

FSPITS14 - SQA Unit Code H692 04

Negotiate and determine the conditions under which risk will be underwritten in complex insurance cases



Overview

This unit is about negotiating and determining the conditions under which complex risk will be underwritten. It therefore includes negotiating effectively, making sound decisions based upon the available information, your own experience and a consideration of the possible outcomes. It also includes assessing the impact of relevant factors, applying underwriting criteria before discussing premiums and terms with clients and/or their agents. You will evaluate situations and information effectively and make appropriate decisions, checking the validity and reliability of information.

This unit will be suitable for you if you work for an insurer or an intermediary or other organisation with delegated authority.

A risk is complex if it is not routine and cannot be dealt with mechanistically, for example, when it requires 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 price the risks, addressing any gaps correctly
 - P3 Review and analyse the insured's claims history and advise your client of any risk improvements with relevant policy amendments required
 - P4 Evaluate the impact of all relevant factors upon the pricing of complex risks
 - P5 Price complex risks in line with your own authority limit, and your organisation's policies and procedures
 - P6 Apply appropriate limitations or extensions of cover to reflect the features of the risk
 - P7 Identify and clarify any differences between policy cover and the customer's requirements
 - P8 Negotiate and confirm with your customer the price and conditions under which the risk will be underwritten
 - P9 Take action to avoid any unnecessary delays in underwriting the risk
 - P10 Inform relevant parties promptly of your decision
 - P11 Agree final terms and premium
 - P12 Maintain accurate and complete records at all times
 - P13 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 How to apply underwriting criteria and the different statistical methods and risk premium models that can be used to establish the risk price
- K4 The implications of capital and solvency requirements for the pricing of risk
- K5 Sources of advice and information towards pricing risk

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 negotiating and determining the conditions under which risk will be underwritten
- 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 The potential impact of pricing discounts, incentives and elasticity of supply and demand upon your own area of business
- K9 The market factors that can impact upon the pricing of complex risks
- K10 The policy cover, terms and conditions relevant to your work including standard and non-standard extensions and/or limitations
- K11 How to determine if a proposal fits your organisation's planned profile of acceptable risk
- K12 Your organisation's procedures and the circumstances for granting cover subject to conditional acceptance
- K13 How to identify the impact of rating charges on your own class of business, and ways to reduce any adverse impact upon your business
- K14 Your organisation's policy and procedures regarding communicating with customers
- K15 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 an understanding of others and deal with them in a professional manner
3. You work to develop an atmosphere of professionalism and mutual support

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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Developed by Financial Skills Partnership

Version number 1

Date approved November 2012

Indicative review date November 2015

Validity Current

Status Original

Originating organisation Financial Skills Partnership

Original URN FSPITS14

Relevant occupations Finance

Suite Insurance Technicians / Supervisors

Key words Claim; claimant; claims; determine conditions for underwriting; insurance; insurance cover; insurance claims; insurance policy; insured; intermediary; negotiate conditions to underwrite; policies; policy documentation; risk; underwriting; uninsured