

945

Advanced Diploma in Insurance

Unit 945 – Marketing insurance products and services

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 945 – Marketing insurance products and services

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 Marketing Manager for GCI Insurance (GCI) who transacts personal and commercial insurance. Personal insurance includes home and motor insurance, which is distributed through both brokers and a call centre. Commercial insurance, including motor fleet, is arranged only through brokers and is geared towards small and medium enterprises.

Two years ago, GCI set a growth target for the business to increase from £400 million to £500 million premium income over a five-year period.

Since setting this target, GCI has experienced intense competition for motor insurance, frustrating plans to grow premium income and retain customer numbers in this market. Whilst the motor account premium has grown to £100 million and remains profitable, the current premium income for the full portfolio is behind the planned growth target.

Research conducted by GCI forecasts that the current soft market conditions for motor insurance will continue for the next three years. It also identified that there are opportunities for growth in home and commercial insurance products.

At the last Board meeting, this research was reviewed and as a result, the following critical concerns were raised:

- Should the company continue to invest at the current level in the motor account? If so, would continuing to invest in the motor account limit the resources available to other opportunities and prevent the overall target from being achieved?
- Some business customers have their commercial and motor insurance with GCI. Will brokers move the commercial insurance from GCI to other insurers if the motor account is no longer written?
- If the significance of the motor account to brokers means continued investment is necessary, how do the Board make a decision on the resource allocations for each of the other products?

Question

You have been asked to prepare a report to the Board which:

- examines the critical concerns raised by the Board;
- reviews the options for the future of the motor account and its effect on other opportunities;
- recommends actions that are required to achieve the planned growth for the business target.

(80)

QUESTIONS CONTINUE OVER THE PAGE

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 Marketing Manager of RPQ Insurance Brokers (RPQ) who are about to enter the market with the launch of a new product. This product has been developed by RPQ through an exclusive arrangement with an insurance company.

The Board of RPQ is concerned that the sales target projections may not be achieved for this new product, as market reaction may include the launch of a similar or better product. Achieving sales target projections is a requirement for continuation of the exclusive arrangement.

Question

You have been asked to provide a report to the Board which:

- explains how the product sales will grow over time for the new product;
- reviews the actions that should be taken to meet the sales target projections should competitors launch a similar product.

(40)**3. Scenario**

ITX Insurance (ITX) is an expanding insurer that has established operations in the Far East ten years ago. The Far East office has been reliant on a UK head office marketing service to date. You have been sent to the Far East office to assess how effective the company's marketing strategy is in contributing to expansion in the region.

Your conclusion is that the continued development of ITX within the Far East market will be better served by a locally based marketing service.

Question

Prepare a report to ITX's UK Group Board assessing the benefits of a locally based marketing function in the Far East, whilst maintaining brand values within cultural differences.

(40)

4. Scenario

You are a marketing consultant hired by TZX Insurance Company (TZX) whose Marketing Manager has left the business at short notice. As a consequence, TZX are concerned about their current marketing capabilities. The Board are reviewing options to promote internally, recruit externally or to outsource the marketing function.

TZX has recently outsourced its information technology and information systems which has allowed for the replacement of old equipment and systems.

Question

Before making a final decision, the Board has asked you to prepare a report which:

- assesses the areas of the business that should be reviewed as part of an internal marketing audit;
- examines the potential benefits of outsourcing the marketing function, as opposed to keeping it in-house.

(40)

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