

Specification of Competency Standards of the Insurance Industry

Unit of Competency

Functional Area: Underwriting

Title	Control risk exposures
Code	105561L5
Range	This unit of competency is applicable to those who are responsible for controlling risk exposures of the company. It involves continuous monitoring of company's aggregated risks, rectifying operations to control risks within limits and managing risks in accordance with company's risk exposure policies and regulatory requirements.
Level	5
Credit	5 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Possess knowledge in controlling risk exposure <ul style="list-style-type: none"> • Comprehend corporate development strategy • Comprehend features of company's products and target segments • Comprehend company's risk exposure policies • Recognize aggregated risks of individual business lines • Familiar with regulatory requirements such as reserve, liquidity and reinsurance • Be alert to potential correlations amongst different types of risks • Understand financial management of an insurance business 2(a). Control risk exposures <ul style="list-style-type: none"> • Establish alert system to monitor different levels of aggregated risk exposures • Maintain up-to-date data on aggregated risks • Provide solutions to control aggregated risks within risk limits • Arrange reinsurance according to risk exposure policies • Manage risks in accordance with company's risk exposure policies and regulatory requirements 2(b). Provide recommendations on risk exposure policies <ul style="list-style-type: none"> • Review risk management effectiveness based on risk control records • Provide recommendations on risk exposure policies in light of review findings and changing operating environment. 3. Manage risk exposure of company to comply with company's policies and regulatory requirements <ul style="list-style-type: none"> • Establish preventive measures in relevant areas of underwriting operations • Ensure company's risk exposures are within limits set forth by regulatory bodies and company's policies • Carry out remedial actions to reduce risk exposures.
Assessment Criteria	<p>The integral outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Able to identify areas of underwriting operations that are risk vulnerable • Able to set up preventive measures to control company's risk exposures • Able to retrieve relevant data from underwriting operations to reveal current levels of aggregated risks • Able to carry out remedial actions to reduce risk exposures.
Remark	This unit of competency is also applicable to general insurers and life insurers.