**GARISSAUNIVERSITY**

UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR **FOUR FIRST** SEMESTER EXAMINATION

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

**COURSE CODE: BBM 424**

**COURSE TITLE: CLAIMS MANAGEMENT**

**EXAMINATION DURATION: 2HOURS**

**DATE: TIME:**

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**INSTRUCTION TO CANDIDATES**

* The examination has **FIVE (5**) questions
* Question **ONE (1)** is **COMPULSORY**
* Choose any other **TWO (2**) questions from the remaining **FOUR (4)** questions
* Use sketch diagrams to illustrate your answers where necessary
* Do not carry mobile phones or any other written materials in the examination room
* Do not write on this paper

**This paper consists of FOUR (4) printed pages *Please turn over***

**QUESTION ONE [30MARKS]**

 **(a).**

You are the Underwriting Manager for an insurer which has a number of delegated underwriting and claims authorities with a range of Coverholders. You have agreed to provide a binding authority to a Coverholder who has experience of operating delegated authorities but has not traded with you previously. You are in the process of drafting the delegated authority document. You are keen to avoid poor adherence to this delegated authority and you wish to monitor performance closely during the first year.

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1. Explain, with justification, four key categories of information you would require the Coverholder to provide on an on-going basis.  **[12Marks]**
2. Explain, with justification, the most appropriate method for monitoring performance of the delegated authority during its first year.  **[8Marks]**

**(b).** Discuss the considerations relating to outsourcing with particular reference to:

1. available skill levels; **[2Marks]**
2. selection criteria; **[2Marks]**
3. Costs**. [2Marks]**

**(c).** Discuss the role of information technology in claims management**.** [**4Marks**]

QUESTION TWO **[20MARKS]**

 Today’s business world is characterized by organizations benefiting from efficiency breakthroughs enabled by the exciting technological advances of the past ten years or so. Associated with this change is the way in which businesses can now focus on core competencies, as inexpensive means of outsourcing what were traditionally internal functions, even to distant locales half a world away, have become prevalent.

**Required:**

1. With reference to the above text, distinguish between outsourcing and off-shoring **[4Marks]**

**(b).** Outsourcing is when any operation or process that could be – or would usually be – performed in-house by an organization’s employees is sub-contracted to another organization for a substantial period. The outsourced tasks can be performed on-site or off-site.

**Required:**

Discuss **FOUR** advantages and **FOUR** disadvantages of outsourcing. **[8Marks]**

**(c).** Identify **EIGHT** Risk associated with outsourcing **[8Marks]**

QUESTION THREE **[20MARKS]**

**(a)**. Discuss the following terms as used in Insurance:

(i). Express conditions **[2 Marks]**

(ii). Implied conditions **[2 Marks]**

**(b).**There is various conditions which are embodied in the policy document that

become very relevant when a claim is intimated and one of the conditions is express

conditions. Discuss **eight** express conditions and action by the Insured. **[16 Marks]**

QUESTION FOUR [20Marks]

 **(a)** Explain the role of intermediaries in the claims process including;

 i. Brokers; **[1 Mark]**

 ii. Loss adjusters; **[1 Mark]**

iii. Insurance companies; **[1 Mark]**

iv. Outsource providers. **[1 Mark]**

**(b)** Litigation costs have proven to be among the most challenging spending categories for an insurer to manage, given the difficulty in striking the right balance between efficiency and effectiveness.

 Discuss **eight (8)** initiatives aimed at managing litigation costs within the claims function. **[16 Marks]**

QUESTION FIVE [20Marks]

 **(a).** Discuss ten (10) **Red Flags of Insurance Fraud. [10 Marks]**

**(b)**. Every insurer shall have in place details of Turn around Times (TAT) for complaints resolution which is set out in the Guidelines of Claims Management, 2018.Outline at least five **[5 Marks]**

**(c).**

(i). Distinguish between the various approaches to complaint handling and dispute resolution; **[2 Marks]**

(ii). Outline and explain the use of Alternative Dispute Resolution (**ADR**) **[3 Marks]**