relevant personnel to address and tackle the challenges • Work with relevant personnel to induce risk management principles into business decisions 3. Formulate risk management strategies supports corporate development and complies with relevant regulatory requirements <ul style="list-style-type: none"> • Develop risk management framework and governance structure that enable effective identification, assessment, monitor and control of risks • Ensure risk management strategies supports compliance with relevant regulatory requirements • Guide relevant personnel and units on implementing risk management framework into daily businesses.
Assessment Criteria	<p>The integral outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Able to establish enterprise risk management objectives • Able to identify areas of operations that are related to risk management and require proper governing mechanisms • Able to develop risk management framework and governance structure that allow identification, assessment, monitor and control of risks • Able to guide relevant personnel to apply risk management principles in making business decisions.
Remark	This unit of competency is also applicable to general insurers, life insurers and broker.