



Australian Government

Department of Education, Employment and Workplace Relations

FNSASICM503A Provide Tier 1 personal advice in life insurance

Revision Number: 1

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Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit has been specifically designed to, when combined with industry specified units, satisfy the skills requirements of current Australian Securities and Investments Commission (ASIC) regulation (Financial Services Reform Act) at Tier 1 (Diploma) level in the Insurance specialist and generic knowledge areas. Conditions relating to ASIC training requirements and accreditation should be obtained from ASIC. The unit will be changed in accordance with relevant changes to the legislation. This unit is a co-requisite unit that cannot be assessed or issued without first satisfying the industry specific units identified in the evidence guide. 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 ASIC.
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Application of the Unit

Application of the unit	This unit requires the application of skills and knowledge required to provide advice in life insurance in accordance with ASIC regulations. This unit requires the application of interpersonal, needs analysis, advisory and customer service skills to the provision of advice to clients. The unit may be applied within organisations of various sizes and across a range of customer bases.
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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. Establish relationship with client	1.1. A range of communication and interpersonal skills are used to establish the knowledge level of client 1.2. Enquiries in relation to products and services are responded to by explaining the range of products and services available and their relevant fee and charging methodology 1.3. Client is informed of the role of the adviser and the licensee/principal responsible for the adviser's conduct 1.4. Familiarity with the procedures for complaints handling and the circumstances in which they should be engaged is demonstrated
2. Identify client's objectives, needs and financial situation	2.1. A range of communication and interpersonal skills are used to gather client's personal, financial and business details 2.2. Client's needs are identified by encouraging expression of their objectives and goals (short-, medium- and long-term goals as relevant to the product) 2.3. Product risk profile of the client is identified 2.4. Client's expectations of cash flow and relevant taxation obligations are obtained
3. Analyse client's objectives, needs, financial situation and risk profile	3.1. An assessment of client needs is undertaken, utilising all information gathered and taking into account clients product expectations and specific needs 3.2. Client is consulted throughout the analysis for further clarification where necessary 3.3. The need for specialist advice is analysed and/or client is referred to appropriate adviser for higher level/specialist advice if required 3.4. Product risk profile of the client is assessed and agreed 3.5. Understanding of the ASIC identified generic and specialist knowledge relevant to the products being offered, as detailed in the evidence guide, is demonstrated
4. Develop appropriate strategies and solutions	4.1. An appropriate strategy to provide for identified needs and outcomes is determined from analysis of products, client risk profile and assessment of client's needs

ELEMENT	PERFORMANCE CRITERIA
	4.2.Relevant research, analysis and product modelling is conducted 4.3.Appropriate solution (plan, policy or transaction) is drafted for presentation to client
5. Present appropriate strategies and solutions to client	5.1.Product knowledge appropriate for the service or product offered is demonstrated when presenting the product 5.2.The proposed transaction is explained and discussed with the client in a clear and unambiguous way 5.3.Relevant details, terms and conditions of product/service are reinforced to client 5.4.Impacts and possible risks of the solution are disclosed in a clear and concise manner to the client 5.5.Client is provided with written supporting documentation and guided through the key aspects of the documentation
6. Negotiate financial plan/policy/transaction with client	6.1.Concerns and/or issues the client has regarding the proposed plan/policy/transaction are discussed and clarified 6.2.Confirmation is sought from client that they understand the proposed plan/policy/transaction
7. Coordinate implementation of agreed plan/policy/transaction	7.1.The client's formal agreement to the proposed plan/policy/transaction is gained 7.2.Associated fee and cost structures are clearly explained and confirmation of understanding gained from the client 7.3.Timeframes for execution and processing are clearly explained and confirmation of understanding gained from the client
8. Complete and maintain necessary documentation	8.1.Proposal and all other statutory and transactional documents are completed and signed off by the client 8.2.Copies of appropriate documentation and the signed agreement are exchanged
9. Provide ongoing service where requested by client	9.1.Type and form of ongoing service, including reporting on performance and review of plan/policy/transaction is agreed with the client 9.2.Fees and costs for ongoing and specifically defined service are clearly explained and confirmation of understanding gained from the client

ELEMENT	PERFORMANCE CRITERIA
	9.3.Ongoing service is provided as required

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- communication skills to:
 - negotiate with customers
 - determine and confirm information, using questioning and active listening as required
 - 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
- 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
- organisational skills, including the ability to plan and sequence work
- needs analysis and analytical skills to analyse information and products to ensure appropriateness to client needs, currency and accuracy
- presentation skills
- interpersonal and communication skills

Required knowledge

Generic knowledge requirements

- generic knowledge about the economic environment, the characteristics and impact of economic and business cycles, including interest rates, exchange rates, inflation, and government monetary and fiscal policies
- generic knowledge about the operation of financial markets, the roles played by intermediaries and issuers, structure and inter-relationships within the financial markets, and inter-relationship between industry sectors
- generic knowledge about financial products, including the concept of a financial product, general definition, specific inclusions and exclusions, types of financial investment products, types of financial risk products
- generic knowledge about the taxation issues in relation to the products and markets in which they operate
- generic knowledge about advisory functions, the role of the representative/adviser, participants in the advisory services market, range of services provided, profile and

REQUIRED SKILLS AND KNOWLEDGE

financial information of the client, appropriateness of a risk assessment

- generic knowledge about the legal environment and disclosure and compliance, the role of the 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)
- knowledge of relevant industry codes of practice and conduct
- knowledge of complaints resolution procedures (internal and external)
- knowledge of regulators' guidelines including the requirements of ASIC Regulatory Guide 146

Specialist knowledge requirements

- operation of insurance markets:
 - definition of insurance product
 - characteristics and participants of the Australian insurance market
 - roles played by intermediaries
- life insurance:
 - types/classes of life insurance products/policies
 - standard cover (and deviations)
 - product development
 - policy wordings
 - underwriting
 - insurance claims
 - premium rating/risk assessment
 - investment strategy (investment component of life insurance products)
- insurance products:
 - types of insurance products (eg risk insurance products, investment life insurance products and general insurance products)
 - conditions, exclusions, levels of coverage of risk transfer products
 - pricing
- taxation:
 - awareness of taxation issues relating to insurance products
- advisory functions:
 - the role of insurance adviser/broker/agent
 - participants in the insurance advisory services market
 - range of services provided
 - profile and financial information of the client
 - appropriateness of a risk assessment

REQUIRED SKILLS AND KNOWLEDGE

- legal environment - disclosure and compliance:
 - the role of the representative/adviser
 - relevant legal principles (e.g. Corporations Act, ASIC Act, Insurance Contracts Act 1984, Life Insurance Act 1995, Privacy Amendment (Private Sector) Act)
 - the relationship between ethics and regulatory requirements (eg good faith, utmost good faith, full disclosure of remuneration/fees and any other conflicts of interest which may influence the adviser's recommendation)
 - relevant industry standards and codes of conduct
 - regulators' guidelines
 - complaints resolution procedures (external and, if relevant, internal)

Evidence Guide

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.

Overview of assessment

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the ability to:

- interpret and comply with industry regulations and codes of practice
- apply knowledge of financial products and services, financial markets and characteristics, roles of other specialist providers and licensees, as well as the impacts of taxation on the clients financial requirements for the specific products offered.

Context of and specific resources for assessment

Assessment must ensure:

- 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 organisational policies and procedures.

Method of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:

- 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
- setting and reviewing workplace projects and business simulations or scenarios.

Guidance information for 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.

<i>Adviser</i> may include:	• all natural persons who provide financial product advice to retail clients • any representative of a licensee • employee or owner.
<i>Client's personal, financial and business details</i> may include:	• details of liabilities and potential liabilities of the client • details of the customers needs and objectives for income, security, liquidity, and the time period the customer is planning for • individual investment preferences and aversion or tolerance to risk • other customer details such as employment security, likely events and their impact on the customer, age and other products they have.
<i>Risk profile</i> may include:	• access restrictions on product • borrowing risk/gearing • economic • market and sector risks (economic cycle, fixed interest, property, stock market) • risk factors and return expectations • specific product risk • volatility of income and capital.
<i>Client's expectations</i> may include:	• active • beliefs about performance • conservative • fluctuations in income and/or capital • long term or short term investor • moderate • passive • risk • security • speculator.
<i>Assessment of client's needs</i> may include:	• business needs • debt position

RANGE STATEMENT	
	• expectations of access to product • expectations of income from this product • expectations of lifecycle and length of product • family income • security.
Documentation may include:	• computer and manual applications • disclaimers • disclosures • product application forms • written advice.

Unit Sector(s)

Unit sector	Insurance life/general ASIC
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Competency field

Competency field	
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Co-requisite units

Co-requisite units	FNSIAD501A	Provide appropriate services, advice and products to clients
	FNSINC501A	Conduct product research to support recommendations
	FNSCUS505A	Determine client requirements and expectations
	FNSCUS506A	Record and implement client instructions