



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **FNSIBK502B Provide general advice in life insurance broking products and services**

**Release: 1**

## FNSIBK502B Provide general advice in life insurance broking products and services

### Modification History

Release	Comments
Release 1	This Unit of Competency first released with <i>FNS10 Financial Services Training Package version 2.0</i> . Has the "tier 1" label removed, it suggests some relevance to ASIC requirements which is erroneous. Replaces FNSIBK502A Provide general advice in life insurance broking products and services.

### Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to advise retail and/or wholesale consumers in life insurance broking products and services.

This unit is applicable to individuals working within insurance broking enterprises and in broking adviser roles subject to licensing regulation by the Australian Securities and Investments Commission (ASIC). This unit covers the functions undertaken by an insurance broker providing general advice in life insurance.

Conditions relating to ASIC training requirements and accreditation should be obtained from ASIC.

### Application of the Unit

For those brokers seeking to meet ASIC training standards:

- General advice is defined by ASIC in its regulatory guide relating to the conduct and training of financial service product advisers. This unit requires the application of skills and knowledge to identify where the consumer is seeking general rather than personal product advice and to follow the appropriate steps to provide this level of advice. It also requires clarification of the broker's role in providing this service.
- Life insurance products may be complex and the choices a client makes may have an increased potential to impact significantly the client's financial situation. Consumers place a greater reliance on a broker's competence for advice on these products and as such broker training at the Tier 1 level is required.
- There is a substantial component of generic, core, specialist general insurance and specialist insurance broking knowledge that must be developed by the adviser as part of this unit in order to meet the ASIC training standards for Tier 1 general advice.

This unit applies to insurance broking roles and may be applied within organisations of various sizes and across a range of customer bases.

## Licensing/Regulatory Information

Not applicable.

## Pre-Requisites

Not applicable.

## Employability Skills Information

This unit contains employability skills.

## Elements and Performance Criteria Pre-Content

<b>Element</b>	<b>Performance Criteria</b>
<i>Elements describe the essential outcomes of a unit of competency.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.</i>

## Elements and Performance Criteria

<p>1. Deal with initial client enquiry for life insurance</p>	<p>1.1 <i>Consumer enquiries</i> are attended to in a timely and courteous manner</p> <p>1.2 A range of communication and interpersonal skills are used to clarify the life insurance products and broking services the client is requesting to be provided</p> <p>1.3 Active listening skills are demonstrated in dealing with consumer enquiries and help and assistance is provided to ensure the full and accurate completion of initial documentation where required</p> <p>1.4 The role of the broker and licensee/principal responsible for the adviser's conduct is explained to the client</p> <p>1.5 The range of products of interest to the consumer are analysed to determine their categorisation as areas of general advice in line with <i>legislation and organisational policies</i></p> <p>1.6 Consumers are informed that general advice will be provided to them in relation to the products of interest and that only personal information for underwriting and calculating the cost of the product will be sought</p> <p>1.7 An explanation of the relevant fees and charging methodology is provided</p> <p>1.8 The consumer is referred to appropriate specialist personnel within the brokerage where required advice is deemed to fall outside the category of general advice</p>
<p>2. Prepare general advice to client</p>	<p>2.1 The correct <i>disclosure documentation</i> is provided in accordance with legislation and organisational policy</p> <p>2.2 A <i>general advice warning</i> is given to the consumer in line with legislative and organisation policy</p> <p>2.3 <i>Special communication needs</i> of clients or consumers are considered in delivering general advice warning</p>
<p>3. Provide general advice</p>	<p>3.1 The product advice is given to the consumer in a clear and unambiguous way avoiding jargon and in a language appropriate to the receiver and using <i>organisational tools</i></p> <p>3.2 <i>Product and industry knowledge</i> appropriate for advice offered is demonstrated when providing advice to the client</p> <p>3.3 Product advice is explained and discussed with the client in language that avoids giving the impression the adviser has considered the consumer's personal circumstances in providing the advice</p> <p>3.4 Client is requested to consider the appropriateness of the advice in the light of their own circumstances</p> <p>3.5 Client is advised to read the product disclosure statement before making a decision</p>

## Required Skills and Knowledge

*This section describes the skills and knowledge required for this unit.*

### Required skills

- well-developed communication skills to:
  - determine and confirm information, using questioning and active listening techniques
  - liaise with others, share information, listen and understand
  - interpersonal communication including techniques to gather information and explain products in language that avoids unnecessary industry specific jargon
  - use language and concepts appropriate to cultural differences
- numeracy and IT skills to:
  - perform calculations related to achieving required outcomes
  - use computer applications (word processing, spreadsheet, database, specific purpose computer systems) to assist in achieving required outcomes
  - use appropriate IT to obtain product information
  - use IT calculators to determine insurance premiums
  - access and update records electronically
  - access web-based information services
- well-developed literacy skills to read and interpret documentation from a variety of sources and record and consolidate relevant related information
- research and analysis skills for accessing and interpreting relevant information
- interpersonal skills
- organisational skills, including the ability to plan and sequence work.

### Required knowledge

- core insurance knowledge:
  - characteristics and participants of the Australian insurance market
  - types of life insurance products, conditions, inclusions and exclusions, levels of coverage and pricing
- advisory functions:
  - the role of the broker/representative/adviser
  - participants in the advisory services market
  - range of services provided
  - appropriateness of a risk assessment
  - Legal environment - disclosure and compliance:
    - the role of the broker/representative/adviser
    - relevant legal principles (e.g. Corporations Act, Financial Services Reform Act (FSRA), Trade Practices Act)
  - the relationship between ethics and regulatory requirements (e.g. good faith, utmost good faith)
  - full disclosure of remuneration/fees and any other conflicts of interest which may influence the adviser's recommendation
  - insurance brokers industry code of practice and organisational codes of conduct
  - complaints resolution procedures (internal and external)
  - ASIC guidelines on adviser conduct and training

- specialist knowledge of insurance broking products and services provided:
  - types of life insurance products/policies
  - standard cover (and deviations)
  - policy wordings
  - taxes and charges
  - insurance claims
  - premium rating/risk selection
  - reporting
  - product development
  - underwriting
  - binder products
- legislative and organisational compliance requirements in relation to advice
- relevant legislation and ASIC advisory guides relating to the provision of general and personal advice
- the role of different advisers within the brokerage
- brokerage policy and guidelines related to the provision of general advice
- details of relevant marketing and disclosure documents, including product disclosure statements and marketing brochures on the relevant products.

## Evidence Guide

*The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.*

<b>Overview of assessment</b>	
<b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b>	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> <li>• apply broking advisory procedures to provide appropriate general advice in general insurance broking products and services.</li> </ul>
<b>Context of and specific resources for assessment</b>	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> <li>• competency is demonstrated in the context of the work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment</li> <li>• access to and the use of a range of common office equipment, technology, software and consumables</li> <li>• access to organisation records</li> <li>• access to organisational policies and procedures.</li> </ul>
<b>Method of assessment</b>	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> <li>• evaluating an integrated activity, which combines the elements of competency for the unit, or a cluster of related units of competency</li> <li>• observing processes and procedures in workplaces</li> <li>• verbal or written questioning on underpinning knowledge and skills</li> <li>• evaluating samples of work</li> <li>• accessing and validating third party reports</li> <li>• setting and reviewing workplace projects and business simulations or scenarios.</li> </ul>
<b>Guidance information for assessment</b>	

## Range Statement

*The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.*

<b><i>Consumer enquiries</i></b> may include:	<ul style="list-style-type: none"> <li>• computer and manual application forms</li> <li>• electronic communication</li> <li>• face-to-face enquiries</li> <li>• telephone enquiries</li> <li>• written communication.</li> </ul>
<b><i>Legislation and organisational policies</i></b> may include:	<ul style="list-style-type: none"> <li>• ASIC act and its regulatory guides</li> <li>• brokerage guidelines, operating and policy manuals</li> <li>• Insurance Brokers Code of Practice.</li> </ul>
<b><i>Disclosure documentation</i></b> may include:	<ul style="list-style-type: none"> <li>• financial services guide</li> <li>• product disclosure statement.</li> </ul>
<b><i>A general advice warning:</i></b>	<ul style="list-style-type: none"> <li>• has a specific definition under the Financial Services Reform Act.</li> </ul>
<b><i>Special communication needs</i></b> include:	<ul style="list-style-type: none"> <li>• people with a disability or from different cultural backgrounds.</li> </ul>
<b><i>Organisational tools</i></b> may include:	<ul style="list-style-type: none"> <li>• brochures</li> <li>• computer prompts and systems</li> <li>• financial services guides</li> <li>• telephone or face-to-face scripts.</li> </ul>
<b><i>Product and industry knowledge</i></b> may include:	<ul style="list-style-type: none"> <li>• insurance policy terms and conditions.</li> </ul>

## Unit Sector(s)

Insurance broking