



**Australian Government**

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

# **FNSILF408A Process life insurance contract maturity and surrender payment requests**

**Release: 1**

## **FNSILF408A Process life insurance contract maturity and surrender payment requests**

### **Modification History**

| <b>Release</b> | <b>Comments</b>                                                                                            |
|----------------|------------------------------------------------------------------------------------------------------------|
| Release 1      | This Unit of Competency first released with <i>FNS10 Financial Services Training Package version 3.0</i> . |

### **Unit Descriptor**

This unit describes the performance outcomes, skills and knowledge required to process applications for surrender and maturity payment requests relating to non-risk-based life insurance policies.

### **Application of the Unit**

This unit applies to those processing policy closures as a result of maturity terms and conditions or applications for surrender within the life insurance sector.

### **Licensing/Regulatory Information**

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of publication.

### **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

|                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                          |
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| 1. Receive notification                                             | 1.1 Receive request for surrender or notification of maturity of a <b><i>relevant life insurance contract</i></b><br>1.2 Check that documentation is correct and complete<br>1.3 Check request is <b><i>valid</i></b><br>1.4 Determine organisational authority level required to process the request and refer it to an appropriately authorised individual or department as necessary                  |
| 2. Advise claimant of the consequences of processing the settlement | 2.1 Advise claimant of the <b><i>consequences</i></b> of proceeding with settlement<br>2.2 Inform the client of <b><i>alternatives to surrender</i></b> where appropriate<br>2.3 Obtain discharge as appropriate                                                                                                                                                                                         |
| 3. Calculate payment                                                | 3.1 Verify <b><i>entitlements</i></b> on the basis of supplied <b><i>evidence</i></b> and the <b><i>terms and conditions</i></b> of the life insurance policy<br>3.2 Calculate and check <b><i>entitlements</i></b> in accordance with <b><i>procedures</i></b> and <b><i>regulatory requirements</i></b>                                                                                                |
| 4. Finalise settlement                                              | 4.1 Confirm method of payment with client<br>4.2 Enter and confirm payment information on <b><i>appropriate systems</i></b> to make payment<br>4.3 Communicate settlement details to <b><i>relevant stakeholders</i></b> , as required, in accordance with procedures and regulatory requirements<br>4.4 Update records and file documentation in accordance with procedures and regulatory requirements |

## Required Skills and Knowledge

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

### Required skills

- communication skills to:
  - gather and check information
  - liaise and share information with others
  - communicate appropriately with people from diverse backgrounds
- IT skills to:
  - use computer applications (word processing, spreadsheet, database, specific purpose computer systems)
  - access and update records electronically
  - access web-based information services
- numeracy skills to:
  - interpret numeric data and relevant statistics
  - calculate life insurance payments
- organisational skills to efficiently plan and sequence work
- problem solving skills to address errors in life insurance documentation
- reading skills to:
  - read and understand relevant procedures
  - read and understand life insurance policies
  - read and interpret life insurance claims and supporting documentation
- research and analysis skills to:
  - identify and interpret relevant information
  - analyse information and data
  - maintain currency of products and services knowledge
- writing skills to:
  - accurately record information
  - prepare professional letters and emails.

### Required knowledge

- the ability to apply and explain as relevant to the settlement of life insurance claims:
  - life insurance administrative requirements
  - life insurance policy payment criteria
  - life insurance policy terms and conditions
  - organisational procedures
  - organisational systems for data entry and filing
  - product information
  - relevant regulatory requirements.

## 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.*

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| <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 analytical and administrative skills in the settlement of non-risk-based requests</li> <li>• maintain and apply a thorough and up-to-date understanding of life insurance terms and conditions and claims processing</li> <li>• maintain and apply a thorough and up-to-date understanding of life insurance administrative requirements</li> <li>• perform tasks in accordance with relevant procedures and regulatory requirements.</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 records</li> <li>• access to corporate Privacy Policy</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 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> |

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| <b>Guidance information for<br/>assessment</b> |  |
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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.*

|                                                             |                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><i>Relevant life insurance</i></b> contract may include: | <ul style="list-style-type: none"> <li>• annuities</li> <li>• endowment policies</li> <li>• investment account contracts</li> <li>• investment-linked contracts</li> <li>• whole of life policies.</li> </ul>                                                                                     |
| <b><i>Valid</i></b> must include:                           | <ul style="list-style-type: none"> <li>• policy exists</li> <li>• policy is current</li> <li>• claimant is authorised to deal with the policy.</li> </ul>                                                                                                                                         |
| <b><i>Consequences</i></b> may include:                     | <ul style="list-style-type: none"> <li>• lump sum payment</li> <li>• loss of future benefits</li> <li>• loss of linked insurance cover.</li> </ul>                                                                                                                                                |
| <b><i>Alternatives to surrender</i></b> may include:        | <ul style="list-style-type: none"> <li>• loan against policy</li> <li>• rollover</li> <li>• partial surrender</li> <li>• non surrender.</li> </ul>                                                                                                                                                |
| <b><i>Entitlements</i></b> may include:                     | <ul style="list-style-type: none"> <li>• sums based on:</li> <li>• cancellation</li> <li>• commutation (for annuities and other income streams)</li> <li>• maturity</li> <li>• surrender</li> <li>• retirement</li> <li>• rollover</li> <li>• satisfying another condition of release.</li> </ul> |
| <b><i>Evidence</i></b> may include:                         | <ul style="list-style-type: none"> <li>• proof of title</li> <li>• proof of survival</li> <li>• proof of age.</li> </ul>                                                                                                                                                                          |
| <b><i>Terms and conditions</i></b> may include:             | <ul style="list-style-type: none"> <li>• policy term</li> <li>• policy exclusions.</li> </ul>                                                                                                                                                                                                     |
| <b><i>Procedures</i></b> may include:                       | <ul style="list-style-type: none"> <li>• organisational complaints handling processes</li> <li>• organisational customer service charter</li> <li>• organisational guidelines</li> </ul>                                                                                                          |

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|                                             | <ul style="list-style-type: none"> <li>• organisational policy</li> <li>• organisational privacy and confidentiality guidelines</li> <li>• organisational procedures.</li> </ul>                                                                                                                                                                                         |
| <b>Regulatory requirements</b> may include: | <ul style="list-style-type: none"> <li>• life insurance legislation</li> <li>• corporations legislation</li> <li>• privacy legislation</li> <li>• Australian Securities and Investments Commission (ASIC) regulatory guides.</li> </ul>                                                                                                                                  |
| <b>Appropriate systems</b> may include:     | <ul style="list-style-type: none"> <li>• policy administration systems</li> <li>• document management systems.</li> </ul>                                                                                                                                                                                                                                                |
| <b>Relevant stakeholders</b> may include:   | <ul style="list-style-type: none"> <li>• internal parties</li> <li>• administrators</li> <li>• trustees</li> <li>• underwriters</li> <li>• claimant and associated parties</li> <li>• advisers</li> <li>• assignees</li> <li>• beneficiaries</li> <li>• executors</li> <li>• lawyers</li> <li>• life insured</li> <li>• next of kin</li> <li>• policy owners.</li> </ul> |

## Unit Sector(s)

Life insurance