

530

Advanced Diploma in Insurance

Unit 530 – Economics and business

April 2016 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 530 – Economics and business

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 a business manager for DFT plc (DFT), an international insurance company employing 7,500 staff. DFT's headquarters are based in London. It has offices in 11 other UK cities, including areas with challenging economic issues. It also has 20 offices in other countries across the world.

DFT offers a wide range of general, life and pension products and provides services to individual, corporate and public sector customers.

DFT pays all relevant taxes. Certain non-core functions are off shore and it has plans for business expansion both in the UK and internationally.

DFT's directors understand the importance of general economic issues within the UK and how they can impact businesses. The directors have provided you with a briefing document which concludes with three issues. These are that the UK Government:

- has clearly stated its intentions to further control and reduce public expenditure;
- considers it essential to rebalance the economy through increased growth in the private sector;
- undertakes supply-side policies to stimulate private sector growth and productivity.

Question

Write a report for the directors of DFT in which you:

- analyse how these **three** issues could impact on DFT's plans for business expansion in the UK and internationally;
- recommend the actions DFT could take in relation to these **three** issues to ensure future business success.

(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 work as a business manager for GMR plc (GMR), a large profitable UK-based insurer. GMR supplies insurance to both UK and overseas customers. 40% of GMR is owned by foreign institutions.

The UK economy benefits from an inflow of foreign investment into the UK and particularly into financial institutions, infrastructure finance and property. However, the overall UK economy has experienced a national current account deficit for a considerable period.

Question

Prepare a report for GMR's directors:

- assessing why GMR's contribution is insufficient to help correct the UK national current account deficit;
- evaluating the continuing UK national current account deficit and the specific economic issues faced by GMR;
- recommending, through relevant demand-side policies, how the UK national current account deficit might be corrected and the likely effectiveness of these in respect of GMR.

(40)

3. Scenario

You are a business manager for BRS plc (BRS), a UK-based medium-sized insurance company which has 1,500 employees. BRS offers a wide range of general insurance, life and pensions products. It has plans to expand its UK operations.

BRS has an experienced, stable and loyal workforce. During any expansion period it is essential that BRS retains and motivates the current workforce and recruits the appropriate number of new staff with the necessary skills.

There are four employment trends in the UK faced by many companies:

- A shortage of skilled staff.
- An increase in life expectancy and the implications on retirement ages and company practices.
- The changing nature of work and employment.
- The need for staff to retrain on a frequent basis.

Question

The directors of BRS have asked you to prepare a report that:

- analyses the specific effects that **each** of these **four** employment trends may have on BRS's plans to expand the business;
- provides recommendations that BRS could take in relation to **each** of these **four** employment trends.

(40)

4. Scenario

You are a business manager for a UK-based insurer. You have been asked to speak at an insurance conference on the topic of '*A review of the current major concerns affecting the general UK insurance industry*'.

The UK general insurance industry commonly operates both in the UK and overseas and is exposed to economic and business volatility. It is also exposed to a variety of claims events in the UK and internationally.

Question

Prepare the notes for your speech:

- analysing the key areas of claims events and emerging risks that are faced by the UK general insurance industry and how these are mitigated;
- evaluating economic and business volatility and its effects on the UK general insurance industry.

(40)

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