

Specification of Competency Standards of the Insurance Industry

Unit of Competency

Functional Area: Underwriting

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| Title | Establish reinsurance policies |
| Code | 105613L6 |
| Range | This unit of competency is applicable to those who are responsible for establishing reinsurance policies. It involves designing reinsurance arrangement for different business lines, developing respective policies, introducing the policies and updating the policies to cope with business environment. |
| Level | 6 |
| Credit | 5 (for reference only) |
| Competency | <p>Performance Requirements</p> <ol style="list-style-type: none"> 1. Possess knowledge of risk management in insurance market <ul style="list-style-type: none"> • Knowledgeable about insurance and reinsurance market • Understand types of reinsurance and their functions • Be alert to frequencies and severity of risks • Apply technical methods to evaluate risks • Comprehend corporate development strategy • Comprehend features of company's products and target segments • Comprehend company's policies on risk exposure, liquidity and profitability • Familiar with regulatory requirements on reinsurance and solvency • Familiar with potential correlations amongst different types of risks • Familiar with the financial management aspects of an insurance business • Use a range of skills to analyze the financial implications of underwriting policies 2(a). Develop reinsurance policies <ul style="list-style-type: none"> • Identify objectives of reinsurance arrangement from risk exposure policies • Determine retention and ceding proportions of individual business lines • Determine reinsurance arrangement for non-standard risks • Establish company's reinsurance criteria to comply with regulatory requirements • Develop reinsurance policies • Introduce reinsurance policies to relevant units and department heads • Set up channels to collect feedback from staff on reinsurance policies 2(b). Review and fine-tune reinsurance policies <ul style="list-style-type: none"> • Review effectiveness and efficiencies of reinsurance policies in light of collected feedback and changing operating environment • Fine-tune reinsurance policies based on review findings 3. Develop effective reinsurance policies to guide the arrangement of reinsurance activities <ul style="list-style-type: none"> • Develop reinsurance policies that provide clear guidelines on arrangement of reinsurance activities • Ensure relevant units are well informed about reinsurance policies • Adjust reinsurance policies to accommodate changing operating contexts. |
| Assessment Criteria | <p>The integral outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Able to identify and analyze factors affecting reinsurance arrangement • Able to develop reinsurance objectives from company's risk exposure policies • Able to establish reinsurance policies for individual business lines • Able to introduce reinsurance policies in operation contexts • Able to adjust reinsurance policies in light of staff feedback and changing operating environment. |
| Remark | This unit of competency is also applicable to general insurers and life insurers. |