

Risk Management (RM)

Overview

The Risk Management subject provides students with an overview of the contemporary Australian general and life insurance industry including the application of risk products.

Learning Outcomes

Module 1: Managing Personal Risk

On successful completion of this module, you should be able to:

- List the different types of risk
- Identify different ways that risk can be identified
- Describe how risk can be measured
- Explain various ways of handling risk
- Apply the five-step risk management process to a client's situation
- Identify and interpret risk management information contained in a client's fact finder
- Identify suitable risk management strategies

Module 2: Regulating the Life Insurance Industry

On successful completion of this module, you should be able to:

- Describe the historical development of insurance in Australia
- Explain the product innovation and diversification that occurred in the 1960s to 1980s
- Describe the various legislation that regulates the financial services industry
- Outline the consumer protection provisions in the Corporations Act
- List the main areas covered by the Financial Services Reform Act
- Explain the role played by the Australian Securities and Investment Commission (ASIC) in the licensing and regulating of the financial services industry
- Describe when a person or entity requires licensing pursuant to the Corporations Act
- Define 'authorised representative' and give examples of activities that would require someone to be an authorised representative of a licensee
- Detail the legal responsibilities that financial advisers owe to their clients in respect of both statute and common law
- Outline the obligations of the licensee in regard to appointing authorised representatives
- Detail the disclosure requirements of licensees and their representatives
- Explain the implications of the 'know your client rule' under Section 945 of the Corporations Act 2001
- List the contents of a Financial Services Guide.

Module 3: General and Government Insurance

By studying the contents of this module, you should be able to:

- List the common features of all general insurance contracts
- Categorise general insurance contracts
- Explain how exclusions operate
- Describe how domestic insurance operates
- Explain the different types of motor vehicle insurance available
- Recommend appropriate domestic and motor vehicle insurance based on people's needs
- Describe the different types of liability insurance
- Explain how commercial insurance works
- Identify the main areas of the general insurance code of practice that impact on financial planning
- Explain how health insurance operates in Australia
- Describe the benefits of private health insurance

- Describe the operation of Workers' Compensation in Australia
- Define the concept of Compulsory Third Party (CTP)
- Describe the operation of compensation payments and social security entitlements.

Module 4: Life Insurance

On successful completion of this module, you should be able to:

- Explain why life insurance is important
- Describe how life offices are structured
- List various types of life insurance policies
- Explain the difference between unbundled and bundled contracts
- Explain the effectiveness of nominated beneficiaries
- Recommend appropriate life insurance cover
- Describe the taxation treatment of life insurance policies.

Module 5: Underwriting, Risk Appraisal and Pricing

On successful completion of this module, you should be able to:

- Describe the role of an underwriter
- Describe how large sums insured are handled by life offices
- Explain how underwriting is applied to life insurance
- Outline how disability business is underwritten
- Detail how underwriters approach trauma insurance
- Explain how life insurance premiums are calculated
- Explain the importance of full disclosure when obtaining insurance cover
- Explain the necessity of completing the extra medical information forms.

Module 6: Designing Recommendations Using Insurance Products

Upon the successful completion of this module, you should be able to:

- Outline and complete the process for providing advice on personal risk insurance products
- Define your own personal risk management program
- List key terminologies related to life insurance products
- Explain the taxation treatment of life insurance premiums and benefits
- List life insurance products, benefits, definitions and contracts using a Product Disclosure Document
- Explain issues that impact on the underwriting process for life insurance policies
- Identify and quantify the personal risk management needs of clients
- Design and present appropriate life insurance strategies and recommendations to satisfy client case study requirements.