



Australian Government

Department of Education, Employment and Workplace Relations

FNSILF503A Underwrite complex non-medical risks

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 3.0</i> .

Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to apply complex non-medical risk assessment to the underwriting of a life insurance application.

Application of the Unit

This unit applies to those engaged in underwriting functions of companies 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

1. Identify non-medical risks	1.1 Review applications and associated documentation to identify relevant <i>financial and lifestyle information</i> 1.2 Interpret financial and lifestyle information to identify <i>non-medical risk factors</i> 1.3 Recognise the need for additional financial and lifestyle information and collect as appropriate
2. Identify the underwriting significance	2.1 Identify potential life risk implications of supplied lifestyle information 2.2 Identify and address potential <i>moral risk factors</i> 2.3 Select and apply appropriate <i>risks rating systems</i>
3. Determine risk acceptance criteria	3.1 Determine <i>risk acceptance criteria</i> to suit type and context of risk in accordance with <i>procedures</i> 3.2 Assess adequacy of financial and lifestyle information against risk acceptance criteria in accordance with procedures
4. Prepare life insurance policy	4.1 Develop terms of acceptance in accordance with market conditions and accepted levels of exposure 4.2 Document the life insurance policy with terms and conditions in accordance with procedures and <i>regulatory requirements</i>

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 web-based information services
- numeracy skills to interpret numeric data and relevant statistics relative to financial information being assessed
- 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 applications 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 underwriting of complex non-medical risks:
 - integrated actuarial and underwriting information associated with non-medical risk
 - life insurance administrative requirements
 - life insurance policy terms and conditions
 - life insurance risk management practices
 - organisational procedures
 - product information
 - relevant financial and lifestyle information
 - relevant regulatory requirements
 - types of financial and lifestyle risk and actuarial considerations.

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 highly developed analytical skills in relation to non-medical risk assessment • maintain and apply a thorough understanding of policy guidelines and administrative requirements • apply underwriting policies and procedures • perform tasks in accordance with relevant procedures and regulatory requirements.
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 records • access to corporate Privacy Policy • 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 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>Financial and lifestyle information</i> may include:	• adviser reports • occupation • employer • position description • term of employment • professional affiliations and memberships • income • tax returns & notices of assessment • balance sheets • profit/loss statements • estate planning documentation • relevant pastimes, hobbies and leisure activities • location of residence • location of occupation • access to medical services • exposure to disease • previous insurance history • supplementary questionnaires.
<i>Non-medical risk factors</i> may include:	• financial circumstances • moral hazards • occupation • pastimes and activities • place of residence • travel.
<i>Life risk</i> is a potential change to health or wellbeing that would have an adverse effect on the financial sustainability of an individual, a family or a group, and may include:	• death • total and permanent disablement • temporary loss of income resulting from accident or sickness • traumatic sickness or injury.
<i>Moral risk factors</i> may include:	• illegal acts • improper acts • wilful acts • criminal history

	• claims history • over insurance • non-disclosure • an intention to commit suicide • unsustainable or uncertain financial circumstances • other circumstances that increase the likelihood of a claim but are unrelated to any genuine and disclosed risk of mortality or morbidity.
Risks rating systems may include:	• cash extra loadings • class systems • numerical systems.
Risk acceptance criteria may include:	• exclusions • loadings • other specific terms and conditions • standard cover conditions.
Procedures may include:	• organisational complaints handling processes • organisational customer service charter • organisational guidelines • organisational policy • organisational privacy and confidentiality guidelines • organisational procedures.
Regulatory requirements may include:	• insurance contracts legislation • life insurance legislation • corporations legislation • privacy legislation • Australian Securities and Investments Commission (ASIC) regulatory guides.

Unit Sector(s)

Life insurance