

**930**

# Advanced Diploma in Insurance

## Unit 930 – Advanced insurance broking

April 2013 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 930 – Advanced insurance broking

## 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 the Broking Manager of a well established, UK based, medium sized insurance broker. The company has a reputation for providing quality service to its mainly commercial clients, the majority of which are small and medium enterprises (SME). Growth has been helped by the recent acquisition of a number of niche books of business.

Your company provides insurance broking services to its clients only on the open insurance market. Over the years, the company has developed wholesale business relationships with other brokers in order for them to access the insurers your company trades with, or to ask the company to arrange insurance for risks these brokers find difficult to place.

In addition, the company's sales team has established a number of agreements with various trade bodies and affinity groups, where the company provide insurance solutions for their members or affiliates. Many of these have unusual insurance risk profiles that have been difficult to place and the company is currently in talks with a number of insurers to negotiate potential delegated authority (DA) schemes.

Before agreeing to establish any DA schemes, the Board has asked you to review the impact they could have on the business.

This has also prompted the Board to ask you to consider the impact of establishing a Managing General Agent (MGA) that could be set up to provide insurance for your wider client base.

**Question**

Prepare a report for the Board that:

- reviews how different types of DA scheme or MGAs could be set up and managed both from the perspective of insurer as the capacity provider and your company as the underwriter;
- evaluates briefly the benefits to the company of operating a DA scheme or an MGA;
- examines the breadth of challenges for insurance brokers when operating DA schemes and MGAs.

**(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 a divisional director of a large insurance broker responsible for developing the existing commercial client base. You have been asked to review the options for providing additional risk related services. You are aware that the provision of these services brings benefits to the company as well as benefits for the client and the insurer.

**Question**

Prepare a report that examines **five** different risk related services that could be offered to your clients that illustrate a range of options for their provision.

*Your report must include an analysis of the benefits to all parties from providing the risk related services you have identified. Your report does not need to include claims related services.*

**(40)****3. Scenario**

You have recently been appointed as Head of Corporate Business Development at a broking company which has three offices. This is a new role for the company which has grown without any particular focus on new business development.

The Chief Executive has asked you to review the process of obtaining new clients and in particular how to maximise new business.

**Question**

Prepare a report for the Chief Executive that examines the importance of creating a sales culture and the role of senior management in the sales process. In addition, the report must include:

- a review of the importance of adopting a process approach to sales, describing the components of such a sales process and how a sales pipeline can be created and managed;
- a brief examination of the different ways in which those involved in sales can be incentivised;
- analysis of the importance of maintaining a balance between sales and service in the selection of staff.

**(40)**

**4. Scenario**

The insurance broking company you work for was founded twenty years ago and originally employed just three people. Today there are almost 100 staff working in several offices across the UK and the company has enjoyed rapid growth, particularly over the last five years. Several distinct areas of specialisation have developed, but currently the business is not segmented in terms of the service it offers to its mainly commercial client base.

As a member of the senior management team, you have been asked to review the options for re-organising the business to reflect the need to trade differently with alternative market segments.

**Question**

Prepare a report for your management colleagues to include:

- an examination of the role of segmentation and the advantages and disadvantages segmentation would have for the business;
- a review of the criteria for segmentation;
- analysis of the various methods of trading with clients and the reasons for adopting an alternative approach to different market segments.

**(40)**

