

THE CHARTERED INSURANCE INSTITUTE

820

Advanced Diploma in Insurance

Unit 820 – Advanced claims

October 2013 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

AZ Insurance plc specialises in personal lines insurance in the UK. Over the last year, AZ Insurance plc has embarked on a major marketing campaign in order to support aggressive growth targets.

In preparing for a planned visit by their regulator, the Board of AZ Insurance plc has become concerned upon reviewing complaints data recorded by the claims department. The management information shows a rising number of complaints alongside a rise in the number of dissatisfied customers taking their complaint to the Financial Ombudsman Service (FOS). At present, the claims handlers deal with incoming complaints on their own claims.

Question

As a claims management consultant, you have been asked to write a report to the Board of AZ Insurance plc on the issues surrounding the current level of complaints, which should include:

- an analysis of the possible reasons for the rising complaints on claims handling;
- recommendations for improving the quality and performance of the claims department with the aim of reducing the number of complaints to AZ Insurance plc and to the FOS.

(80)

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 insurance company, which writes a book of personal motor and household policies. The claims department has a history of high incidence of both first and third party claims leakage.

Question

Your Director is concerned about the levels of claims leakage in the department and has asked you to write a report:

- explaining what claims leakage is;
- identifying the steps that you would take to reduce the amount of claims leakage in the future. You should include a brief consideration of whether measures can be taken to recover past leakage.

(40)**3. Scenario**

You are the Claims Manager of a small insurer with a portfolio of private motor business. You have been advised that the company is acquiring a new book of household business which will generate thousands of claims. The Board has indicated that their preferred option of handling these claims is to outsource some or all of the claims handling function.

Question

Write a report to the Chief Executive Officer in which you assess outsourcing options for some or all of the claims handling function for the new book of business and explain how your recommendations could be implemented.

(40)**4. Scenario**

You are the Claims Director of a general insurance company whose corporate strategy is under review. You have been asked to design and implement a new claims management strategy.

Question

Write a report to the Board:

- explaining what the claims management strategy includes and why it is necessary;
- outlining the points which need to be considered in implementing the new strategy.

(40)

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