

820

Advanced Diploma in Insurance

Unit 820 – Advanced claims

October 2014 examination

Instructions

- Three hours are allowed for this paper.
- **Do not begin writing until the invigilator instructs you to.**
- Read the instructions on page 3 carefully before answering any questions.
- Provide the information requested on the answer book and form B.
- You are allowed to write on the inside pages of this question paper, but you must **NOT** write your name, candidate number, PIN or any other identification anywhere on this question paper.
- The answer book and this question paper must **both be handed in personally by you** to the invigilator before you leave the examination room. **Failure to comply with this regulation will result in your paper not being marked and you may be prevented from entering this examination in the future.**

Unit 820 – Advanced claims

Instructions to candidates

Read the instructions below before answering any questions

- **Three hours** are allowed for this paper which carries a total of 160 marks, as follows:

Part I	1 compulsory question (case study)	80 marks
Part II	2 questions selected from 3 (scenarios)	80 marks

- You should answer the question in Part I, and two out of the three questions in Part II.
- **You are advised to spend no more than 90 minutes on Part I and 45 minutes on each question selected in Part II.**
- **It is recommended that you spend 15 minutes reading and planning your answer to the case study and 75 minutes answering it, and that you spend 10 minutes reading and planning your answer to each scenario and 35 minutes answering it.**
- A case study tests extensively across syllabus learning outcomes, whilst a scenario will be more focused on specific learning outcomes.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- You may find it helpful in some places to make rough notes in the answer booklet. If you do this, you should cross through these notes before you hand in the booklet.
- Answer each question on a new page. If a question has more than one part, leave six lines blank after each part.

PART I**Case study****This question is worth 80 marks**

To gain maximum marks you should include relevant examples and evidence of further reading in your answer

1. Case study

You are an external claims consultant who has been appointed by the Chief Executive Officer (CEO) at Grand Insurance Company, a large general insurer writing a broad range of personal and commercial lines from offices across the UK.

The CEO has explained that the Board of Grand Insurance Company is concerned about the ongoing profitability of the company, particularly in the current environment, where rates remain soft and the sales teams are finding it difficult to obtain new business. The Board has turned its attention to the claims function, considering both the cost of running the claims function, and the amount paid out by way of indemnity and associated costs. The Board wishes to obtain your advice on how these costs could be reduced, as well as your views on the impact that this could have upon the claims function.

Question

Write a report to the Board which:

- explains the internal and external costs of the claims operation;
- recommends steps that could be taken to reduce the overall costs.

Conclude your report by identifying any possible consequences for the company should those changes be implemented.

(80)

Part II questions can be found on pages 6 and 7

PART II**Scenarios****Answer TWO of the following THREE questions****Each question is worth 40 marks**

To gain maximum marks you should include relevant examples and evidence of further reading in your answer

2. Scenario

You are the Claims Manager of an established household insurance company. You are considering setting up a call centre within your organisation to assist with claims handling.

Question

Prepare a report for the Board:

- identifying the benefits and any potential disadvantages of opening a call centre;
- explaining how you intend to monitor and control this new facility;
- evaluating the cost implications.

(40)**3. Scenario**

You are the Claims Manager of a UK-based general insurer and have been notified of a large fire claim from an insured company relating to their premises in the UK. This customer also insures, through your company, a large US manufacturing plant.

Initial investigation suggests that there may have been a breach of a continuing warranty relating to the disposal of trade waste.

The Board has expressed concern regarding the potential cost and commercial sensitivity of this claim and has sought your advice.

Question

Prepare a report for the Board which:

- outlines your proposed initial communication to the insured;
- explains how a dispute between your company and the claimant might progress; and
- reviews the additional considerations that may apply, had the fire occurred in the insured's US plant.

(40)

4. Scenario

You are the Claims Director of a small general insurance company. Concern has been expressed at Board level regarding poor levels of communication, interaction and co-operation between various departments within the organisation.

Question

Prepare a report for the Board that:

- examines how to improve working relationships between the claims department and the underwriting and sales/marketing departments;
- identifies the benefits that this plan would bring to the organisation.

(40)

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