GHANA INSURANCE COLLEGE

Advanced Insurance Broking Examination

September 2024

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

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- 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

In the current economic climate, characterised by market hardening and economic uncertainty, brokerage firms nationwide are experiencing financial pressure. Clients are increasingly seeking cost-saving measures, thus becoming more inclined to explore alternative, less expensive insurance options.

Given this marketplace reality, client retention poses a significant challenge. It is imperative that brokerage firms emphasise the value they add to client relationships in order to mitigate adverse effects. Brokers should be asking the following questions:

How indispensable is my brokerage?
Is it easily replaceable?

The conventional wisdom that excellence in sales and service alone suffices is losing its impact on clients, as virtually all brokerages make similar claims.

QUESTION

In the reality of the above scenario, discuss the implications of economic uncertainty, the current stringent legal, financial and regulatory requirements, and market hardening on brokerage firms, with a particular focus on business strategies.

Also evaluate the diminishing significance of the traditional proposition of superior sales and service, and propose alternative value propositions that brokerage firms could adopt to remain indispensable to their clients.

(80 marks)

PART II

Scenarios

Answer TWO of the following THREE questions.

Each question is worth 40 marks

QUESTION 2

SCENARIO

In implementing the Insurance Distribution Directive, the Financial Conduct Authority (UK) intended to create an environment in which consumers were sold insurance products which better met their needs and were given better product information, thereby allowing consumers to have a greater level of confidence in their insurance purchasing decisions.

QUESTION

Discuss how transparency in broking services, products and fees alongside quality assurance systems instil greater confidence in brokers and ensure fairness when dealing with existing and prospective customers.

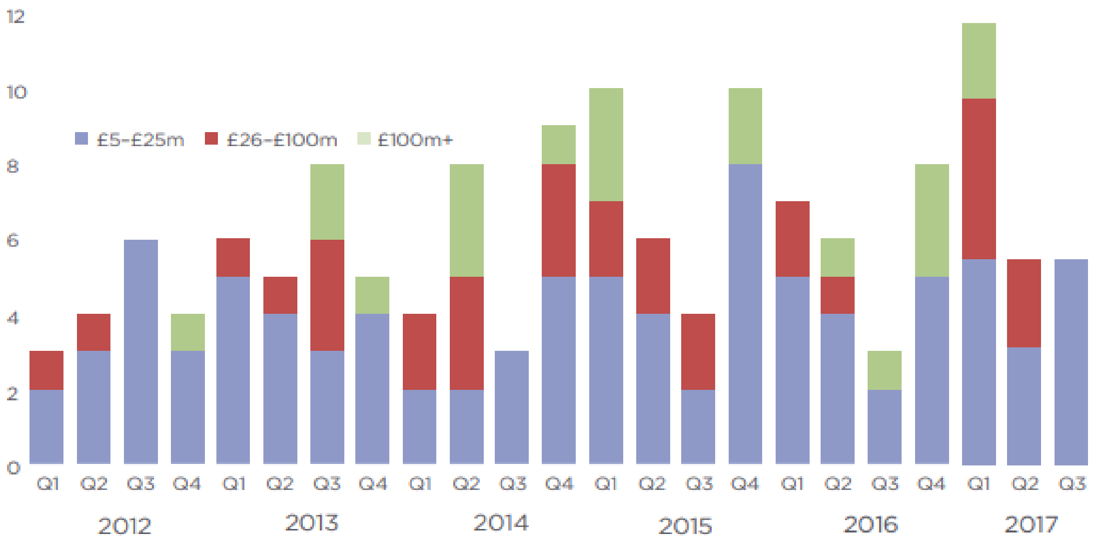
(40 marks)

QUESTION 3

SCENARIO

Number of General Insurance distribution deals by quarter

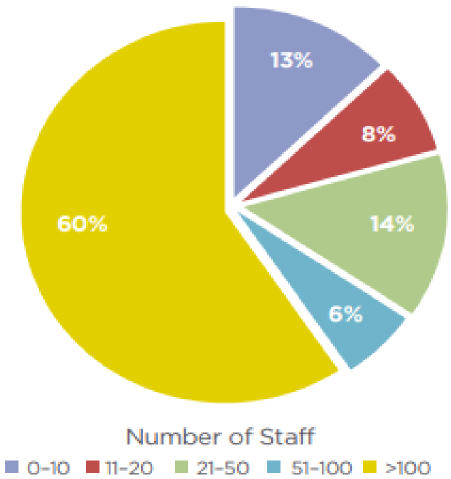
Figure 4



Source: IMAS Corporate Finance

Market share by broker size 2011

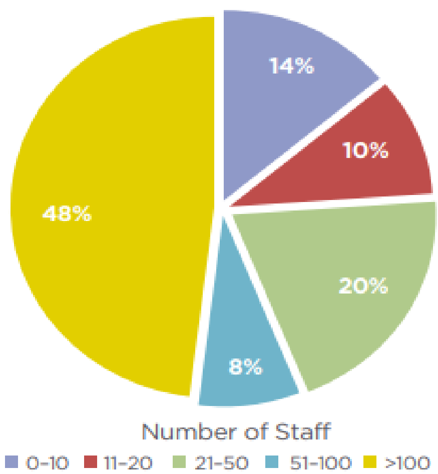
Figure 5



Source: Acturis/Axa

Market share by broker size 2016

Figure 6



Source: Acturis/Axa

QUESTION

Analyse the above statistics commenting on the broking distribution landscape that causes shifts in type, amount, volume of broking business and number of staffing resources.

(40 marks)

QUESTION 4

SCENARIO

"To prosper by 2028, broking firms need to choose their business model, individuals need to embrace learning and insurers need to reward good practice in client management".

Source: Future of commercial Insurance Broking Research Report, CII (2018)

QUESTION

In the light of the above statement discuss how brokers should put in practice the mentioned goals giving regard to business development, the strengthening of resources and relationship with insurers.

(40 marks)