



Australian Government

Department of Education, Employment and Workplace Relations

FNSIBK402B Provide personal advice in general insurance broking products and services

Release: 1

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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 2" label removed, it suggests some relevance to ASIC requirements which is erroneous. Replaces FNSIBK402A Provide personal advice in general insurance broking products and services.

Unit Descriptor

This unit is designed for insurance brokers advising retail and wholesale consumers and current clients in standard general insurance products.

The broker advisory process involves reviewing a current insurance program to determine gaps, or scope of the existing policy coverage in order to develop an appropriate insurance plan for the consumer/client. This unit requires skills to access and review risk information and apply knowledge of insurance products to identify and advise on changes to an insurance program with a new business or renewal client.

This unit is applicable to individuals working within insurance broking enterprises and in broking adviser job roles subject to licensing regulation by the Australian Securities and Investments Commission (ASIC).

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:

- Personal 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 advice based on their personal needs rather than general product advice and to follow the appropriate steps to provide this level of tailored advice. It also requires clarification of the broker's role in providing this service.
- Tier 2 products are defined by ASIC as general insurance products other than personal sickness and accident. These products:
 - Do not have any investment component
 - Are subject to standard terms and conditions except for previously disclosed variations
 - Are of a limited life (e.g. 12 months);
- Travel insurance products, including where the product covers losses rising due to sickness or accident while travelling; and
- Consumer credit insurance, including where the product covers consumer credit liabilities that cannot be paid due to sickness or accident.

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

Element	Performance Criteria
<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

1. Establish relationship with client	1.1 A range of communication and interpersonal skills are used to establish the knowledge level of client and clarify the level of insurance broking advice to be provided 1.2 Broker authorisation to deal with the client's needs is established and referral to appropriate adviser for higher level/specialist advice made, if required 1.3 Enquiries are responded to by explaining the range of general insurance products and broking services available and their relevant fee and charging methodology 1.4 Role of the broker and the licensee/principal responsible for the adviser's conduct is advised to the client 1.5 Client is informed of the brokerage procedures for complaints handling
2. Identify client objectives and risk situation	2.1 Regulations, codes and procedures set out in organisation compliance manuals for the personal advice process are complied with including delivery of appropriate disclosure documents 2.2 A range of communication and interpersonal skills are used to establish client objectives and goals 2.3 Appropriate risk assessment processes and tools are used to collect relevant personal, financial and business details
3. Analyse client risk information	3.1 All information from the client risk assessment process is analysed 3.2 The need for specialist advice or client industry information is sought if required to address issues that professional judgement indicates may require further consideration 3.3 Records of risks assessed and actions taken are checked to ensure information is current and comprehensive 3.4 Required insurance program and/or products are fully identified using an appropriate checklist 3.5 Clients are consulted throughout the analysis for further clarification where necessary 3.6 Follow-up questioning is undertaken to ensure that the client understood earlier questions and that information received by them is relevant and complete
4. Identify changes to insurance program	4.1 Current insurance program is compared with the checklist and new and additional risks identified so that discrepancies are clear 4.2 Available options are identified and assessed using information from risk analysis 4.3 Relevant product research is conducted 4.4 Advice for presentation to the client is prepared in accordance with organisational policy 4.5 Checks to ensure the advice has been scaled and suitable to the requirements of the advice situation are made

	4.6 Checks that restricted words are used appropriately in the delivery of advice are made 4.6 Checks are made that the reasoning behind the advice and any conflicts of interest that affect the advice have been disclosed
5. Present appropriate solutions to the client	5.1 Features of the advice are explained to the client in a clear and unambiguous way 5.2 Relevant details, terms and conditions of the underlying products/services are explained to the client 5.3 Requirements to put the recommended program into effect are explained to the client 5.4 Client is provided with written supporting documentation and guided through the key aspects of the documentation 5.5 Advice from the client on required changes is sought without delay 5.6 Client declarations as required by underwriter are obtained
6. Negotiate program changes with insurers as required	6.1 Terms for the client requirements are obtained 6.2 Terms required for renewal and change of client's insurance are clarified with insurers 6.3 Outcomes of negotiation with insurers are advised to client to enable an informed decision to be made 6.4 Options that specify benefits and disadvantages are clarified for the client based on application of broker's industry knowledge 6.5 Justified recommendations are presented and clarified in accordance with organisational and regulatory requirements for provision of advice 6.6 Client instructions are obtained to enable precise action to be taken

Required Skills and Knowledge

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

Required skills

- communication skills to:
 - determine and confirm information, using questioning and active listening techniques
 - liaise with others, share information, listen and understand
 - present information to clients and insurers
 - question clients to gather information and negotiate to obtain agreed outcomes
 - use language and concepts appropriate to cultural differences
- numeracy and IT skills to:
 - perform calculations and use statistics to determine insurance coverage
 - collect data and analyse to identify client needs
 - 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 related information
- product research and analysis skills for accessing and interpreting relevant information to formulate recommendations
- effective interpersonal skills
- organisational skills, including the ability to plan and sequence work
- risk analysis skills.

Required knowledge

- core insurance knowledge:
 - operation of insurance markets: definition of an insurance product, characteristics and participants of the Australian insurance market, the roles played by intermediaries
 - insurance products: types of insurance general insurance and risk insurance products, conditions, inclusions and exclusions, levels of coverage of risk transfer products, pricing
 - taxation: awareness of taxation issues in relation to the products
- advisory functions:
 - the role of the broke/representative/adviser
 - participants in the advisory services market
 - range of services provided
 - profile and financial information of the client
 - 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
- internal and external (FOS) complaints resolution procedures
- ASIC guidelines on adviser conduct and training
- specialist general insurance knowledge:
 - types of general insurance products/policies
 - standard cover (and deviations)
 - policy wordings
 - taxes and charges
 - insurance claims
 - premium rating/risk selection
 - reporting
 - product development
 - underwriting
- specialist knowledge on insurance broking products and services
- terms and conditions of retail general insurance products used by the organisation
- legislative and organisational compliance requirements in relation to advice:
 - relevant legislation affecting the provision of general and personal advice e.g. ASIC Regulatory Guide 175 (RG 147) on conduct and disclosure
 - the role of different advisers within the organisation
 - organisation 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.

Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	Evidence of the ability to: • apply core and specialist knowledge of standard general insurance • maintain currency of knowledge of general insurance products and be able to apply their knowledge in practical situations to tailor specific advice to the client • interpret available information about a client's risk needs and products and apply discretion and judgement in developing an appropriate solution.
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

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>Level of insurance broking advice</i> may include:	• extent of the client's enquiry • financial literacy of the client • the complexity of the advice requested.
<i>Disclosure documents</i> may include:	• financial services guide • product disclosure statement • statement of advice.
<i>Client's objectives and goals</i> may include:	• business needs • expectations of product coverage • insurer security.
<i>Risk assessment process</i> might include:	• checklists • specialist risk reports • surveys.
<i>Scaled and suitable advice</i> may include:	• has a specific definition in the ASIC guidelines on disclosure and conduct of advisers in its regulatory guides
<i>Restricted words</i> may include:	• impartial • independent • unbiased.

Unit Sector(s)

Insurance broking