



# inseta

INSURANCE SECTOR EDUCATION  
AND TRAINING AUTHORITY

<b>Learner Name</b>	
<b>ID Number</b>	
<b>Organisation</b>	

## FORMATIVE ASSESSMENT: LEARNER WORK FILE VERSION 1

Unit Standard Title: **Underwrite a standard risk in Short Term Personal Insurance**

Unit Standard No: **120118**

Unit Standard Credits: **6**

NQF Level: **4**

### Mark information:

Specific Outcome/Section	1	2	3	4	5	Total	%	C / NYC
<b>Maximum marks</b>	28	19	16	28		91	100	

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## Formative Activities

### Section 1: 28 marks

#### Activity 1

Explain the concept 'the insured' with reference to items to be insured. (2)



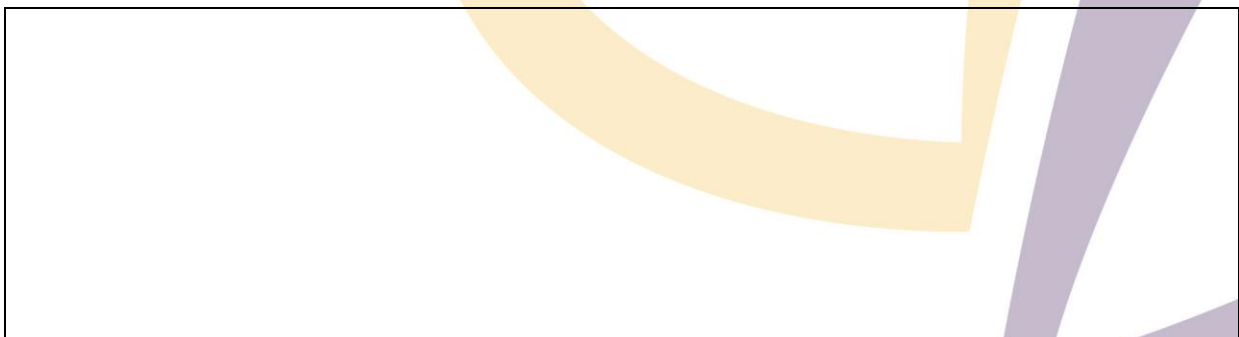
#### Activity 2

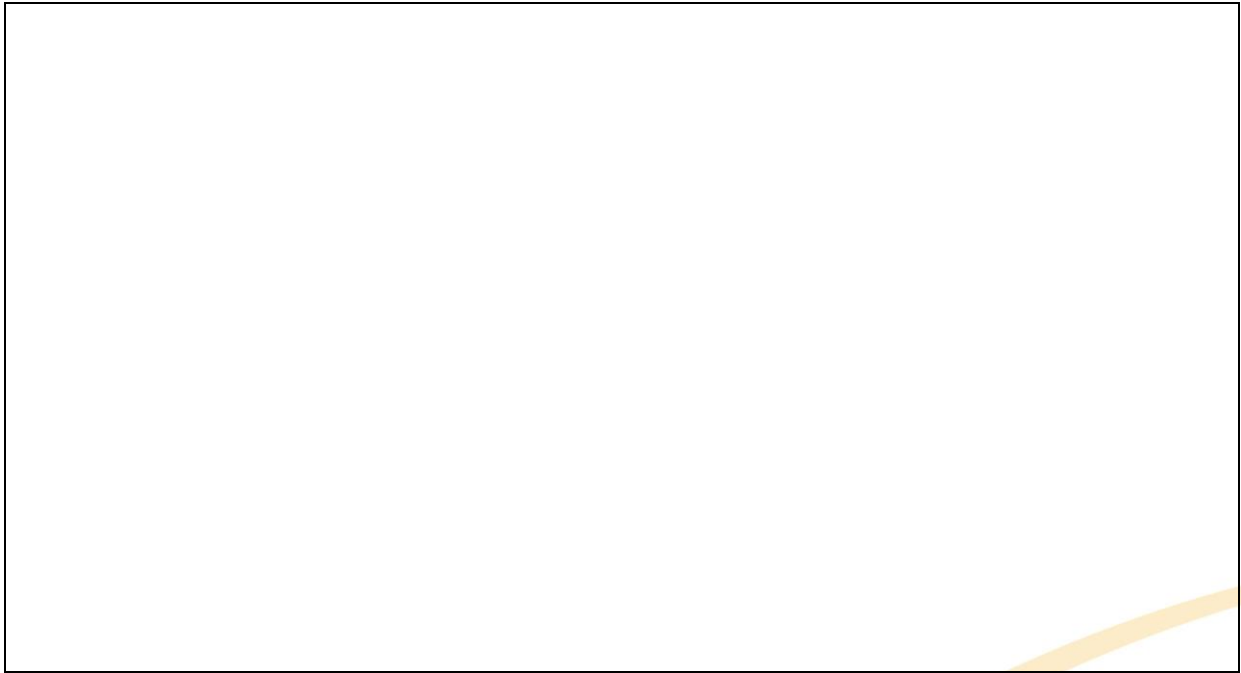
Explain the concept 'risk' and give examples. (4)



#### Activity 3

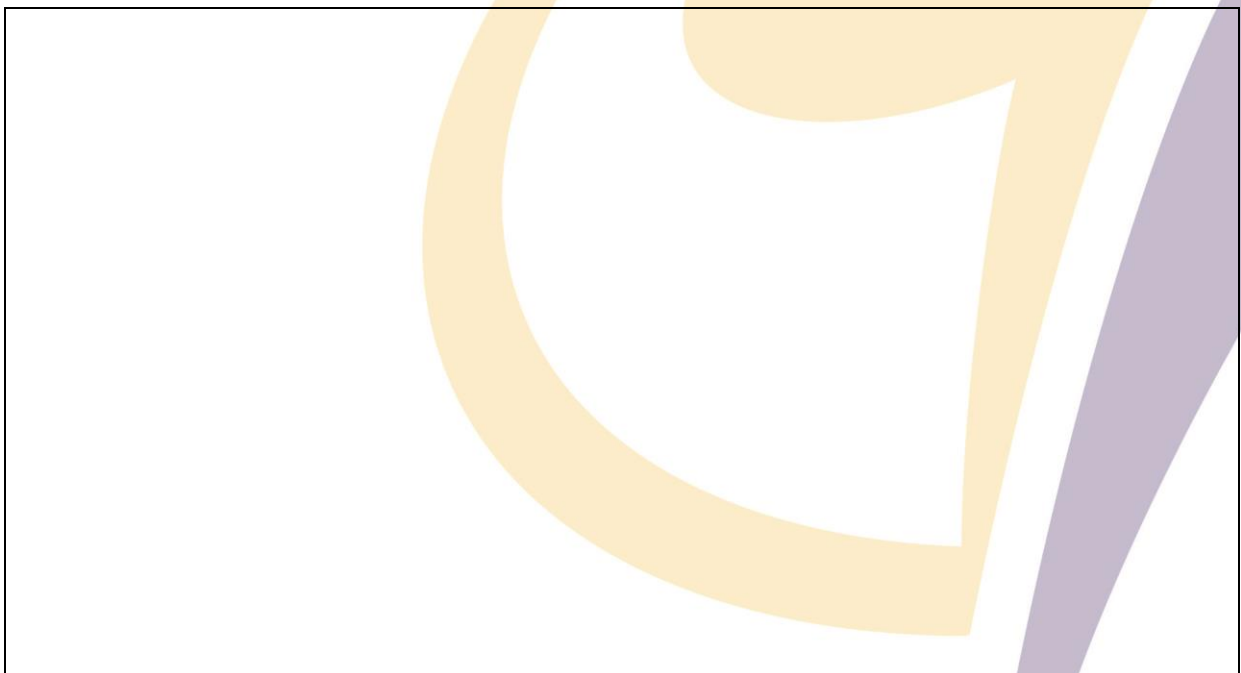
List and explain three (3) criteria that are used to underwrite a personal risk, with reference to how each could influence the risk. (3 x 2 = 6)



**Activity 4**

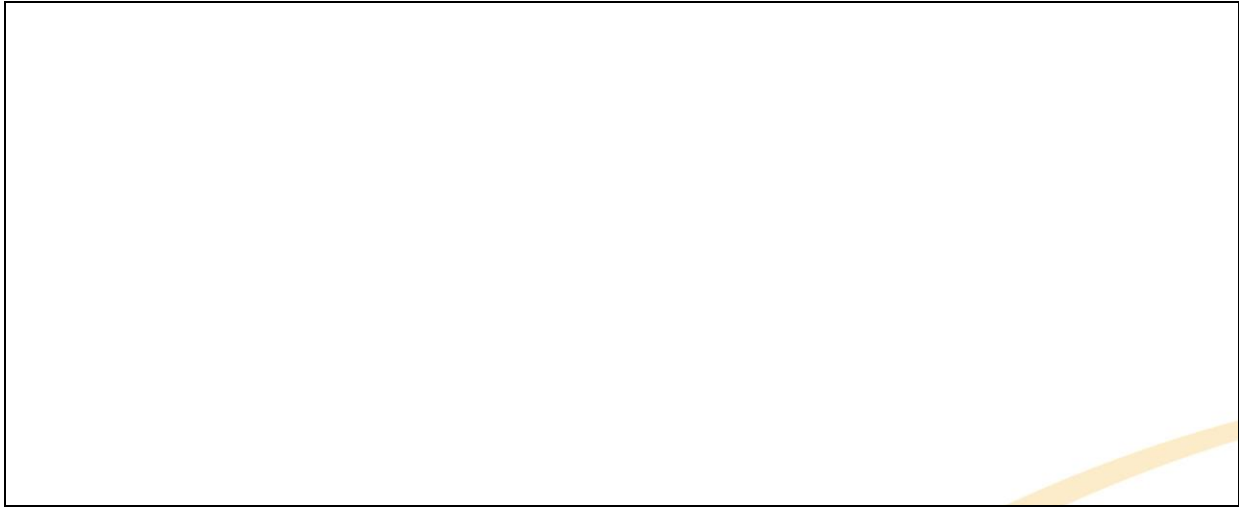
Source a blank proposal document from a short term insurance company. Self-complete the proposal and identify the elements that could indicate a higher than usual risk. Write short notes on your analysis done.

Attach a copy of the proposal document that you have used for this activity to your portfolio of evidence. If it is not possible to source a proposal form, analyse your own circumstances and discuss the above without using the form. (5)



**Activity 5**

Explain the basic purpose of underwriting risk with reference to short term personal insurance. (4)

**Activity 6**

Briefly mention what the use of a central database is in investigating the loss history of a proposer and give an indication of when such a database is used by an insurer. (7)



**Section 2: 19 marks**

**Activity 7**

Explain the concept 'subject matter of insurance' with reference to a personal proposal.

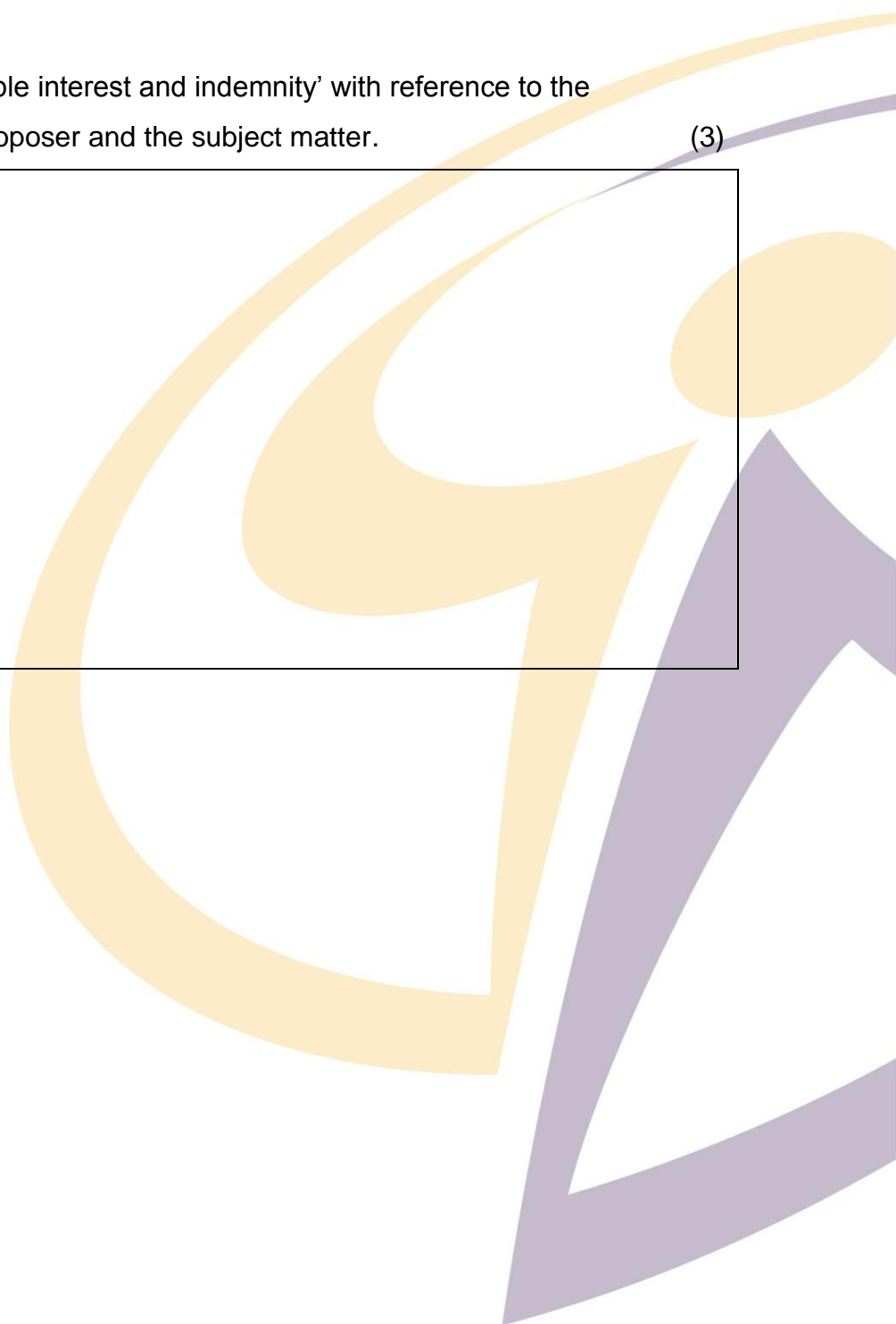
(2)

**Activity 8**

Explain the concept 'insurable interest and indemnity' with reference to the relationship between the proposer and the subject matter.

(3)

**Activity 9**



Identify six (6) different personal assets and give a reason why each would be classified as a high, medium or low risk for the insured and the insurer.

(6 x 2 = 12)

A large empty rectangular box with a thin black border, intended for the student to write their answers to the question above. The box is currently blank.

**Activity 10**

Use the proposal form / policy document that you have used in Activity 4 and identify the potential business risks. Write notes on your research. If none, identify under which circumstances business risks could be covered under a personal lines policy.

(2)

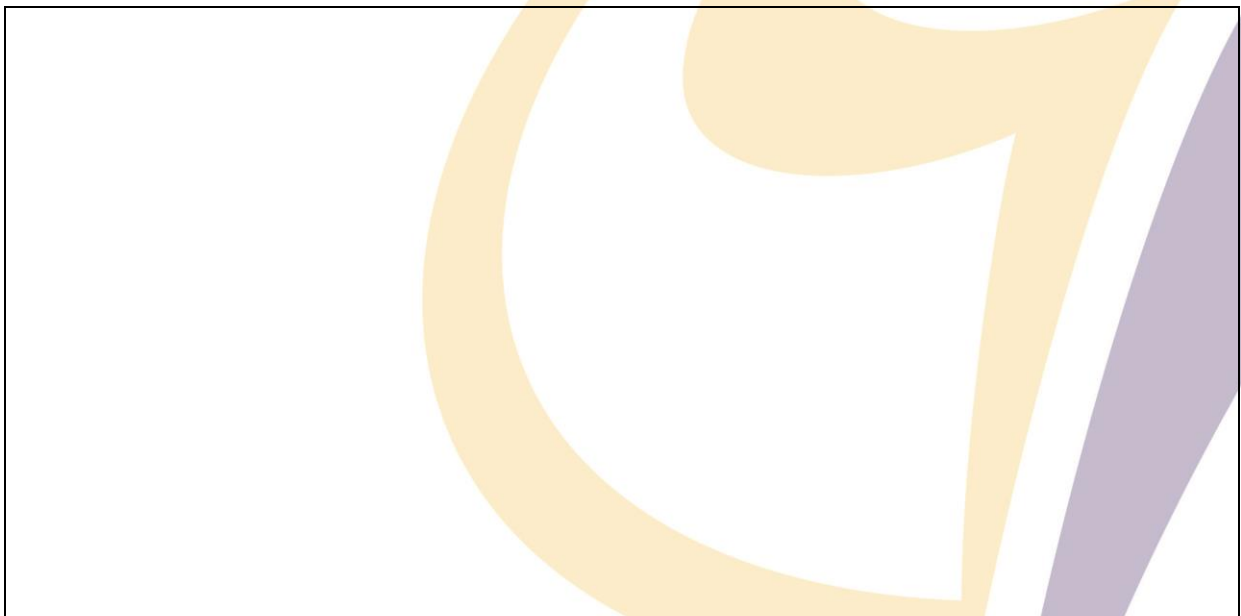


### **Section 3: 16 marks**

#### **Activity 11**

Explain in your own words how the information on a proposal form is verified from an appropriate source.

(5)



#### **Activity 12**

Briefly mention how information relating to previous insurance loss history is requested and corrective measures are taken to reduce risk.

(5)



### **Activity 13**

Briefly explain how the financial implications of the size and frequency of previous losses can be ascertained and give an indication of the previous claims trend and the preferred risk when faced with a low frequency high risk or high frequency low risk.

(6)





**Section 4: 28 marks****Activity 14**

Briefly explain how the underwriter should go about gathering and analysing the relevant information in order to make a decision to accept or decline the proposal.

(6)

**Activity 15**

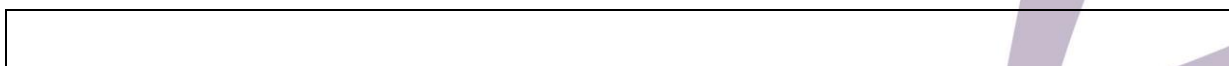
Identify the factors that warrant a loading or reduction in terms of reducing perils, applying deductions, excesses and physical protection of assets.

(17)



**Activity 16**

Explain how you would determine the premiums and terms and conditions applicable to a policy. How would you present it in a quotation? (5)





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**SOUTH AFRICAN QUALIFICATIONS AUTHORITY  
REGISTERED UNIT STANDARD:**

**Underwrite a standard risk in short term personal insurance**

<b>SAQA US ID</b>	<b>UNIT STANDARD TITLE</b>
120118	Underwrite a standard risk in short term personal insurance
<b>ORIGINATOR</b>	<b>ORIGINATING PROVIDER</b>
SGB Insurance and Investment	
<b>QUALITY ASSURING BODY</b>	
-	

FIELD			SUBFIELD	
Field 03 - Business, Commerce and Management Studies			Finance, Economics and Accounting	
ABET BAND	UNIT STANDARD TYPE	OLD NQF LEVEL	NEW NQF LEVEL	CREDITS
Undefined	Regular	Level 4	NQF Level 04	6
REGISTRATION STATUS		REGISTRATION START DATE	REGISTRATION END DATE	SAQA DECISION NUMBER
Reregistered		2009-01-27	2012-01-27	SAQA 0160/05
LAST DATE FOR ENROLMENT		LAST DATE FOR ACHIEVEMENT		
2013-01-27		2016-01-27		

In all of the tables in this document, both the old and the new NQF Levels are shown. In the text (purpose statements, qualification rules, etc), any reference to NQF Levels are to the old levels unless specifically stated otherwise.

This unit standard replaces:

US ID	Unit Standard Title	Old NQF Level	New NQF Level	Credits	Replacement Status
10366	Underwrite a standard risk in short term personal/domestic insurance	Level 4	NQF Level 04	10	Complete

### PURPOSE OF THE UNIT STANDARD

The key purpose of underwriting risk in short term personal insurance is to analyse the risk associated with personal assets. This standard focuses on making a short term personal type insurance underwriting decision without referral. It is intended for Short Term Underwriters, but will be useful for Intermediaries, Claims Clerks, Claims Advisors, Claims Negotiators, Assessors, Loss Adjusters, Claims Investigators and learners who underwrite risk and investigate and underwrite claims.

The qualifying learner is capable of:

- Investigating the circumstances of the proposer.
- Analysing assets and liabilities of a personal proposal.
- Investigating the loss and claims history of a proposer.
- Making an underwriting decision for a short term personal standard risk.

## **LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING**

It is assumed that learners are competent in Communication and Mathematical Literacy at Level 3 and that they know the products marketed by a short term insurance organisation.

### **UNIT STANDARD RANGE**

The typical scope of this Unit Standard is:

- Typical short term personal/domestic insurance is insurance in motor, householders, house owners, personal liability and small craft that apply to individuals and are not generally used to generate income.
- The subject matter of insurance includes, but is not limited to, items, liability, physical address and person/people.
- Underwriting criteria include, but are not limited to, age, occupation, moral and lifestyle factors.
- Risk includes hazards, perils probability, frequency and severity.
- Assets include, but are not limited to household contents, buildings, vehicles, jewelry, collectables and handheld devices.
- A central database includes, but is not limited to Information Trust Corporate (ITC).

### **Specific Outcomes and Assessment Criteria:**

#### **SPECIFIC OUTCOME 1**

Investigate the circumstances of the proposer.

#### **ASSESSMENT CRITERIA**

##### **ASSESSMENT CRITERION 1**

The concept of the insured is explained with reference to items to be insured.

##### **ASSESSMENT CRITERION 2**

The concept of a risk is explained with examples.

##### **ASSESSMENT CRITERION 3**

The criteria used to underwrite a personal risk are explained with reference to how each could influence the risk.

##### **ASSESSMENT CRITERION 4**

A proposal is analysed and elements that could indicate a higher than usual risk are identified and investigated further.

##### **ASSESSMENT CRITERION 5**

The basic purpose of underwriting risk is explained with particular reference to short term personal insurance.

### **ASSESSMENT CRITERION 6**

The use of a central database in investigating the loss history of a proposer is explained and an indication is given of when such a data base is used by an insurer.

### **SPECIFIC OUTCOME 2**

Analyse the assets and liabilities of a personal proposal.

### **ASSESSMENT CRITERIA**

#### **ASSESSMENT CRITERION 1**

The concept of subject matter of insurance is explained with reference to a personal proposal.

#### **ASSESSMENT CRITERION 2**

The concept of insurable interest and indemnity is explained with reference to the relationship between the proposer and the subject matter.

#### **ASSESSMENT CRITERION 3**

Six different personal assets are identified and reasons are given as to why each would be classified as a high, medium or low risk for the insured and the insurer.

#### **ASSESSMENT CRITERION 4**

Potential business risks in a personal proposal are identified and investigated to determine acceptability under a personal policy.

### **SPECIFIC OUTCOME 3**

Investigate the loss and claims history of a proposer.

### **ASSESSMENT CRITERIA**

#### **ASSESSMENT CRITERION 1**

The information on the proposal form is verified from an appropriate source.

#### **ASSESSMENT CRITERION 2**

Information relating to previous insurance loss history requested and corrective measures taken to reduce risk are ascertained from the proposer.

#### **ASSESSMENT CRITERION 3**

The financial implications of the size and frequency of previous losses are ascertained and an indication is given of the previous claims trend and the preferred

risk when faced with a low frequency high risk or high frequency low risk.

#### **SPECIFIC OUTCOME 4**

Make an underwriting decision for a short term personal standard risk.

#### **ASSESSMENT CRITERIA**

##### **ASSESSMENT CRITERION 1**

All the relevant information gathered is analysed and used to determine whether to accept or decline the proposal.

##### **ASSESSMENT CRITERION 2**

Factors that warrant a loading or reduction are identified in terms of reducing perils, applying deductions, excesses and physical protection of assets.

##### **ASSESSMENT CRITERION 3**

The premiums, terms and conditions applicable to a policy are determined and presented in a quotation.

#### **UNIT STANDARD ACCREDITATION AND MODERATION OPTIONS**

- Anyone assessing a candidate against this Unit Standard must be registered as an assessor with the relevant ETQA or ETQA where a Memorandum of Understanding (MOU) exists with the relevant ETQA.
- Any institution offering learning that will enable achievement of this Unit Standard must be accredited as a provider through the relevant ETQA or ETQA where a Memorandum of Understanding (MOU) exists with the relevant ETQA.
- Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines and the agreed ETQA procedures.

#### **UNIT STANDARD ESSENTIAL EMBEDDED KNOWLEDGE**

N/A

#### **UNIT STANDARD DEVELOPMENTAL OUTCOME**

N/A

#### **UNIT STANDARD LINKAGES**

N/A

#### **Critical Cross-field Outcomes (CCFO):**



**UNIT STANDARD CCFO IDENTIFYING**

Learners are able to recognise potential problems and make a decision to underwrite as a standard personal risk or to refer a case to a senior underwriter.

**UNIT STANDARD CCFO WORKING**

Learners are able to recognise the need to work effectively as a member of a team in order to assess a risk to the benefit of the client and acceptable risk to the company.

**UNIT STANDARD CCFO ORGANISING**

Learners are able to organise and manage own activities responsibly and effectively to maximise productivity and provide an efficient service to clients.

**UNIT STANDARD CCFO COLLECTING**

Learners are able to collect, organise and evaluate information in order to underwrite a standard short term personal risk.

**UNIT STANDARD CCFO COMMUNICATING**

Learners are able to communicate effectively in order to explain the rationale for underwriting decisions.

**UNIT STANDARD CCFO SCIENCE**

Learners are able to use a computer to assist in processing information required to assess a short term personal risk.

**UNIT STANDARD CCFO DEMONSTRATING**

Learners are able to recognise that decisions are not made in isolation in assessing short term personal risk.

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