

Specification of Competency Standards of the Insurance Industry

**Unit of Competency**

**Functional Area: Underwriting**

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|---------------------|---|
| Title               | Approve life insurance applications involving non-standard risks  |
| Code                | 105681L5  |
| Range               | This unit of competency is applicable to those who are responsible for carrying out life insurance underwriting. It involves assessment of non-standard risks (i.e. complex risks) in insurance applications so as to approve particular insurance applications.  |
| Level               | 5   |
| Credit              | 3 (for reference only)  |
| Competency          | <p>Performance Requirements</p> <ol style="list-style-type: none"> <li>1. Possess knowledge in non-standard risk (i.e. complex risk) assessment for life insurance <ul style="list-style-type: none"> <li>• Comprehend company's policy on risk classification</li> <li>• Comprehend company's risk limit</li> <li>• Comprehend company's underwriting criteria on complex risks</li> <li>• Able to classify different types of risks</li> <li>• Be alert to potential correlations amongst different types of risks</li> <li>• Know how to source domain specialists</li> </ul> </li> <li>2 (a). Assess non-standard risks for life insurance <ul style="list-style-type: none"> <li>• Apply company's underwriting philosophy on non-standard risk assessment</li> <li>• Determine if insured amount is within the company's acceptable risk level</li> <li>• Identify any misrepresentations or non-disclosure</li> <li>• Determine the scope of specialist information required</li> <li>• Seek specialists' advice on need basis</li> <li>• Determine one of the following application outcomes: <ul style="list-style-type: none"> <li>• Approved (standard, substandard, or preferred)</li> <li>• Modified</li> <li>• Deferred</li> </ul> </li> <li>• Derive insurance premium for approved applications</li> <li>• Amend terms of insurance and develop counteroffers for modified applications</li> <li>• Pursue outstanding documents or correspondences in timely manner for deferred applications</li> </ul> </li> <li>2(b). Evaluate life insurance applications based on risk assessment results <ul style="list-style-type: none"> <li>• Verify that risk assessment results support approval of applications</li> <li>• Seek approval from higher authority when risk exceeds the limit of given authority</li> <li>• Arrange for reinsurance on need basis</li> <li>• Approve insurance applications</li> </ul> </li> <li>3. Approve life insurance applications based on risk assessment results <ul style="list-style-type: none"> <li>• Ensure all non-standard risks involved in the application are assessed</li> <li>• Approve insurance applications with proper premiums.</li> </ul> </li> </ol> |
| Assessment Criteria | <p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> <li>• Able to identify and assess all non-standard risks, as well as potential correlations amongst the risks, involved in insurance applications</li> <li>• Able to source for specialists' advice to reveal potential risk exposures</li> <li>• Able to compute proper premiums</li> <li>• Able to arrange reinsurance on need basis</li> <li>• Able to approve insurance applications according to risk assessment results.</li> </ul>   |
| Remark              |   |