



Australian Government

Department of Education, Employment and Workplace Relations

FNSISV505A Determine risk rating for investment and insurance products

Revision Number: 1

FNSISV505A Determine risk rating for investment and insurance products

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to monitor and analyse risks and determine the risk rating associated with an existing or new investment or insurance product. 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 involving specialist knowledge and functions such as 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		

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. Monitor and collect information on risk factors	1.1. Product type is identified so that the nature of the risk can be identified and handled accordingly 1.2. Relevant information is identified, monitored and collected
2. Analyse data collected	2.1. The reliability and validity of the data is established 2.2. Risk factors associated with a product are assessed against known exposure factors 2.3. All information collected on risk factors for a product is analysed using appropriate methods and documented 2.4. Need for additional information in order to further evaluate the risk is identified, collected and analysed
3. Determine risk rating for product	3.1. Acceptability of risk is determined using all available information in accordance with organisation policy and procedures and underwriting guidelines 3.2. Risk rating that minimises risk liability is established within delegated authority 3.3. The basis for the risk rating decision is documented 3.4. Compliance with relevant legislation and organisation policy is considered 3.5. Risk rating information is documented in a format that may be used to guide underwriting and product/policy amendment decisions
4. Communicate results to appropriate personnel	4.1. Results of research and analysis are presented to appropriate personnel in a clear, concise format 4.2. Risk rating recommendations are reviewed against existing products and organisational policies 4.3. Risk rating recommendations are finalised and relevant personnel notified

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- highly 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
- well-developed numeracy and IT skills to:
 - interpret charts, graphs and statistical information and undertake related calculations
 - 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
- learning skills to maintain knowledge of changes to compliance legislation and requirements
- problem solving skills to identify any issues that have the potential to impact on work outcomes and to develop options to resolve these issues when they arise
- 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

- basic actuarial principles
- industry compliance requirements
- industry market position relative to product/line of business
- industry sector compliance requirements such as the General Insurance Code of Practice
- IT and communications systems
- organisation policy, procedures, underwriting guidelines and authorities:
 - best underwriting guides (BUG)
 - loss control guides
- organisation products
- principles and methods of filing

REQUIRED SKILLS AND KNOWLEDGE

- reinsurance
- relationship between underwriting and rate making
- relevant legislation, regulatory guidelines and industry sector compliance requirements, such as the Insurance Contracts Act, Privacy Act, Trade Practices and Corporations Act
- risk analysis/prevention methods and application
- type of risk and probability of likely occurrence

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 apply organisation policy and procedures and compliance with legislation and regulations and industry codes of practice in monitoring, analysing and determining risk ratings
- apply knowledge and skills in the area of risk identification and assessment.

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
- setting and reviewing workplace projects and business simulations or scenarios.

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.

Insurance ***product types*** may include:

- accidental damage
- additional benefits
- burglary/theft
- business interruption
- business special risks
- commercial
- commercial motor
- construction risks
- crop
- defined events
- domestic
- electronic equipment
- employee fraud
- engineering plant
- environment and pollution
- fire and perils
- general and products liability
- glass
- Industrial Special Risks (ISR)
- livestock
- machinery breakdown
- money
- multi-risk
- other personal items
- package contracts
- personal accident and illness
- professional indemnity
- public liability
- sprinkler leakage
- transit
- travel
- directors and officers.

RANGE STATEMENT	
	Investment product types may be within the following investment contexts : • management funds • unit trusts • superannuation.
<i>Relevant information</i> may include:	• geographic and demographic data • insurance products, premiums, extent of insurance coverage and other conditions of the insurance contract • investment product information, data and trends • medical reports, rate tables and other documents and reference materials • new and renewal applications trends and data.
<i>Organisational policies</i> may include:	• basis of actuarial analysis and decisions • risk assessment policies and procedural guidelines • underwriting policies and procedures.
<i>Relevant personnel</i> may include:	• actuaries • intermediaries • managers or supervisors • marketing and sales personnel • other relevant organisation personnel • underwriters.

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		