

Advanced Insurance Broking Examination

4th September 2022

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) 40 marks each for a total of 80marks

- 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

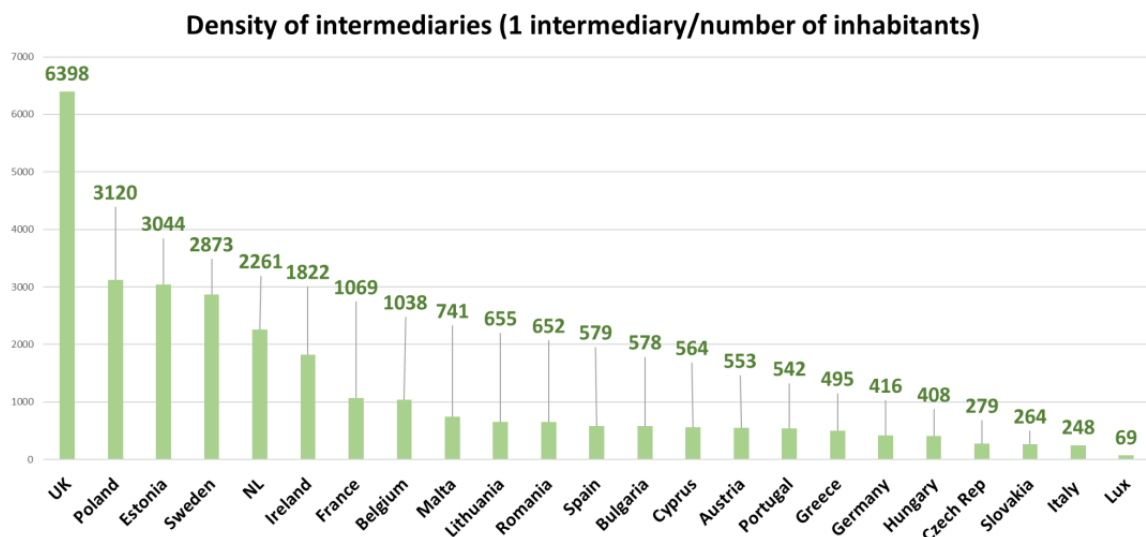
Case study

This question is worth 80 marks

You should include relevant examples and further reading in your answer where applicable

QUESTION 1

CASE STUDY



The above figure has been taken from the "Figures on insurance intermediaries in Europe" published by the European Brokers Association known as BIPAR.

In the light of the above, an African company wishes to explore the potential of widening its broking services to Europe and has passed on the above statistics to you for due analysis and recommendation.

QUESTION

You are asked to draw a strategic report to the Board of Directors on the challenges and opportunities to penetrate any of the countries listed in the figure. You should focus on the barriers to entry, distribution, outreach, regulatory framework and technology.

Outline your report.

(80 marks)

PART II

Scenarios

Answer TWO of the following THREE questions.

Each question is worth 40 marks

QUESTION 2

SCENARIO

You have just finished making a presentation to pre-university students who will be choosing their major subjects in the coming year. Most of them are oblivious to the broking world and thus are given the opportunities to ask questions.

A few of the questions asked were:

1. How are brokers paid and how is the fee calculated?
2. How can a broker avoid conflict of interest?
3. What is a fair market analysis?
4. How does a broker know that business is placed soundly?
5. What happens if a broker goes insolvent or a broker makes a mistake to the financial detriment of the client?
6. What is cold calling and is it legal?
7. How does the regulator monitor and control the broking industry?
8. How does one become a professional insurance broker?

QUESTION

Briefly answer these questions.

(8 X 5 marks each)

QUESTION 3

SCENARIO

Insurtech refers to the use of technology innovations designed to increase efficiency in the insurance market. Over the past couple of years, innovations have brought improvements around risk and quality. There is likely to be real momentum in 2022/23 in terms of the development and implementation of IT systems and platforms enjoyed by both the user and supplier.

QUESTION

It is said that, on one hand, technology will mean the demise of brokers while on the other hand it could mean a newly-found opportunity.

Discuss, using real examples used in the industry today, whether you agree (in full or in part) with this statement, giving reasons for your conclusions.

(40 marks)

QUESTION 4

SCENARIO

Quality Insurance Brokers have advertised their mission statement as follows:

"We make it our business to understand and identify your risks and to assist you in achieving cost efficient and effective solutions tailored to your needs".

QUESTION

From a quality assurance point of view, explain the required features of a quality system that needs to be in place in order to execute this promise.

(40 marks)
