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**GARISSA UNIVERSITY**

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

**SECOND 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: 2 HOURS**

**DATE: 02/04/2021 TIME: 09.00-11.00 AM**

**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 answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

1. You are the Underwriting Manager for **PACIS Insurance Co**. which has a number of delegated underwriting and claims authorities with a range of Cover holders. 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.
2. Explain, with justification, four key categories of information you would require the Cover holder to provide on an on-going basis.  **[12 Marks]**
3. Explain, with justification, the most appropriate method for monitoring performance of the delegated authority during its first year.  **[8 Marks]**
4. Discuss the considerations relating to outsourcing with particular reference to:
5. Available skill levels; **[2 Marks]**
6. selection criteria; **[2 Marks]**
7. Costs**. [2 Marks]**
8. Discuss the role of information technology in claims management**.** [**4 Marks**]

**QUESTION TWO**

1. Explain the five different types of remuneration for Cover holders **[10 Marks]**
2. **JK plc**, an insurance broker specializing exclusively in commercial lines business, has received criticism from one of the insurers it places business with regarding the extent of underwriting information provided as part of the risk acceptance process. Explain the role of **JK plc** in ensuring that the insurer receives all relevant underwriting information.  **[10 Marks]**

**QUESTION THREE**

You are the claims manager of **Kenya Alliance,** an insurance broker. You have been contacted by another insurance broker who states that one of their clients has recently informed them of an Employer’s Liability claim that occurred several years ago when they were a client of your company.

1. Explain the circumstances in which **Kenya Alliance** could be responsible for dealing with the claim. **[15 Marks]**
2. Explain the records policy **Kenya Alliance** should keep following any placement and the records **Kenya Alliance** are required to keep in relation to employers' liability cover. **[5 Marks]**

**QUESTION FOUR**

1. 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 **[4 Marks]**
2. 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:**

1. Discuss **FOUR** advantages and **FOUR** disadvantages of outsourcing. **[ 8Marks]**
2. Identify **EIGHT** Risk associated with outsourcing **[8 Marks]**

**QUESTION FIVE**

1. Discuss ten (10) Red **Flags of Insurance Fraud. [10 Marks]**
2. **(**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**) **[5 Marks**
3. (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]**