

820

Advanced Diploma in Insurance

Unit 820 – Advanced claims

April 2015 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

ABC Insurance company is a large insurer which provides insurance in respect of UK third party risks for commercial policyholders.

Over the past few years, the Board has noticed an increase in indemnity spend against the amount projected.

An audit of open and closed claims was carried out. It was found that a significant part of the increase in indemnity spend resulted from a failure to manage low value third party personal injury claims in the most cost effective way. A key issue is the increase in the percentage of claims reaching litigation.

The Board has considered a number of ways to reduce indemnity spend and has asked different members of the claims management team to report on possible solutions.

Question

As a member of the claims management team, you have been asked to prepare a report for the Board which:

- explains the importance of the Civil Procedure Rules and pre-action protocols in respect of this issue;
- recommends the steps that could be taken to reduce indemnity spend through more effective claims handling.

(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 have recently been appointed Claims Manager of XYZ Insurance. The company's claims philosophy is currently under review. The Claims Director has asked you to lead the review.

Question

Produce a document containing a framework which can be used as guidance by those involved in the creation of a claims philosophy in the future.

Your document should include the key elements of a claims philosophy and an outline of the approach that you would take in developing one.

(40)**3. Scenario**

You are the Claims Manager of an insurer which currently underwrites UK household risks. It is considering expanding into the UK private motor market.

Your Chief Executive Officer has expressed concern about the level of fraudulent claims.

Question

Draft a presentation to the Chief Executive Officer:

- defining claims fraud and explaining how your company is taking steps to minimise fraud within the current portfolio, including fraud detection and fraud indicators;
- analysing the effect that the introduction of motor insurance business is likely to have on your company's strategy on fraudulent claims, including a summary of your recommendations to minimise motor fraud.

(40)

4. Scenario

You are the Claims Manager of a medium-sized insurance company. At a recent board meeting, a newly appointed non-executive director has expressed an interest in the use of claims management information (MI) by all departments in the company.

Question

Write a report for the Board in which you:

- outline the typical MI used to manage the claims operation;
- discuss how the claims MI should be used effectively in other departments. **(40)**

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