

Specification of Competency Standards of the Insurance Industry

**Unit of Competency**

**Functional Area: Underwriting**

Title	Establish underwriting policies
Code	105611L6
Range	This unit of competency is applicable to those who are responsible for establishing corporate underwriting policies. It involves analyzing various factors affecting corporate underwriting operations, developing corporate underwriting policies and introducing the policies to relevant units.
Level	6
Credit	5 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> <li>1. Possess knowledge in establishing underwriting policies <ul style="list-style-type: none"> <li>• Comprehend corporate development strategy</li> <li>• Comprehend features of company's products and target segments</li> <li>• Comprehend company's underwriting risk appetite</li> <li>• Comprehend company's profitability strategies</li> <li>• Comprehend company's business structure</li> <li>• Comprehend corporate marketing strategy</li> <li>• Familiar with potential correlations amongst different types of risks</li> <li>• Familiar with the financial management aspects of an insurance business</li> <li>• Use a range of skills to analyze the financial implications of underwriting policies</li> </ul> </li> <li>2(a). Establish underwriting policies <ul style="list-style-type: none"> <li>• Analyze risk exposure of the company</li> <li>• Analyze previous claims data and forecast future claims trends</li> <li>• Analyze company's competitive position in the market</li> <li>• Develop underwriting policies</li> <li>• Introduce underwriting policies to relevant units</li> <li>• Set up channel to collect feedback from staff on underwriting policies</li> </ul> </li> <li>2(b). Review company's underwriting policies <ul style="list-style-type: none"> <li>• Review company's underwriting policies with respect to staff' feedback and changing operating contexts</li> <li>• Improve underwriting policies in light of the changing operating environment.</li> </ul> </li> <li>3. Develop effective underwriting policies <ul style="list-style-type: none"> <li>• Develop policies that provide clear guidelines for underwriting operations</li> <li>• Ensure underwriting policies are well understood by relevant units</li> <li>• Ensure implementation of underwriting policies achieve company's underwriting objectives</li> <li>• Adjust underwriting policies to accommodate changing operating contexts.</li> </ul> </li> </ol>
Assessment Criteria	<p>The integral outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> <li>• Able to identify and analyze factors which affect the formulation of underwriting policies</li> <li>• Able to establish underwriting policies</li> <li>• Able to introduce underwriting policies to relevant units in operation contexts</li> <li>• Able to improve underwriting policies in light of the changing market environment.</li> </ul>
Remark	This unit of competency is also applicable to general insurers and life insurers.