



Australian Government

Department of Education, Employment and Workplace Relations

FNSIBK504B Provide personal advice in life 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 1" label removed, it suggests some relevance to ASIC requirements which is erroneous. Replaces FNSIBK504A Provide personal 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 clients in life insurance broking products and services. It encompasses preparation of an insurance program for a prospective new broking client or remarketing to an existing client.

This unit is applicable to individuals working within an insurance broking or other financial services enterprise and in broking adviser roles subject to licensing regulation by the Australian Securities and Investments Commission (ASIC). It covers the functions undertaken by an insurance broker providing personal 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:

- 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
- Life insurance products are defined by ASIC as 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 the broker's competency for advice on these products and adviser training at the Tier 1 level is required
- Apart from the advisory skills, there is a substantial generic, insurance core and specialist life insurance and insurance broking product knowledge component that must be developed by the adviser as part of the requirements to meet ASIC training standards for Tier 1 personal advice by an insurance broker.

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 life 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
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 and information about complaints handling processes 2.2 A range of communication and interpersonal skills are used to encourage the consumer to express their short-, medium- and long-term goals relevant to the product 2.3 Where relevant, a product risk profile of the client is identified, assessed and agreed
3. Determine submission resource requirements	3.1 Nature of submission required by prospective client is determined 3.2 Skill requirements to prepare submission are identified 3.3 The need for specialist advice or client industry information is sought if required to address issues that professional judgement indicates may require further consideration 3.4 Consultants with required skills are identified and retained as required 3.5 Team is established with team leader identified as required
4. Apply risk assessment methodology	4.1 Appropriate risk assessment processes and tools are used to collect relevant personal, financial and business details 4.2 Risk assessment is completed in compliance with guidelines 4.3 Comprehensive records are maintained of risk assessment and actions taken
5. Analyse client risk information	5.1 All information from the client risk assessment and profiling process is analysed 5.2 Comprehensive records of risks assessed and actions taken are checked to ensure information is current and comprehensive 5.3 Required insurance program and/or products are fully identified using an appropriate checklist 5.4 Clients are consulted throughout the analysis for further clarification where necessary

	5.5 Follow-up questioning to ensure that the client understood earlier questions and that information received by them is relevant and complete is undertaken
6. Identify appropriate insurance program	6.1 Appropriate insurance/risk management program based on risk assessment and client profile and needs is determined 6.2 Proposed program is compared with appropriate checklist and other similar clients and significant changes identified 6.3 Available options are identified and assessed using information from risk analysis 6.4 Relevant product research is conducted 6.5 Advice for presentation to the client is prepared in accordance with organisational policy 6.6 Checks to ensure the advice has been scaled and suitable to the requirements of the advice situation are made 6.7 Checks that restricted words are used appropriately in the delivery of advice are made 6.8 Checks are made that the reasoning behind the advice and any conflicts of interest that affect the advice have been disclosed are made
7. Identify market availability	7.1 Where applicable, availability of a market with suitable terms for the client requirements is identified 7.2 Where applicable, indicative terms of cover are sourced with insurers to provide the most beneficial outcome for the prospective client
8. Make submission to prospective client	8.1 Required written submission is provided to client in format required by the organisation 8.2 Options that specify benefits and advantages are identified for the prospective client 8.3 Features of the advice are explained to the client in a clear and unambiguous way 8.4 Relevant details, terms and conditions of the underlying products/services are explained to the client 8.5 Requirements to put the recommended program into effect are explained to the client 8.6 Client is provided with written supporting documentation and guided through the key aspects of the documentation 8.7 Distribution of relevant disclosure documents is established

Required Skills and Knowledge

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

Required skills

- well-developed communication skills to:
 - negotiate with clients and others
 - determine and confirm information, using questioning and active listening techniques
 - gather information and negotiate to obtain agreed outcomes
 - 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
 - collect and analyse data to identify client needs
 - use appropriate calculators or statistics to determine insurance cover requirements
 - identify product information and access appropriate databases and spreadsheets
 - 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 and prepare submissions
- research and analysis skills for accessing and interpreting relevant information and product research and analysis to formulate recommendations
- organisational skills, including the ability to plan and sequence work
- presentation skills for information to clients and insurers
- needs analysis skills
- data analysis and interpretation skills.

Required knowledge

- core insurance knowledge:
 - operation of life insurance markets: definition of a life insurance product, characteristics and participants of the Australian insurance market, the roles played by intermediaries
 - Types of insurance life insurance products, conditions, inclusions and exclusions, levels of coverage of risk transfer products, pricing, investment strategy for those products with an investment component
 - taxation: awareness of taxation issues in relation to the products
- advisory functions:
 - the role of the broker/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 Code of Practice and organisational codes of conduct
- internal and external (FOS) complaints resolution procedures
- ASIC guidelines on adviser conduct and training
- specialist life insurance knowledge:
 - 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
- specialist knowledge on insurance broking products and services used by the life broker
- legislative and organisational compliance requirements in relation to advice:
 - relevant legislation and ASIC regulatory guides affecting the provision of general and personal advice the role of different advisers within the organisation
 - brokerage policy and guidelines related to the provision of personal 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: - maintain and apply knowledge of products and specialist knowledge of general insurance products, practices, global markets and exposures - apply knowledge in practical situations to tailor specific advice to the client - comply with industry and of organisation obligations and objectives - interpret available information about the client's risk needs and products - 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	
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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.

Level of insurance broking advice may include:	• extent of the client's enquiry, the complexity of the advice requested and the financial literacy of the client.
Disclosure documents and information may include:	• financial services guide • product disclosure statement • statement of advice.
Short, medium and long term goals may include:	• beliefs about performance and risk • business needs • expectations of access to the product • expectations of lifecycle and length of the product • expectations of product coverage • family income • insurer security.
Risk assessment processes may include:	• amendments • broker slips • legal cases • pre-underwriting report • previous insurers • proposals • surveys.
Significant changes may involve:	• complex technical determinations • high monetary impact • important client base.
Scaled and suitable:	• advice has a specific definition in the ASIC guidelines on disclosure and conduct of advisers in its regulatory guides.
Restricted words may include:	• impartial • independent • unbiased.
Terms of cover may include:	• deductibles/excesses required • limit of liability/sub-limits • price • scope of cover

	• security of carrier.
Submission may include:	• conceptual quotation • firm quotation • to prospective clients.

Unit Sector(s)

Insurance broking