

P81

Diploma in Insurance

Unit P81 – Insurance broking practice

April 2016 examination

Instructions

- Two 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 P81 – Insurance broking practice

Instructions to candidates

Read the instructions below before answering any questions

- **Two hours** are allowed for this paper, which contains 15 short answer questions and carries a total of 130 marks.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- The number of marks allocated to each question part is given next to the question and you should spend your time in accordance with that allocation.
- 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.
- It is important to show each step in any calculation, even if you have used a calculator.
- If you bring a calculator into the examination room, it must be a silent, battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- Answer each question on a new page. If a question has more than one part, leave six lines blank after each part.

Answer ALL questions**Note form is acceptable where this conveys all the necessary information**

1. Outline, for **three** example events, the actions a personal lines client would be required to take on a non-motor claim. (6)

2. (a) Identify **eight** aspects of an insurer's claims service that a broker should review during the insurer selection process. (8)

- (b) State **four** examples of special risks where an insurer can improve its competitive position through the provision of expertise to support a broker's technical service. (4)

3. (a) Explain briefly the **three** basic characteristics shared by most self-insured programmes for large commercial clients. (6)

- (b) Outline **four** benefits of self-insured programmes compared to conventional programmes. (8)

4. Describe briefly the differing aims of the risk management services provided by brokers in respect of:
 - (a) business continuity; (2)
 - (b) business interruption; (2)
 - (c) disaster recovery. (2)

5. Explain briefly **five** important guidelines for brokers on the disclosure of material facts to insurers. (10)

6. Describe briefly **five** key broker objectives when presenting and explaining to a client the insurers' terms they have obtained for them. (10)

-
7. State **six** of the data protection principles in the Data Protection Act 1998. (6)
8. (a) State, according to the Financial Conduct Authority, when a broker's knowledge and competence should be assessed. (4)
- (b) Outline the **three** key areas a broking firm should take into account when developing training and competence plans to ensure they are up-to-date and appropriate. (6)
9. Explain briefly **four** examples where the compensation payable by the Financial Services Compensation Scheme for claims under compulsory insurance may differ from the coverage of the associated general insurance policy. (8)
10. Explain briefly **four** of the actions a broker can take to comply with the Financial Conduct Authority's guidance document 'Responsibilities of Providers and Distributors for the Fair Treatment of Customers (RPPD)' in the area of post-sale responsibilities. (8)
11. Identify the **six** main areas typically covered by the Terms of Business Agreement between a producing broker and a wholesale broker. (6)
12. (a) Identify the **four** items of information about a general insurance policy that the Financial Conduct Authority (FCA) requires a broker to disclose to a client prior to the completion of the contract. (4)
- (b) Describe briefly **two** conditions in the FCA guidance for a firm which states in its advertisement that it can achieve a premium saving. (4)
13. Explain briefly **five** important considerations for brokers when arranging an excess layer for a client's cover. (10)

QUESTIONS CONTINUE OVER THE PAGE

14. (a) State the **two** main categories of uninsured losses, giving an example of **each**. (4)
- (b) Identify the **two** key occasions where a broker should obtain details of a large commercial client's uninsured losses, giving an example of **each**. (4)
15. Explain briefly **four** areas that must be covered in the wording of a subjectivity in order to comply with the Contract Certainty Code of Practice. (8)

