

THE CHARTERED INSURANCE INSTITUTE

945

Advanced Diploma in Insurance

Unit 945 – Marketing insurance products and services

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 945 – Marketing insurance products and services

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 newly appointed Marketing Director for the ALZ Insurance Group (ALZ) that has been insuring commercial and personal insurances for 80 years through insurance brokers. An in-house call centre was set up 10 years ago selling motor, home and travel insurance direct to consumers.

ALZ is recognised by brokers for providing a high level of customer service and has recently won industry awards for this. The underwriting strategy of ALZ has been to focus on profitable business but the premium income across the group has been declining for the last two years which has caused research to be undertaken.

This research has identified that:

- the number of commercial customers has reduced and consumer loyalty overall has fallen;
- aggregators are used by many personal lines customers because of the wide choice of insurance products being available;
- commercial customers are affected by economic pressures and are choosing newer insurers who are charging lower premiums.

The Board recognises that other insurers continue to invest in price promotions to attract new customers. Continuing with the existing distribution channels, ALZ wants to increase the premium income, without affecting profitability, whilst maintaining high standards of customer service. The Board believe that ALZ's long established company values need a higher profile focussing on the service and support that it provides.

Question

Prepare a report to the Board examining an appropriate strategy to raise the profile of the company, promote its high standards of customer service and maintain profitability. Your report should evaluate the **three** issues identified by the research as part of your recommendations.

(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

INX Insurance (INX) currently insures motor and home insurance through an in-house call centre direct to consumers. INX has decided its growth strategy is to diversify into commercial package policies for small businesses. Research has indicated that there is an opportunity for a new shop insurance product. You are responsible for the distribution of this new product and the Board has asked you to explore all distribution channels.

Question

Prepare a report to the Board analysing the various distributions channels available and recommending the channels you would use.

(40)**3. Scenario**

You work for an insurance company that underwrites commercial and personal insurance risks. You have been given a project by the Board to review one of the products. The product you are given is personal accident insurance. The product is profitable but is no longer growing in customer numbers and the Directors have asked you for an analysis of the opportunities to extend the life of this product.

Question

Provide a report to the Board examining why customer numbers are no longer growing for this product. In your report discuss, with examples, how you could extend the life of this product.

(40)

4. Scenario

You work in the marketing team for EAZ Insurance (EAZ) which is launching a new policy developed following extensive research with potential customers. This new policy is unique, highly priced, and targeted at wealthy customers living in remote areas. The policy includes the option to insure a variety of diverse commercial and personal risks. There is a need to act quickly to build a significant market share in order to justify the investment before your competitors react.

Question

Prepare a report to the Board of EAZ to assess, with examples, how you would communicate the advantages of the new policy to the potential customers.

(40)

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