

930

Advanced Diploma in Insurance

Unit 930 – Advanced insurance broking

April 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 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 UK based insurance broker. Your company places business in Lloyd's and the wider UK market. Both the volume of business you place and your reputation for high quality submissions has enabled the company to establish agency agreements with all the major UK insurers.

At a recent broker conference, you were approached by a senior representative of a broking company based in the US. The representative of the US based broking company asked if your company would consider placing an element of their client's business into the UK market on a wholesale basis. When advising your senior management of this approach, you were told that the company's Board had already considered expanding the business overseas to take advantage of differing market cycles in different countries around the world and from acting as a wholesale broker generally.

The CEO senses a new business opportunity and has asked you to review the options available for conducting business outside the UK and, in addition, the different ways in which your company could transact business with other brokers both in the UK and overseas.

Question

Prepare a report for the Board that:

- identifies **four** main methods of trading available in order to transact business on a global basis;
- analyses the advantages and challenges of each method of trading for your company;
- explains the impact of the market cycle on global business where territories are at differing stages of the cycle;
- suggests ways in which your company may be able to take advantage of this when designing global insurance programmes.

(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

Your broking company has been newly established following the amalgamation of three smaller broking firms. As head of Information Technology (IT), you have been asked by the Board to plan and deliver an integrated IT system that better serves the needs of the new company. It is intended that the new system will be used by the whole business, including the core functions of business development, customer service and claims as well as the supporting functions of accounting, invoicing, management information and marketing.

Question

Prepare a report that:

- explains the elements of a successful IT implementation project;
- assesses how the project should be managed to ensure that the needs of the business drives the IT system;
- analyses the advantages and challenges of **three** potential solutions.

(40)**3. Scenario**

You have been appointed to the newly created role of risk manager at a medium-sized insurance broker. You have been asked to update your company's corporate enterprise risk management plan in accordance with the relevant British Standard.

Question

Prepare a report for the Board that:

- explains the main types of risks the company may be exposed to;
- analyses the reasons for managing the risks that face the company, with reference to the fundamentals of corporate risk management;
- evaluates the **three** key steps to the successful management of such risks.

(40)

4. Scenario

You are the Head of Compliance at a medium-sized broking firm. In order to achieve challenging new business targets, the Head of Sales is keen to use a number of new external introducers who are not currently regulated. You have been asked to advise on the implications of using third party introducers. The Head of Sales wants to know what action the Financial Conduct Authority (FCA) would take.

Question

Prepare a report that:

- explains how your firm could use various types of third parties in accordance with the FCA's rules and guidance;
- analyses the advantages and disadvantages to the business from using third party introducers;
- assesses the range of the FCA's disciplinary measures and their potential impact on your firm.

(40)

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