

FSPITS13 - SQA Unit Code H691 04

Evaluate and decide whether to underwrite complex new risks



Overview

This unit is about evaluating and making decisions regarding the underwriting of complex new risks. It includes using available and relevant information to make an assessment of the risk, identifying the implications or consequences of a situation, arranging for further investigations into the risk if they are required, and deciding whether to accept or decline the risk. It also includes suggesting risk improvement measures, if appropriate.

This unit will be suitable for you if you work for an insurer or an intermediary or other organisation with delegated authority. Your work must involve you in assessing complex new risks within your authority, deciding if they can be accepted.

A risk is complex if it is not routine and cannot be dealt with mechanistically, for example, when it may require negotiation and/or it is technically demanding involving complex underwriting criteria, complex risk evaluation or there are substantial financial implications.

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Performance criteria

- You must be able to:*
- P1 Accept only business that your organisation is authorised to write and that is in line with its underwriting strategy
 - P2 Gather the information required to evaluate the complex new risk, addressing any gaps correctly
 - P3 Evaluate the risk exposure of the new risk
 - P4 Assess where further investigation is required and appropriate, and commission this where relevant
 - P5 Evaluate the findings of any further investigation and assess their impact for underwriting the complex new risk
 - P6 Identify any potential non-disclosure or misrepresentation when assessing the risk and take appropriate consequent actions
 - P7 Determine 'worse case scenarios' and assess actions that can be taken to minimise the risk for your own organisation and the client
 - P8 Decide whether to accept or decline the risk, allowing for all features and history of the risk, and/or the impact of your decision upon other business
 - P9 Take action to avoid any unnecessary delays in evaluating the risk
 - P10 Keep relevant parties informed regarding progress and the outcomes of your evaluation
 - P11 Maintain accurate and complete records at all times
 - P12 Refer all matters that are beyond your level of authority promptly to the relevant person, setting out clearly the circumstances and reason for the referral, making reasoned recommendations regarding future actions

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Knowledge and understanding

You need to know and understand:

Financial services specific knowledge and understanding

- K1 The structure of the insurance market and the roles and responsibilities of the various parties within it as they impact on your activities
- K2 Current insurance market trends and developments
- K3 The concept of 'exposure' and the importance of identifying exposure to both single and accumulation risks
- K4 How to apply underwriting criteria and the different statistical methods and risk premium models that can be used to establish the risk price
- K5 What is meant by a realistic disaster scenario

Context specific knowledge and understanding

- K6 Your organisation's requirements relating to the application of codes, laws and regulatory requirements, including ethical standards and health and safety, as they impact on evaluating and deciding whether to underwrite new risks
- K7 Your organisation's capacity and scope of business which it is authorised to write, and how this links with its overall underwriting strategy and business objectives
- K8 How to determine if a proposal fits your organisation's planned profile of acceptable risk
- K9 Your organisation's procedures and the circumstances for granting cover of complex risk subject to conditional acceptance
- K10 Key considerations and factors to assess when deciding whether to accept complex new risk
- K11 The policy cover, terms and conditions relevant to your work including standard and non-standard extensions and/or limitations
- K12 Your organisation's policy and procedures regarding communicating with customers
- K13 Your organisation's customer service standards and procedures, including those for dealing with complaints
- K14 The limits of your authority and the action required when underwriting falls outside those limits

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Additional Information

Behaviours

You must demonstrate that:

1. You use information and knowledge effectively, efficiently and ethically
2. You show integrity, fairness and consistency in decision making

Links to other NOS

‘Signposting’ other relevant NOS

There is a close relationship between these NOS and the NOS for General Insurance, which have been developed separately by the Financial Skills Partnership (formerly Financial Services Skills Council). These can be accessed via www.financialskillspartnership.org.uk

In addition, the Sector Skills Body, Skills CFA, have developed NOS which include the competences required for leadership and management, as well as customer service. The website address for Skills CFA is www.cfa.uk.com

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