

THE CHARTERED INSURANCE INSTITUTE

820

Advanced Diploma in Insurance

Unit 820 – Advanced claims

April 2014 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

You are the Claims Director at Top Insurance (TI) plc, a general insurer writing primarily liability business in the UK with all functions based in a single office.

TI plc is embarking upon an ambitious growth strategy. The Board advises you that the company has the opportunity to take on a leading underwriter and his team from Middle Insurance plc, who will bring with them a large US and UK catastrophe exposed personal and commercial property account.

The Board is concerned about the capability of the existing claims function to cope with the new line of business, especially the potential for catastrophe claims and has asked for your advice. TI plc has an excellent reputation for claims handling which they want to maintain.

Question

Write a report to the Board of TI plc which includes:

- a brief summary of the current claims operation;
- an analysis of the changes required to the claims operation in order to support the new personal and commercial property portfolio, including catastrophe exposed risks.

Your answer should include, but should not be limited to, a discussion of staffing and IT issues, outsourcing and use of external suppliers.

(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 Claims Manager of an insurance company which specialises in household business. The Board wishes to review the company's reserving policy.

Question

Draft a report for the Board:

- explaining why companies reserve and the elements to be included when arriving at a reserve;
- identifying the different types of reserve in common use;
- evaluating different statistical reserving methods within the context of a household book of business and justifying which you feel would be most appropriate for this business.

(40)**3. Scenario**

You are the Claims Director of a major insurer which specialises in liability business. A newly appointed member of the Board has requested a briefing on the claims department's use of external suppliers.

Question

Write a report to the Board member in which you:

- explain the services external suppliers provide to the claims department;
- examine and justify the criteria that could be used to select suitable service providers.

(40)

4. Scenario

The Financial Conduct Authority (FCA) has made it clear that enhancing confidence in the UK financial system entails greater customer focus.

Your Board has asked your opinion, as claims manager, on how your department is working towards optimum customer satisfaction in respect of claims service.

Question

Write a report in which you review how the claims experience for your customers could be improved. You should include how best to provide a quality claims service, meet customer expectations and other challenges that might be faced in satisfying the FCA requirements.

(40)

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