



Australian Government

Department of Education, Employment and Workplace Relations

FNSISV402A Underwrite new business

Revision Number: 1

FNSISV402A Underwrite new business

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to conduct underwriting of new business including determining the terms and conditions, risk acceptance, evaluating the response of the customer, negotiating and finalising the cover.</p> <p>This unit is applicable to individuals working within enterprises and job roles subject to licensing, legislative, regulatory or certification requirements including legislation administered by the Australian Securities and Investments Commission (ASIC).</p>
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Application of the Unit

Application of the unit	<p>This unit applies to underwriting job roles in a range of insurance sectors and may be applied within organisations of various sizes and across a range of customer bases.</p>
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	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.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Determine terms and conditions of risk acceptability	<p>1.1. Risk acceptance information is collected including determining the terms and conditions of risk acceptance, evaluating the response of the customer, negotiating and finalising the cover is identified and reviewed</p> <p>1.2. Risk acceptability is determined within authority limitations and capacities</p> <p>1.3. Terms and conditions of risk acceptance are determined in accordance with risk acceptance criteria</p> <p>1.4. Referrals are determined, where appropriate</p> <p>1.5. Facultative reinsurance is placed, where appropriate</p>
2. Communicate result of risk assessment	<p>2.1. Quotation, if required, is prepared and communicated</p> <p>2.2. Terms and conditions of risk acceptance, including expiry date of offer and pricing, are advised to client within appropriate timeframes</p> <p>2.3. Rejection of risk, if applicable, is advised as soon as it is evident that the risk falls outside the guidelines or as soon as a decision is made not to underwrite the risk</p>
3. Evaluate client response	<p>3.1. Client response is assessed to determine whether action to modify terms and conditions is required</p> <p>3.2. Offer is modified as necessary and advice to client is prepared according to operating procedures</p> <p>3.3. Modified offer complies with underwriting acceptance authorities and criteria, or an appropriate referral approval is sought</p>
4. Negotiate agreement	<p>4.1. Negotiation is undertaken on revised offer to reach mutually satisfactory agreement, including charge to reinsurance where applicable</p> <p>4.2. The client is advised of acceptance or rejection of the risk according to operating procedures</p> <p>4.3. If conditions are placed on the acceptance of risk, a mechanism is established for checking that the conditions have been met</p>
5. Issue interim cover where required	<p>5.1. Disclosure requirements are adhered to in all cases</p> <p>5.2. Initial documentation is issued to the client in organisation format and according to operating procedures</p>

ELEMENT	PERFORMANCE CRITERIA
	5.3.Reinsurance cover is confirmed, as appropriate 5.4.Additional information is obtained, as required 5.5.Documents are filed and stored in accordance with organisation operating procedures 5.6.Expiry of interim cover is monitored following standard operating procedures, to ensure that any required terms are met prior to issue of policy

Required Skills and Knowledge

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 as required
 - relate effectively to customers
 - liaise with others, share information, listen and understand
 - 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
 - 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
- self-management skills for complying with ethical, legal and procedural requirements research and analysis skills for accessing and interpreting relevant information
- organisational skills, including the ability to plan and sequence work

Required knowledge

- e-commerce processes
- industry market position relative to product/line of business
- industry sector compliance requirements such as the General Insurance Code of Practice
- organisation or industry sector policy wording
- organisation policy, procedures, underwriting guidelines and authorities (e.g. best underwriting guides (BUG) and loss control guides)
- organisation products
- reinsurance, treaty and facultative
- relative industry hazards
- relevant legislation, regulatory guidelines and industry sector compliance requirements, such as:
 - Insurance Contracts Act
 - Privacy Act
 - Trade Practices
 - Corporations Act

REQUIRED SKILLS AND KNOWLEDGE

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| <ul style="list-style-type: none">• risk prevention methods and application |
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Evidence Guide

EVIDENCE GUIDE	
<p>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.</p>	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> • interpret and comply with all legal obligations and organisation procedures in order to identify and thoroughly assess risks, and develop a suitable policy • apply sound understanding of relevant organisation products and services • correctly interpret and apply underwriting guidelines and procedures • identify and investigate risk as it relates to new business in accordance with underwriting and organisation guidelines • complete and file documentation in accordance with organisation guidelines.
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • 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 • access to and the use of a range of common office equipment, technology, software and consumables • access to organisation records • access to organisation policies and procedures.
Method of assessment	<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"> • evaluating an integrated activity, which combines the elements of competency for the unit, or a cluster of related units of competency • observing processes and procedures in workplaces • verbal or written questioning on underpinning knowledge and skills • evaluating samples of work • accessing and validating third party reports.
Guidance information for	

EVIDENCE GUIDE	
assessment	

Range Statement

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.

<p><i>Risk acceptance information</i> may include:</p>	<ul style="list-style-type: none"> • amendments • assessor reports • broker slips • claims • for NZ: the New Zealand Claims Register • general knowledge • legal cases • pre-underwriting report • previous insurers • proposals • publications (industry associations and trade journals) • stock exchange • surveys • telephone contacts.
<p><i>Terms and conditions of risk acceptance</i> may include:</p>	<ul style="list-style-type: none"> • additional exclusions • adequate reinsurance cover • endorsements • excesses/deductibles • extensions • insurance history • internal and industry statistics • pricing • quality of risk • risk factors • risk improvement requirements • sub-limits • variations in policy wording.
<p><i>Risk acceptance criteria</i> may include:</p>	<ul style="list-style-type: none"> • class of business • driving and/or accident history • insurance history • locality • minimum security levels.

RANGE STATEMENT	
The <i>client</i> may be:	<ul style="list-style-type: none"> represented by an insurance broker or agent (letters of appointment will be necessary if there has been a change of agent or broker).
<i>Rejection of risk</i> refers to:	<ul style="list-style-type: none"> advising a client or broker/agent of non-acceptance of risk.
<i>Disclosure requirements</i> may be met:	<ul style="list-style-type: none"> in a variety of ways according to the way the business is written (e.g. proposal, telephone, facsimile, e-commerce).
<i>Initial documentation</i> includes:	<ul style="list-style-type: none"> any interim cover revised document (endorsement or new business certificate).

Unit Sector(s)

Unit sector	Insurance services
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		