

## Specification of Competency Standards for the Logistics Industry

### Unit of Competency

1. Title	Arrange for professional indemnity/errors and omissions insurance
2. Code	LOGGIL505A
3. Range	This unit of competency is applicable to sea freight agents. Practitioners should be capable to understand operating risks; to consider different factors and use the knowledge of insurance law to arrange for professional indemnity/errors and omissions insurance so as to transfer the risks.
4. Level	5
5. Credit	6 ( for reference only )
6. Competency	<p style="text-align: center;"><u>Performance Requirements</u></p> <p>6.1 Understand operating risks and the basic principles of insurance law and insurance terms</p> <ul style="list-style-type: none"><li>◆ Understand the operation of the company, and the risks and liabilities of handling daily operation in the role of an agent</li><li>◆ Understand the relationship with customers when taking the role of an agent or a manager, and relevant contract details, including the rights and obligations of both parties</li><li>◆ Understand the basic principles of insurance law, including the principle of utmost good faith, duty of disclosure, insurable interest, contract of indemnity, etc.</li><li>◆ Understand the impact on the validity of insurance contracts by violation of the basic principles of insurance law</li></ul>

	<p data-bbox="384 763 740 1055">6.2 Arrange for contracts for professional indemnity/errors and omissions insurance</p> <ul style="list-style-type: none"> <li data-bbox="767 226 1465 517">◆ Understand the terms of professional indemnity/errors and omissions insurance, including negligent performance, fraudulent act of an employee, libel, slander, infringement of intellectual property right and exclusions</li> <li data-bbox="767 544 1465 680">◆ Understand the current situation and trend of the market for professional indemnity/error and omissions insurance</li> <li data-bbox="767 763 1465 1272">◆ Consult different departments (including an analysis of litigation and claim records, and contract details of agency and management) and understand the exposure of agents/managers to risks of contractual liabilities and third party liabilities during contract period; formulate the appropriate limit of liability, deductible, exclusions and coverage</li> <li data-bbox="767 1299 1465 1807">◆ Provide the insurance company with relevant information for consideration, including the total commission per annum earned as an agent or a manager, agent services provided, number of staff, agency or management agreement, standard trading terms, collection of disbursement, and size of fleet managed present the company’s requirements for insurance products clearly</li> <li data-bbox="767 1834 1465 2018">◆ Select appropriate insurance companies or intermediaries according to their background, financial position, reputation and underwriting capacity</li> </ul>
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7. Assessment Criteria	<p>The integrated outcome requirement of this unit of competency is:</p> <p>(i) Capable to handle professional indemnity/errors and omissions insurance according to different factors, including agent services, past compensation records and the needs of the company so as to transfer the risks; and</p> <p>(ii) Capable to select appropriate insurance companies or intermediaries to handle insurance matters according to company's requirements and different factors of consideration</p>
8. Remarks	