

Title	Explain insurance products as financial risk management strategies for personal finances		
Level	2	Credits	3

Purpose	People credited with this unit standard are able to explain insurance products as financial risk management strategies for personal finances.
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Classification	Core Generic > Financial Capability
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Available grade	Achieved, Merit, and Excellence
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Criteria for Merit	The explanation for Merit of insurance products as financial risk management strategies includes a description of how the components of an insurance policy impact on personal finances.
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Criteria for Excellence	The explanation for Excellence of insurance products as financial risk management strategies includes justification of how disclosure and its related consequences impact on personal finances.
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Guidance Information

- 1 This unit standard can be awarded with *Achieved*, *Merit*, or *Excellence*. For the *Achieved* grade to be awarded, the outcome must be achieved as specified in the outcome statement. For *Merit* or *Excellence* to be awarded, the candidate must meet the *Merit* or *Excellence* criteria specified above.

Assessment may be based on a case study or simulation, but where the candidate's real situation is used, every care must be taken to protect privacy, and the provisions of the Privacy Act 2020 will apply.

- 2 Definitions
Non-disclosure refers to information that you have not revealed to the insurer (whether accidentally or deliberately).
Financial risk management strategies refer to identifying, assessing, managing and avoiding risk. They may involve choosing not to smoke or avoiding an activity that might cause injury or making sure you have smoke alarms in your house. They may also relate to anticipating unexpected events in relation to health, property and employment and insuring against these events by taking out insurance policies that reduce their impact on personal finances,

3 References

Financial Services Complaints Ltd, available at <http://www.fscl.org.nz/>;
 Financial Services Council of New Zealand, available at <https://fsc.org.nz/>;
 Financial Dispute Resolution Service, available at <https://www.fdrs.org.nz/>;
 Insurance Council of New Zealand, available at <https://www.icnz.org.nz/>;
 Sorted: Your Independent Money Guide, available at <https://www.sorted.org.nz/>;
 Insurance and Financial Services Ombudsman, available at <https://www.ifso.nz/>.

4 Legislation may include but is not limited to:

Financial Markets Conduct Act 2013
 Insurance Law Reform Act 1985
 Crimes Act 1961 (Sections 220, 228, 229, 240, 242, and 256, 257, 258 to 260)
 Land Transport Act 1998
 Financial Service Providers (Registration and Dispute Resolution) Act 2008
 Privacy Act 2020
 and all subsequent amendments and replacements.

Outcomes and performance criteria

Outcome 1

Explain insurance products as financial risk management strategies for personal finances.

Performance criteria

1.1 Insurance product types are explained in terms of their purpose, features and suitability to personal circumstances.

Range insurance product types may include but are not limited to – life, disability and health (medical) insurance, trauma (also called critical illness), income protection and mortgage protection insurance, travel, house, motor vehicle, house contents; four insurance products are explained.

1.2 Components of an insurance policy are explained in terms of their impact on personal finances.

Range components of an insurance policy may include but are not limited to – excess, premium, sum insured, claims process, coverage, exclusions; four components are explained.

1.3 The consequences of non-disclosure are explained in terms of impact on policy coverage and claims.

Planned review date	31 December 2025
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Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	12 December 2013	31 December 2018
Revision	2	21 May 2015	31 December 2018
Republication	2	25 June 2015	31 December 2018
Review	3	21 July 2016	31 December 2022
Review	4	29 July 2021	N/A

Consent and Moderation Requirements (CMR) reference

0226

This CMR can be accessed at <https://www.nzqa.govt.nz/framework/search/index.do>.

Comments on this unit standard

Please contact NZQA National Qualifications Services nqs@nzqa.govt.nz if you wish to suggest changes to the content of this unit standard.