

RE 11: Second Level Regulatory Examination: Short Term Insurance: Commercial Lines

Alan Holton



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All representatives performing financial services in relation to category I dealing with the subcategory Short Term Insurance: Commercial Lines are required to complete a first level regulatory examination, based on the qualifying criteria as it appears in Section 4 and a second level regulatory examination based on the qualifying criteria in Section 11 of Board Notice 105 of 2008

RE 11 - SECOND LEVEL REGULATORY EXAMINATION - SHORT TERM INSURANCE - COMMERCIAL LINES

- (1) All representatives performing financial services in relation to category I dealing with the subcategory Short Term Insurance: Commercial Lines are required to complete a first level regulatory examination, based on the qualifying criteria as it appears in Section 4 and a second level regulatory examination based on the qualifying criteria in Section 11.
- (2) Examination bodies have the discretionary powers to offer a combination examination for representatives working with category I, dealing with the subcategory Short Term Insurance: Commercial Lines, where such representatives may choose to complete one examination that addresses the qualifying criteria as it appears in Sections 4 and 11.
- (3) The qualifying criteria in Section 4 and Section 11 serve as the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications.

Task 1 Determine the clients insurance needs.

Knowledge criteria	Skill criteria
Explain the principles of insurance including the concepts of insurable interest, insurable risk, duty of disclosure, indemnity, average, compensation, subrogation, proximate cause, contribution.	Determine the clients need for insurance by asking relevant questions relating to product offering.
Explain the different lines of insurance.	Conduct a needs analysis by asking relevant questions and gathering relevant information.
Describe the different types of cover (including self insurance/funding e.g. aggregate excesses) available and the implications and benefits thereof.	Complete relevant records.
Basic knowledge and understanding of financial statements.	Identify the areas of risk to which the client is exposed.
Describe what a niche market is.	Interpret basic financial statements in order to determine a client's financial risk.
Explain when to refer to a niche specialist.	Establish the client's limitations and restrictions, including affordability.

Task 2 Match the appropriate product to the client's needs

Knowledge criteria	Skill criteria
Explain the terms and conditions of various products available.	Analyse the data gathered from the client in order to establish the insurable interest and need of the client.
Describe the benefits offered by relevant products.	Conduct a comparison of types of cover available to the client.

Task 3 Apply underwriting criteria

Knowledge criteria	Skill criteria
Explain the concept and types of reinsurance (with applicability) and limits of retention of the Company.	Determine factors/hazards that will influence risk in terms of severity and frequency.
Explain how to apply the underwriting criteria and when surveys are required.	
Explain the policy wording/s including the concept of excess, underwriting criteria and types of perils and hazards.	
Describe how the severity and frequency of a risk could impact on acceptance of a risk or the premium.	

Task 4 Draft/request a quotation.

Knowledge criteria	Skill criteria
Explain the applicability of rates structures.	Identify additional requirements, loadings, discounts and excesses which may need to be applied.
Explain and use of applicable formulas.	Use the formulas.
	Prepare a quotation for a commercial short term insurance policy.
Explain the concepts of SASRIA/NASRIA, VAT (Cross border), reinsurance and fees as they apply to premium.	Apply, calculate and disclose applicable rates including fees, SASRIA and reinsurance where applicable.
	Calculate the premium including reinsurance where applicable.

Task 5 Present quotation to the client

Knowledge criteria	Skill criteria
Explain how to apply the law of contract to insurance policies.	Present and explain the terms and conditions to the client.
	Verify that the quote meets the client's needs.
	Ensure that a survey is conducted where applicable.
	Make recommendations of measures that can be put in place to reduce losses or improve risk.
	Explain financial options for managing risk with reference of transferring the risk and self funding.
	Present any changes to terms and conditions where applicable.
	Obtain acceptance from client.
	Follow up on outstanding requirements or documentation (e.g. valuation certificates, security requirement certificates and financial statements etc).

Task 6 Prepare/request a policy/fulfilment document

Knowledge criteria	Skill criteria
Explain the procedure for issuing policies/fulfilment.	Submit/receipt of closings/acceptance of quote.
	Ensure accuracy of closings/acceptance to the quote.
	Issue policy/fulfilment document/contract.
	Quality assurance of policy document/contract to quote/proposal/closings.

Task 7 Provide a service to the client / maintain policy/ client retention

Knowledge criteria	Skill criteria
Explain the concept and process of renewal/review of policies.	Analyse the performance of the policy and establish whether the policy still meets the need of the client.
Explain the procedures for making additions or changes to policies and the implications thereof.	Agree changes in terms and conditions of policy.
Explain the conditions of collection and payment of premiums.	Communicate and confirm all changes to policies with all relevant parties.
Explain the replacement policy concepts as defined in Board Notice 43/2008 Amendment of Part X of Schedule of Notice.	Obtain supporting documentation for changes where required.
	Make amendments to policies and issue endorsement.
	Ensure collection/payment/refund of premiums.

Task 8 Process a claim.

Knowledge criteria	Skill criteria
Identify whether the loss is an insured peril in terms of the policy/fulfilment.	Gather relevant information relating to the claim from the client.
Explain the terms and conditions of the policy.	Advise the client on the claims procedure.
Explain the claims procedure and criteria for claims of the insurer.	Record the details of the incident or loss for record keeping.
Explain the concept and applicability of third party insurance and the procedure for third party insurance claims.	Notify the relevant parties of the potential loss.
Explain the role of all possible relevant parties involved in a claim (e.g. insurer/ceding company, reinsurer/accepting company, the insured, the assessor etc).	Obtain all relevant documentation regarding the claim.
Describe the process for review and appeals of rejected claims.	Validate the documents/information and the legitimacy of the claim.
Explain the types of compulsory legislative insurance.	Establish liability in terms of the policy (Appoint loss adjustor/assessor and/or investigator if necessary).
Explain the use of applicable formulas (e.g. average, betterment and contribution).	Establish the value/quantum of the claim.
	Notify relevant parties of claims outcome (settle/reject) internal and external.
	Settle claim if admitted (valid).
	Record finalisation of claim.

Task 9 Recovery/mitigation of losses

Knowledge criteria	Skill criteria
Explain the process of salvage of goods and recovery of money.	Determine available recourse/recovery actions.
Explain the legal rights of recourse (i.e. subrogation) available to the relevant parties.	Determine the involvement of the client in this process.
Explain the implications of VAT.	Advise client of actions/process to be taken and implement recovery actions where appropriate.
	Establish the relative interest of the parties in any recovery achieved.
	Settle between the parties involved.
	Record finalisation of recovery/mitigation settlement.