



Australian Government

Department of Education, Employment and Workplace Relations

FNSISV401A Evaluate risk for new business

Revision Number: 1

FNSISV401A Evaluate risk for new business

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to evaluate risk for new business including gathering the risk information, and reviewing and assessing it against appropriate risk criteria. 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 Australian Securities and Investments Commission (ASIC).
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Application of the Unit

Application of the unit	This unit applies to job roles, including underwriting in a range of insurance sectors and 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. Identify and obtain risk information	1.1. All <i>sources of risk information</i> are identified, gathered and recorded and deficiencies rectified 1.2. Information is reviewed to determine its relevance and reliability and the integrity of its source 1.3. Data is formatted for easy access 1.4. <i>Legislative and compliance requirements</i> are adhered to in all cases
2. Assess information against established risk acceptance criteria	2.1. All relevant risk information is assessed to determine if it is comprehensive and pertinent to the nature of the risk 2.2. Surveys/<i>reports</i> are reviewed and commissioned if applicable to risk 2.3. Data on risk exposure from survey report is interpreted 2.4. Risk information is compared against <i>risk acceptance criteria</i> and organisation capacity to assess and accept risk according to <i>terms and conditions of risk assessment</i> 2.5. Liaison with other internal departments is conducted to assess impact on business if applicable 2.6. Proposed amendments to organisation wording are reviewed and compared to acceptance criteria 2.7. Risk assessment data is documented according to organisation policy and procedures
3. Issue a quotation	3.1. Quote based on all the risk assessment data is prepared and communicated if required

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- well-developed communication skills to:
 - determine and confirm information, using questioning and active listening as required
 - relate effectively to customers
 - 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
- well-developed literacy skills to read and interpret documentation from a variety of sources and record and consolidate relevant related information
- self-management skills for complying with ethical, legal and procedural requirements research and analysis skills for accessing and interpreting relevant information
- organisational skills, including the ability to plan and sequence work

Required knowledge

- application of Financial Services Reform Act (FSRA)
- industry market position relative to product/line of business
- industry sector compliance requirements such as the General Insurance Code of Practice
- OHS requirements
- organisation or industry sector policy wording
- organisation policy, procedures, underwriting guidelines and authorities (e.g. best underwriting and loss control guides)
- organisation products
- reinsurance, treaty and facultative
- relative industry hazards
- relevant common law, legal systems and procedures including:
 - Insurance Contracts Act
 - Insurance (Agents and Brokers) Act
 - Trade Practices Act
 - interim cover as it relates to expiry of contracts and cancellations (Insurance

REQUIRED SKILLS AND KNOWLEDGE

Contracts Act ss. 38, 58)

- risk prevention methods and application

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 all relevant legal obligations and organisation procedures in order to identify and thoroughly assess risks, and develop a suitable policy
- maintain knowledge of relevant organisation products and services
- apply relevant underwriting guidelines and procedures
- identify and investigate risk as it relates to new business in accordance with underwriting and organisation guidelines
- document risk assessment data in accordance with organisation guidelines.

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 organisation 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.

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>Sources of risk information</i> may include:	• amendments • broker slips • claims • general knowledge • insurance reference services • legal cases • pre-underwriting report • previous insurers • proposals • publications (industry associations and trade journals) • stock exchange • surveys • telephone contacts • any other source the insurer deems relevant.
<i>Legislative and compliance requirements</i> may include:	• codes of practice • Corporations Act • FSRA • relevant Australian Securities and Investments Commission (ASIC) requirements.
<i>Reports</i> may include:	• pre-underwriting reports which are usually computer reports on policy premiums and claims • reports regarding reinsurance requirements and changes in the physical risk exposure.
<i>Risk acceptance criteria</i> may include:	• claims history • class of business • driving and/or accident history • locality • minimum security levels.
<i>Terms of conditions of risk assessment</i> may include:	• additional exclusions • adequate reinsurance cover • claims history • endorsements

RANGE STATEMENT

	• excesses/deductibles • extensions • internal and industry statistics • pricing • quality of risk • risk factors • risk improvement requirements • sub-limits • variations in policy wording • warranties.
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Unit Sector(s)

Unit sector	Insurance services
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		