

820

Advanced Diploma in Insurance

Unit 820 – Advanced claims

October 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

You are the Claims Director for XYZ Insurance, an insurer which specialises in commercial first party property damage insurance in the UK.

The claims department currently operates to the following targets:

- acknowledges all new claims within 1 day;
- appoints a loss adjuster within 3 days;
- provides a decision in respect of policy liability within 7 days of receipt of the loss adjusters' report; and
- once a claim has been agreed, payment is made within 10 days.

At a recent meeting, the Board confirmed that it is keen to develop XYZ's portfolio by offering cover for employers' and public liability risks.

The Board believes that the existing claims department will be able to adapt to handling third party claims without making any significant change to the current claims process.

Question

Write a report to the Board which:

- analyses how the claims handling process will differ between first and third party claims;
- reviews the different ways in which disputes can be resolved depending on whether it is a first or third party claim; and
- provides a brief outline for a claims handling process which can be used for handling employers' and public liability risks.

(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 a small UK personal lines insurer which has grown rapidly over the past three years. Following a review of its reinsurance programme, the company has decided to replace its current 50% quota share treaty with an excess of loss treaty for new business.

Question

Prepare a report to the claims department which:

- defines reinsurance;
- outlines the difference between the two reinsurance contracts under consideration;
- explains the general notification requirements of the two types of reinsurance contract and the steps the cedant's claims department can take to ensure these requirements are met.

(40)**3. Scenario**

ABC, a motor insurer, has grown rapidly over the last three years. The long serving Claims Director is about to retire. ABC is therefore advertising for a new Claims Director and you are in the process of applying for this position.

Question

In preparation for a potential interview, evaluate what you would consider to be the main responsibilities, skills required and challenges of the role.

(40)

4. Scenario

You are the Claims Manager of a small insurer writing UK non-life personal lines business. Following a recent Board meeting, the company is considering a premium growth strategy. This is likely to involve writing a new line of business from a different geographical location.

Question

Write a report to the Board which:

- explains the information you will need in order to determine the approach required to prepare for the potential claims arising from these proposals;
- identifies the options available for a claims model appropriate to servicing the new line of business.

(40)

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