Advanced Claims Management Examination

3rd September 2023

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

Globex Health Insurance is a well-established health insurance company that provides comprehensive health coverage to its policyholders. Over the past few years, there has been a significant increase in claims related to chronic health conditions, such as diabetes, cardiovascular diseases and kidney failure. The rising prevalence of these health conditions has put pressure on the claims management process, requiring Globex Health Insurance to adapt its approach to efficiently handle these complex and long-term claims.

QUESTION

Based on the case scenario of Globex Health Insurance and the challenges posed by the surge in chronic health condition claims, you are to conduct a comprehensive evaluation of the claims function.

In your evaluation, address the effective management of the claims function in response to the increase in chronic health condition claims, analyse the strategies and methodologies adopted by Globex Health Insurance to efficiently manage and process these claims by the application of technical claims principles. Finally, discuss the measures taken by the company to manage the financial risks associated with increased claims related to long-term healthcare needs.

(80 marks)

PART II

Scenarios

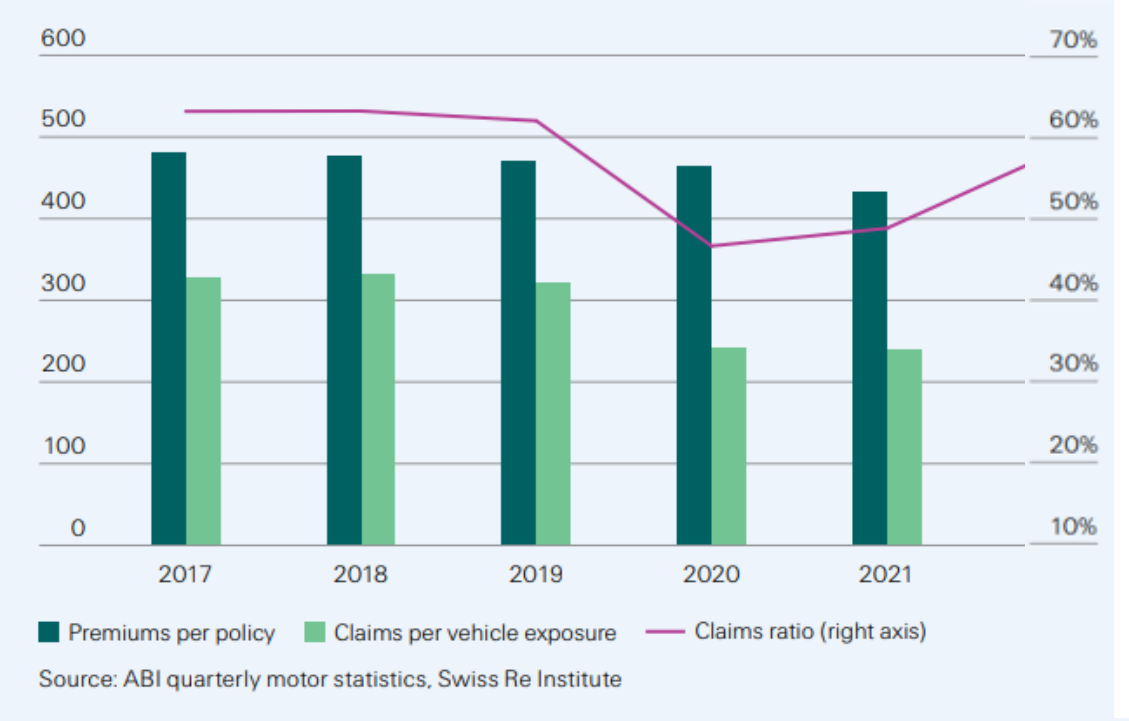
Answer TWO of the following THREE questions.

Each question is worth 40 marks

QUESTION 2

SCENARIO

The following displays a graph issued by the Association of British Insurers comparing premiums received per policy (left bar) and claims per vehicle (right bar) for the indicated years. The line indicates the movement of the claim's ratio.



QUESTION

Discuss the possible reasons for the displayed claim trends experienced by British Insurers by indicating the factors that impact the number and the amount of claims registered by insurers for the indicated years.

(40 marks)

QUESTION 3

SCENARIO

A major insurance company was interested in improving client satisfaction with their claim handling operations. As a large company, they had substantial claim operations and a comprehensive effort was required to make significant improvements. They designed a complete satisfaction measurement and analysis system that has helped obtain tangible improvements in key metrics. This system included qualitative, quantitative tracking and advanced statistical analysis components.

QUESTION

In the context of the exercise mentioned above and the ensuing results, discuss how, in claims practice, companies try to achieve customer satisfaction, customer retention and at the same time avoid abuse and fraud.

(40 marks)

QUESTION 4

SCENARIO

XYZ Insurance Company is a leading insurance provider in a region prone to hurricanes. Each year during the hurricane season, the company experiences a significant surge in claims due to property damage and other related losses caused by these natural disasters.

QUESTION

Based on the scenario of XYZ Insurance Company and the recurring challenges faced during the hurricane season, outline a comprehensive claims management plan to handle the increased volume of claims efficiently and ensure fair and timely settlements for policyholders.

(40 marks)