

THE CHARTERED INSURANCE INSTITUTE

**930**

## **Advanced Diploma in Insurance**

### **Unit 930 – Advanced insurance broking**

**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 930 – Advanced insurance broking

### 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**

PKJ Ltd is a medium sized insurance broker. The company has several offices across the UK serving both commercial and personal customers. You have been recruited as the new Servicing Director to address a number of customer service issues causing problems for the business.

Results from a recent customer feedback survey show a reduction in the level of client satisfaction. Management information reports also indicate client retention rates have been falling across all lines. In addition, the number of customer complaints received is now higher than at any other point in the last five years. The customer complaints procedure needs to be reviewed in response to the feedback received from PKJ's customers in the recent feedback survey.

In an attempt to increase client satisfaction and reduce the number of customer complaints, you have been tasked by the Board to prepare a report that will review the service the company provides to its clients and to look at ways to deliver service excellence.

Staff turnover in your division has increased over the last year and it has become harder to retain experienced servicing staff. Considering the current issues, the Board has asked you to include in your report an analysis of the effects on the business of outsourcing the service function to a third party provider.

**Question**

Including recommendations, where appropriate, prepare a report to:

- examine the key areas where brokers provide customer service;
- evaluate how service excellence can be achieved with the use of practical examples;
- analyse the issues that PKJ should consider when reviewing the complaints procedure;
- analyse the advantages and disadvantages to PKJ of outsourcing the service function to a third party provider.

**(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 Marketing Director of a regional insurance broker. Following a number of reports in the financial press regarding fines imposed on insurance brokers by regulators, you have been asked by senior management to review the impact of public opinion on the insurance market and your company in particular. Senior management are concerned at the knock-on effect of the financial crisis on retention levels and are keen to explore ways in which the company could contribute to raising professional standards.

**Question**

Prepare a report that examines the impact of public opinion on the insurance market and your company in particular. Your report must include an analysis of what influences public opinion and an explanation of the relevance of public opinion to the operation of insurance brokers. The report must also explain how the company might increase public and business confidence.

**(40)****3. Scenario**

You are a senior manager of a medium sized insurance broker which is looking to expand its business. In order to secure additional funding, the company will present to a potential investor with limited understanding of the insurance industry. Your responsibility within the presentation team is to cover the role of insurance brokers and their obligations towards insurers and clients.

**Question**

Prepare a presentation in report format on the following.

- An examination of the dual role of brokers and the key features of the agency relationship.
- An explanation of the responsibilities towards insurers in distributing their products.
- An analysis of the potential conflicts between the two roles.
- An explanation of the influence brokers have on the insurance market, with particular reference to the market cycle and the effect of their activity on rates.

**(40)**

**4. Scenario**

You are the Training Officer of a regional insurance broker. You are aware of the regulatory requirements placed on your company in relation to training and competence, the benefits to the business of investing in high quality training and the continuing professional development of its employees.

Your company however, is looking to manage its costs effectively and you have been asked to prepare a report to the annual budgetary committee to justify the training expenditure.

**Question**

Prepare a report for the budgetary committee on the regulatory obligations of training and competence and the benefits to the business of the existing training and competence regime. In addition, the report must:

- explain the regulatory rules for training and competence;
- examine briefly the steps that should be taken to ensure best practice at recruitment stage;
- explain the value of high quality monitoring and appraisal;
- analyse how training and competence can be used as a source of competitive advantage.

**(40)**

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