

Life and disability underwriting

Objective

To develop in the candidate:

- a knowledge of the underwriting considerations, both medical and non-medical, for life and disability and critical illness insurance;
- a knowledge of the major disorders and diseases of the body;
- the ability to synthesise different aspects of the syllabus and apply them to the underwriting of life and disability and critical illness insurance;
- the ability to apply knowledge and skills to practical situations.

Summary of learning outcomes

1. **Anatomy and physiology**
2. **Disorders and diseases**
3. **Non-medical risk factors**
4. **Financial risk assessment**
5. **Underwriting – social and legislative constraints**
6. **Mechanics of underwriting**

Important notes

- The syllabus will be based on English law and practice.
- The April session will test the legal position as of 31st August of the preceding year.
- The October session will test the legal position as of 28th February of the same year.

1. Anatomy and physiology

1.1 Main body systems

Candidates should be able to:

- Outline the broad functions of the main body systems, their structure and interrelationship, including:
 - body cells;
 - musculo-skeletal;
 - cardiovascular;
 - respiratory;
 - digestive;
 - genito-urinary;
 - nervous systems and the endocrine glands.

1.2 Diseases

Candidates should be able to:

- discuss the main causes of diseases.

2. Disorders and diseases

2.1 Investigating heart disease

Candidates should be able to:

- explain the methods of investigating heart disease;
- discuss the alternative treatments and management of heart disease.

2.2 Ischaemic heart disease, angina and myocardial infarction

Candidates should be able to:

- discuss the features and underwriting implications of:
 - ischaemic heart disease;
 - angina, myocardial infarction, including the significance of acute coronary syndrome;
 - arrhythmias, diseases of heart valves and muscles, rheumatic heart disease and simple congenital heart diseases.

2.3 Hypertension

Candidates should be able to:

- discuss the features and underwriting implications of hypertension.

2.4 Arteries and veins

Candidates should be able to:

- discuss the features and underwriting implications of diseases of the arteries and veins.

2.5 Blood and blood cells

Candidates should be able to:

- describe the function of blood and blood cells;
- discuss the features and underwriting implications of haematological disorders.

2.6 Respiratory system

Candidates should be able to:

- discuss the features and underwriting implications of the respiratory system.

2.7 Endocrine glands and metabolic disorders

Candidates should be able to:

- discuss the features and underwriting implications of diseases of the endocrine glands and metabolic disorders.

2.8 Diabetes

Candidates should be able to:

- discuss the features and underwriting implications of diabetes and the significance of the metabolic syndrome.

2.9 Eating disorders and vitamin deficiency

Candidates should be able to:

- describe the features and underwriting implications of obesity, eating disorders, vitamin deficiency and the importance of diet.

2.10 Alimentary tract

Candidates should be able to:

- discuss the features and underwriting implications of disorders of the alimentary tract, including the mouth.

2.11 Liver, gall-bladder and pancreas

Candidates should be able to:

- discuss the features and underwriting implications of diseases of the liver, gall-bladder and pancreas.

2.12 Musculo-skeletal systems

Candidates should be able to:

- discuss the features and underwriting implications of diseases of the musculo-skeletal system, bones, joints, connective tissues, muscles, tendons and ligaments.

2.13 Spine

Candidates should be able to:

- discuss the features and underwriting implications of disorders of the spine.

2.14 Skin reactions, disorders and diseases

Candidates should be able to:

- describe the functions of the skin;
- discuss the features and underwriting implications of abnormal skin reactions, skin manifestations of systemic disorder and skin diseases including malignancy.

2.15 Eyes and ears

Candidates should be able to:

- describe the functions of the eyes and ears;
- discuss the features and underwriting implications of major disorders affecting the eyes and ears.

2.16 Nervous system

Candidates should be able to:

- describe the methods of investigating and diagnosing disorders of the nervous system;
- discuss the features and underwriting implications of the nervous system.

2.17 Psychiatric disorders

Candidates should be able to:

- explain the classification of psychiatric disorders;
- discuss the features and underwriting implications of psychiatric and mental disorders.

2.18 Pregnancy and diseases of the breast

Candidates should be able to:

- discuss the features and underwriting implications of pregnancy and diseases of the breast.

2.19 Genito-urinary disorders and sexually transmitted diseases

Candidates should be able to:

- discuss the features and underwriting implications of genito-urinary disorders and sexually transmitted diseases.

2.20 Cancer

Candidates should be able to:

- discuss the features and underwriting implications of the various forms of malignant disease.

2.21 AIDS and HIV

Candidates should be able to:

- discuss the clinical features, modes of transmission, laboratory tests and underwriting implications of AIDS and HIV.

2.22 Genetics

Candidates should be able to:

- discuss the basic principles of genetics and their underwriting implications.

2.23 Organisms

Candidates should be able to:

- describe the types of organisms which cause disease and the control of such organisms.

2.24 Infections, tropical diseases and infestations

Candidates should be able to:

- describe the disorders due to infections, tropical disorders and infestations and their underwriting implications.

2.25 Lifestyle

Candidates should be able to:

- discuss the impact of lifestyle on mortality and morbidity with particular reference to smoking and the use of alcohol and drugs.

3. Non-medical risk factors

3.1 Non-medical underwriting policies

Candidates should be able to:

- explain the non-medical underwriting requirements and the application of non-medical limits.

3.2 The nature of risk

Candidates should be able to:

- discuss the nature of occupational and recreational risk and the impact of these on the types of product offered;
- evaluate the impact on the underwriting process of increased mortality and morbidity for recreational risks.

3.3 Specific hazards

Candidates should be able to:

- describe the consideration of specific hazardous occupational and recreational risks and the underwriting process;
- explain the purpose and use of special questionnaires.

3.4 Geographical risk factors

Candidates should be able to:

- discuss the world-wide geographical risk factors for the major continents affecting life and disability underwriting.

4. Financial risk assessment

4.1 Financial underwriting

Candidates should be able to:

- explain the purpose and use of financial underwriting, including avoidance of anti-selection and fraud.

4.2 Personal covers

Candidates should be able to:

- describe the range of personal covers available;
- explain the underwriting considerations and evidence requirements relating to the sum assured.

4.3 Key person and share protection insurance

Candidates should be able to:

- describe the range of key person and share protection insurance available;
- explain the underwriting considerations relating to key person and share protection insurance.

4.4 Business loans

Candidates should be able to:

- describe the cover available in respect of business loans and the evidence required;
- discuss the underwriting considerations relating to business loans cover.

5. Underwriting – social and legislative constraints

5.1 Underwriting constraints

Candidates should be able to:

- describe the social and legislative constraints on underwriting practice.

5.2 Genetics

Candidates should be able to:

- discuss the underwriting implications of advances in genetics;
- discuss the impact of industry regulation relating to genetics.

5.3 Legal and regulatory considerations

Candidates should be able to:

- explain the impact on life and disability underwriting of the following:
 - Data Protection Act 1998;
 - Access to Medical Reports Act 1988;
 - Access to Health Records Act 1990;
 - Financial Services and Markets Act 2000;
 - Disability Discrimination Act 1995/ Equality Act 2010;
 - ABI industry guidelines, statements and codes of practice.

6. Mechanics of underwriting

6.1 Basic concepts

Candidates should be able to:

- explain the basic concepts of life and disability underwriting.

6.2 The underwriting department

Candidates should be able to:

- describe the structure of an underwriting department.

6.3 Reinsurers

Candidates should be able to:

- explain the role and use of reinsurers in life and disability underwriting.

6.4 The Chief Medical Officer

Candidates should be able to:

- explain the role of the Chief Medical Officer.

6.5 Proposal forms

Candidates should be able to:

- explain the structure of the full and short proposal forms;
- discuss the practical application of each.

6.6 Application processing

Candidates should be able to:

- explain the mechanics of application processing.

6.7 Medical evidence

Candidates should be able to:

- explain the requirements for medical evidence, including:
 - general practitioner’s report (GPR);
 - independent specialist’s report;
 - medical examiner’s report;
 - questionnaires;
 - use of additional medical tests.
- communication of data

6.8 HIV questions

Candidates should be able to:

- explain the reason for and nature of HIV questions and the methods of handling such data.

6.9 Assessing the risk

Candidates should be able to:

- explain how risk is assessed from the information gathered in relation to life and disability insurance;
- describe the methods of treating under-average lives and extra risks.

6.10 Selection against life offices

Candidates should be able to:

- explain the concept of selection against life offices and non-disclosure in relation to life and disability insurance.

6.11 Methods of classification of life and disability risks

Candidates should be able to:

- explain the methods of classification of life and disability risks.

6.12 Numerical systems of rating

Candidates should be able to:

- discuss the numerical systems of rating as they apply to life and disability underwriting

6.13 Assessment, rating and exclusion

Candidates should be able to:

- discuss the assessment and rating of the following:
 - life assurance;
 - income protection;
 - critical illness benefit;
 - group cover;
- explain the imposition of additional premiums or restrictions on cover provided and the mechanism of loading.

6.14 Types of health policies

Candidates should be able to:

- describe other types of health policies and how underwriting factors are applied to these.

6.15 Acceptance terms

Candidates should be able to:

- explain the significance of acceptance terms in relation to life and disability underwriting;
- explain the implications of guaranteed insurability options.

6.16 Life of another proposals

Candidates should be able to:

- describe the purpose and main features of life of another proposals in relation to life and disability underwriting.

6.17 Claims

Candidates should be able to:

- discuss the impact of underwriting on life and disability claims.

Reading list

The following list provides details of various publications which may assist with your studies. Periodicals and publications listed be of value in ensuring candidates keep up to date with developments and in providing a wider coverage of syllabus topics. Any reference materials cited are authoritative, detailed works which should be used selectively as and when required.

Note: The examination will test the syllabus alone.

The reading list is provided for guidance only and is not in itself the subject of the examination.

CII/Personal Finance Society members can borrow some of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library. For further information on the lending service, please go to www.knowledge.cii.co.uk.

- Life and disability underwriting. London: CII. Coursebook 555.
- Genetic testing and insurance. Ian Youngman. London: CII Knowledge Services. Updated as necessary. Available online at www.knowledge.cii.co.uk/category/resource-type/fact-files (CII/Personal Finance Society members only).
- Guide to life assurance underwriting. Keith Sankey. 3rd ed. London: Buckley Press, 1991. Distributed by Incisive Financial Media.
- Recent developments in life assurance law. Robert Surridge. London: CII Knowledge Services. Updated as necessary. Available online at www.knowledge.cii.co.uk/category/resource-type/fact-files (CII/Personal Finance Society members only).
- Recent developments in life product design. Robert Surridge. London: CII Knowledge Services. Updated as necessary. Available online at www.knowledge.cii.co.uk/category/resource-type/fact-files (CII/Personal Finance Society members only).

Reference materials

- Brackenridge's Medical selection of life risks. 5th ed. Editors, R D C Brackenridge, Richard S Croxson, Ross Mackenzie. London: Palgrave Macmillan, 2006.

Periodicals

- The Journal. London: CII. Six issues a year. Also available online (CII/Personal Finance Society members only) at www.knowledge.cii.co.uk/category/resource-type/-journal.
- Further articles and technical bulletins are available via www.knowledge.cii.co.uk (CII and Personal Finance Society members only).

Websites

- Association of British Insurers – www.abi.org.uk
- CII Knowledge Services – www.knowledge.cii.co.uk

Examination guides

Guides are produced for each sitting of written answer examinations. These include the exam questions, examiners' comments on candidates' performance and key points for inclusion in answers. You are strongly advised to study guides for the last two sittings. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on 020 8989 8464. Older examination guides are available (for members only) at www.knowledge.cii.co.uk/category/resource-type/exam-guides.

Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements. You will also find advice at www.knowledge.cii.co.uk/career-support (CII/Personal Finance Society members only).