Chartered Insurance Institute

P62 – Life, critical illness and disability claims

Diploma in Insurance

April 2018 Examination Guide

SPECIAL NOTICE

Candidates entered for the October 2018 examination should study this Examination Guide carefully in order to prepare themselves for the examination.

Practise in answering the questions is highly desirable and should be considered a critical part of a properly planned programme of examination preparation.

P62 – Life, critical illness and disability claims

Contents

Published August 2018

Telephone: 020 8989 8464
Fax: 020 8530 3052
Email: customer.serv@cii.co.uk

Copyright ©2018 The Chartered Insurance Institute. All rights reserved.

IMPORTANT GUIDANCE FOR CANDIDATES

Introduction

The purpose of this Examination Guide is to help you understand how examiners seek to assess the knowledge and skill of candidates. You can then use this understanding to help you demonstrate to the examiners that you meet the required levels of knowledge and skill to merit a pass in this unit.

Before the examination

Study the syllabus carefully

This is available online at www.cii.co.uk or from Customer Service. All the questions in the examination are based directly on the syllabus. *You will be tested on the syllabus alone*, so it is vital that you are familiar with it.

There are books specifically produced to support your studies that provide coverage of all the syllabus areas; however you should be prepared to read around the subject. This is important, particularly if you feel that further information is required to fully understand a topic or an alternative viewpoint is sought. The reading list which can be found with the syllabus provides valuable suggestions.

Read widely

It is vital that your knowledge is widened beyond the scope of one book. *It is quite unrealistic to expect that the study of a single study text will be sufficient to meet all your requirements.* While books specifically produced to support your studies will provide coverage of all the syllabus areas, you should be prepared to read around the subject. This is important, particularly if you feel that further information is required to fully understand a topic or an alternative viewpoint is sought. The reading list which can be found with the syllabus provides valuable suggestions.

Make full use of the Examination Guide

This Examination Guide contains a full examination paper and model answers. The model answers show the types of responses the examiners are looking for and which would achieve maximum marks. However, you should note that there are alternative answers to some question parts which would also gain high marks. For the sake of clarity and brevity not all of these alternative answers are shown.

This guide and previous Examination Guides can be treated as 'mock' examination papers. Attempting them under examination conditions as far as possible, and then comparing your answers to the model ones, should be seen as an essential part of your exam preparation. The examiner's comments on candidates' actual performance in each question provide further valuable guidance. You can purchase copies of the most recent Examination Guides online at www.cii.co.uk. CII members can download free copies of older Examination Guides online at www.cii.co.uk/knowledge.

Know the structure of the examination
Assessment is by means of a three hour paper.

Part 1 consists of 14 compulsory questions, worth a total 140 marks.

Part 2 consists of 2 questions selected from 3, worth a total of 60 marks.

Each question part will clearly show the maximum marks which can be earned.

Read the current Diploma in Insurance Information for Candidates
Details of administrative arrangements and the regulations which form the basis of your examination entry are to be found in the current Diploma in Insurance Information for Candidates brochure, which is *essential reading* for all candidates. It is available online at www.cii.co.uk or from Customer Service.

In the examination

The following will help:

Spend your time in accordance with the allocation of marks

- The marks allocated to each question part are shown on the paper.
- If a question has just two marks allocated, there are likely to be only one or two points for which the examiner is looking, so a long answer is a waste of time.
- Conversely, if a question has 12 marks allocated, a couple of lines will not be an adequate answer.
- Do not spend excessive time on any one question; if the time allocation for that question has been used up, leave some space, go on to the next question and return to the incomplete question after you have completed the rest of the paper, if you have time.

Take great care to answer the question that has been set

- Many candidates leave the examination room confident that they have written a 'good' paper, only to be surprised when they receive a disappointing result. Often, the explanation for this lies in a failure to fully understand the question that has been asked before putting pen to paper.
- Highlighting key words and phrases is a technique many candidates find useful.
- The model answers provided in this Examination Guide would gain full marks. Alternative answers that cover the same points and therefore answer the question that has been asked would also gain full marks.

Tackling questions

Tackle the questions in whatever order feels most comfortable. Generally, it is better to leave any questions which you find challenging until you have attempted the questions you are confident about. Candidates' should avoid mixing question parts, (for example, 1(a)(i) and (ii) followed by 2(b)(ii) followed by 1(e)(i)) as this often leads to candidates unintentionally failing to fully complete the examination paper. This can make the difference between achieving a pass or a narrow fail.

It is vital to label all parts of your answer correctly as many questions have multiple parts to them (for example, question 1(a) may have parts (i), (ii) and (iii)). Failure to fully distinguish between the separate question parts may mean that full credit cannot be given. It is also important to note that a full answer must be given to each question part and candidates should not include notes such as 'refer to answer given in 1(b)(i)'.

Answer format

Unless the question requires you to produce an answer in a particular format, such as a letter or a report, you should use 'bullet points' or short paragraphs. The model answers indicate what is acceptable for the different types of question.

Where you are asked to perform a calculation it is important to show **all** the steps in your answer. The majority of the marks will be allocated for demonstrating the correct method of calculation.

Provided handwriting is legible, candidates will **not** lose marks if it is 'untidy'. Similarly, marks are not lost due to poor spelling or grammar.

Calculators

If you bring a calculator into the examination room, it must be a silent, battery or solar-powered, non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetical or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements. The majority of the marks will be allocated for demonstrating the correct method of calculation.

EXAMINER COMMENTS

Question 1
This question was generally well answered however, some candidates would have gained more marks if they had provided greater detail.

Question 2
Most candidates answered part (a) of this question well. Part (b) was less well answered as many candidates did not indicate that specific exclusions might have been imposed when the policy was underwritten so these exclusions will apply in addition to any generic exclusions. Part (b) required candidates to explain exclusions. Therefore, a list of exclusion headings was not sufficient. Candidates should also have mentioned that most exclusions will include a preamble that events are excluded if they are 'directly or indirectly' caused by the excluded event.

Question 3
Many candidates did not address the complexity that arises in this question as the person described was binge drinking, rather than drinking a steady regular amount. Therefore, this may not fit well with the questions asked on the application form. Some candidates also omitted to mention that the duration the policy has been in force, and the cause of claim, may affect the assessment.

Question 4
This question was well answered by the majority of candidates.

Question 5
This was a specific question about heart valves, so candidates who wrote about the general structure and purpose of the heart did not achieve high marks. Some candidates quoted the names of the chambers of the heart rather than the valves.

Question 6
Part (a) was well answered, with knowledge of the less common types of multiple sclerosis being less well described than the more common types. In part (b), many candidates mentioned the need for permanent symptoms which is not the case.

Question 7
Most candidates gained high marks on this question. However, some would have benefitted from following the structure of the question. Credit could not be awarded to those candidates who just produced a list of all types of possible evidence without any explanation.

Question 8
This question was well answered by most candidates.

Question 9
Part (a) of this question was well answered with many candidates achieving high marks. A high number of candidates wrote about the assessment of a critical illness claim for part (b). The question actually referred to a terminal illness claim.

Question 10
Marks were only available for this question in respect of a post mortem, so any candidates who mentioned the inquest procedure, or possible verdicts, did not gain any marks.

Question 11
This question was generally well answered by the majority of candidates. However, anyone who provided an overview of type 2 diabetes had not carefully read the question which referred to type 1 diabetes mellitus.

Question 12
Many candidates answered this straightforward question very well.

Question 13
Most candidates answered this question well, although having correctly explained the theory in part (a) a few misinterpreted how to apply it in part (b).

Question 14
The consequences in respect of premium payments was familiar to most candidates. Although some answers would have benefitted from mentioning that there could be age limits for taking out such a policy, and that the definition requires the diagnosis before a certain age.

Question 15
Part II questions require candidates to give each scenario a full analysis. So, whilst most candidates wrote about a possible stroke claim, full marks were only achieved by those who also explored other critical illness definitions that might be met, for example traumatic brain injury. To attain high marks a full assessment of whether any insured events have occurred, whether misrepresentation needed considering, and the impact of policy terms and conditions on the validity of the claim was required. Candidates should check the mark allocation carefully and adapt their answers accordingly.

Question 16
This was not a popular Part II question but was well answered by the candidates who attempted it. The scenario required consideration of a number of issues and candidates needed to take these into account in order to gain high marks.

Question 17
This was a popular and well answered Part II question. Medical assessment was generally well explained, with financial consideration being not as strong. There was some confusion as to the nature of proof of earnings for a self-employed dentist which led to inaccurate answers on P60s and Companies House.

Chartered Insurance Institute

P62

Diploma in Insurance

Unit P62 – Life, critical illness and disability claims

April 2018 examination

Instructions

- Three hours are allowed for this paper.
- **Do not begin writing until the invigilator instructs you to.**
- **Read the instructions on page 3 carefully before answering any questions.**
- Provide the information requested on the answer book and form B.
- You are allowed to write on the inside pages of this question paper, but you must **NOT** write your name, candidate number, PIN or any other identification anywhere on this question paper.
- The answer book and this question paper must **both be handed in personally by you** to the invigilator before you leave the examination room. **Failure to comply with this regulation will result in your paper not being marked and you may be prevented from entering this examination in the future.**

Unit P62 – Life, critical illness and disability claims

Instructions to candidates

Read the instructions below before answering any questions

- **Three hours** are allowed for this paper which carries a total of 200 marks, as follows:

Part I	14 compulsory questions	140 marks
Part II	2 questions selected from 3	60 marks

- You should answer **all** questions in Part I and two out of the three questions in Part II.
- You are advised to spend no more than two hours on Part I.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- The number of marks allocated to each question part is given next to the question and you should spend your time in accordance with that allocation.
- 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.
- It is important to show each step in any calculation, even if you have used a calculator.
- If you bring a calculator into the examination room, it must be a silent, battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- Answer each question on a new page. If a question has more than one part, leave several lines blank after each part.

PART I

Answer ALL questions in Part I

Note form is acceptable where this conveys all the necessary information

1. Explain how the following documents are useful for assessing an income protection claim.

(a) P60. **(5)**

(b) Profit and loss account for a sole trader. **(5)**

2. **(a)** State the definition requirements for a critical illness (CI) claim for loss of hands or feet within the latest Association of British Insurers Statement of Best Practice for Critical Illness. **(3)**

(b) Explain how the validity of a CI claim for loss of hands or feet might be affected by an exclusion. **(6)**

3. Discuss how potential misrepresentation relating to an income protection claim will be assessed where medical records obtained at claims stage indicate that:

- prior to the policy start date the claimant did not regularly consume alcohol but, on the occasions where he did drink, he typically consumed 20-30 units in a night;
- these occasions typically happened about once or twice a month for a period of many years;
- he had been repeatedly advised by his doctor to refrain from excessive drinking. **(10)**

4. Outline how the assessment of an income protection (IP) claim will be affected, when the claimant has multiple IP policies with different insurers and is claiming under each. **(8)**

5. **(a)** State the function of the heart valves. **(2)**

(b) Name the **four** valves of the heart. **(4)**

(c) Identify **two** causes of heart valve disease. **(2)**

(d) Outline the effect heart valve disease might have on:

(i) the functioning of the heart valves; **(2)**

(ii) an individual's ability to work. **(4)**

6. **(a)** Name the **four** main types of multiple sclerosis (MS) and outline the characteristics of **each**. **(12)**

(b) State **three** requirements for a valid critical illness claim for MS within the latest Association of British Insurers Statement of Best Practice for Critical Illness. **(3)**

7. An engineer, unable to work due to post traumatic stress disorder, has submitted a claim for total permanent disability (TPD). Benefit is payable if she is permanently unable to perform her occupation as an engineer, or any occupation to which she is suited by training, and experience.

State **three** evidence tools that could be used to determine the validity of this claim and outline the purpose and use of **each**. **(12)**

8. **(a)** Define insurable interest. **(2)**

(b) State when insurable interest, in connection with a life insurance policy, must exist. **(1)**

(c) State **two** examples of relationships where insurable interest exists. **(2)**

9. **(a)** According to the latest Association of British Insurers Statement of Best Practice for Critical Illness definition of cancer, outline:

(i) which type of skin cancer will meet the definition; **(2)**

(ii) which types of skin cancer will be excluded. **(3)**

(b) Outline how an assessor will determine if a policyholder suffering from skin cancer meets the insurance definition of terminal illness. **(6)**

10. **(a)** Outline the nature and purpose of a post mortem. **(5)**

(b) Explain why a post mortem report might be of use when considering the validity of a death claim. **(8)**

11. Provide an overview of the medical condition type 1 diabetes mellitus. **(10)**

12. Describe briefly how an insurer should make settlement in respect of a death claim when the policy owner of a life policy is known to be bankrupt. **(5)**

13. **(a)** Explain the 'reasonable steps' clause within an income protection (IP) policy wording. **(4)**

(b) Discuss how the 'reasonable steps' clause should be applied, when considering an IP claim for a claimant, whose treating specialist has advised that his limitations from a severe back injury:

(i) are highly likely to be improved with surgery, but the surgery carries a small risk of paralysis; **(4)**

(ii) would definitely be improved if he attended physiotherapy and undertook a rehabilitation programme of gentle exercises. **(4)**

14. Explain the implications for a critical illness claim for Alzheimer's disease, when a claims assessor detects that an incorrect age was declared when the policy commenced. **(6)**

PART II

Answer TWO of the following THREE questions
Each question is worth 30 marks

15. Mr Chapman is a 52-year-old self-employed painter and decorator. His critical illness policy with ABC Life is summarised below:

Policy type	Stand alone critical illness including 'any occupation' total and permanent disability (TPD)
Commencement date	1 April 2008
Sum assured	£200,000
Expiry date	1 April 2018
Disclosures made at application stage	Painter and decorator – internal work only
Acceptance terms	Ordinary rates

Mr Chapman suffered multiple injuries including a severe brain haemorrhage on 23 March 2018. His wife called ABC Life on 28 March 2018 to notify them of this and submit a claim under the above policy. She said he fell from scaffolding whilst at work, but they do not know if the fall caused the head injury, or if he had a stroke which caused him to fall. His doctors have advised he is critically ill and they are unsure if he will ever walk again.

(a) Outline the critical illness definitions that Mr Chapman may have a valid claim under. **(10)**

(b) Explain how a claim in these circumstances will need to be considered by the insurer. **(20)**

16. XYZ Insurers have been notified of the presumed death of Mr Tyler, aged 48.

Mr Tyler had taken out £600,000 of life insurance in April 2017 to cover a business loan. Medical evidence obtained at the time of application confirmed him to be acceptable at ordinary rates. A financial questionnaire completed by Mr Tyler indicated he was running a profitable recruitment agency and was looking to expand his business interests.

Newspaper reports suggest that Mr Tyler's business collapsed in mid-2017. Since that time, he had separated from his wife and become depressed and homeless.

Mr Tyler was reported to be sheltering in the basement of a high-rise building on the night of 2 February 2018 when a terrorist attack destroyed the building.

Mr Tyler's family have made extensive enquiries regarding his whereabouts, but now believe that Mr Tyler died that night when the building collapsed. Police have confirmed that not all bodies have been identified so far and this may take significant time.

Explain how a claim in these circumstances would need to be considered by the insurer. **(30)**

17. Mrs James is a 32-year-old dentist, running a self-employed dental practice as a sole trader in a remote part of Scotland. She has developed severe back and neck pain as a result of slipping on ice in February 2018 and has been unable to work since that time.

She holds an income protection policy with Denteeth Life and has contacted them to notify her intention to submit a claim. The sum assured is £2,000 per month, payable after a deferred period of 13 weeks, if she is unable to perform the material and substantial parts of her own job or any to which she is suited.

A medical report, written by her brother, who is an osteopath, suggests that Mrs James will never be able to work as a dentist again.

(a) Explain how a claims assessor will determine the medical validity of this claim. **(15)**

(b) Outline the financial assessment of a claim such as this, making reference to typical policy conditions, and evidence required. **(15)**

TEST SPECIFICATION

April 2018 Examination – P62 Life, critical illness and disability claims	
Question	Syllabus learning outcome(s) being examined
1	3 – Understand the main claims assessment tools and their application 6 – Understand financial assessment of income protection claims
2	1 – Understand the claims department and the main claim types 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
3	2 – Understand the initial claim considerations 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
4	1 – Understand the claims department and the main claim types 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims 6 – Understand financial assessment of income protection claims
5	1 – Understand the claims department and the main claim types 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment
6	1 – Understand the claims department and the main claim types 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
7	1 – Understand the claims department and the main claim types 2 – Understand the initial claim considerations 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment
8	1 – Understand the claims department and the main claim types 8 – Understand legal and regulatory issues
9	1 – Understand the claims department and the main claim types 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
10	1 – Understand the claims department and the main claim types 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims 8 – Understand legal and regulatory issues
11	5 – Understand medical aspects of claims assessment
12	4 – Know how to determine the validity of claims 8 – Understand legal and regulatory issues
13	1 – Understand the claims department and the main claim types 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment
14	1 – Understand the claims department and the main claim types 2 – Understand the initial claim considerations 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment
15	1 – Understand the claims department and the main claim types 2 – Understand the initial claim considerations 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
16	1 – Understand the claims department and the main claim types 2 – Understand the initial claim considerations 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims
17	1 – Understand the claims department and the main claim types 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 6 – Understand financial assessment of income protection claims

NOTE ON MODEL ANSWERS

The model answers given are those which would achieve maximum marks. However, there are alternative answers to some question parts which would also gain high marks. For the sake of clarity and brevity not all of these alternative answers are shown. An oblique (/) indicates an equally acceptable alternative answer.

Model answer for Question 1

(a) A P60 will name the employer and detail the gross earnings of an employed individual in a tax year ending 5 April. The gross earnings figure will represent the pre-disability earnings of the claimant, although it may not coincide with the duration of earnings stipulated in the policy conditions, usually 12 months prior to date of incapacity. The P60 might show sick pay in that period.

(b) A profit and loss account will show the income and expenditure of the trader, over a stated period. It will indicate if the business made a profit or loss. As a sole trader, this profit or loss figure will represent the earnings of the individual. The accounts might be informally prepared by the claimant, or by a professional accounting firm. The figures might be adjusted by Her Majesty's Revenue and Customs in order to determine taxable pre-disability earnings of the sole trader – this will be evidenced on their tax return. The accounts will also show items such as wages, transport etc which might give an insight into how the business operated.

Model answer for Question 2

(a)
- Loss of hands or feet – permanent physical severance.
- Permanent physical severance of any combination of two or more hands or feet at or above the wrist or ankle joints.

(b) An exclusion might be applicable to all critical illness policies, for example self-inflicted injury, hazardous pursuits, flying etc. Alternatively, an exclusion might be applied specifically to that policy because of an adverse risk (e.g. working with explosives) declared by the insured at the time of application. The exact wording of the exclusion will need to be considered alongside the circumstances of the event that led to the loss of limbs to see if it applies. The exclusion will usually state that the exclusion applies if the cause of claim arises directly or indirectly from the excluded event/activity.

Model answer for Question 3

- The application form must be checked to see what the claimant actually declared. If this is consistent with what is now reported, then no action is required. However, the assessor will check with the underwriter to ensure the correct terms were offered when the policy was set-up.
- If the application form answers do not reflect the applicants drinking history, then the precise wording of the question needs to be checked. Sometimes these only ask for 'average' consumption, or units per week. These questions would not elicit adverse replies from the applicant as they are not constructed to detect excessive/binge drinking. They may ask if the applicant had been advised to reduce his drinking so the answer to this question may be inaccurate if he said no.
- Medical records are often not a full or accurate reflection of an applicant's drinking habits. The assessor should be aware of this and seek as much information as possible from all sources. They should also discuss this with the insured to get their view of what they were drinking at that time, and why they answered the questions as they did.
- The extent of investigations will be influenced by the cause of the claim. If the policy is many years old, the disability is completely unrelated to alcohol, and alcohol plays no part in the current period of disability then a less rigorous approach will be required than if the current claim is caused or exacerbated by alcohol consumption.
- A retro underwriting opinion could be obtained to determine what impact on terms the misrepresentation might have had.

Model answer for Question 4

- Insurers should communicate with each other to check how benefit entitlement is affected in line with policy terms and conditions e.g. deferred period, limitation of benefit clause, expiry date, definition of disability used.
- The limitation of benefit calculation will usually require the insurers to share liability to ensure the claimant has an incentive to return to work.
- The insurers may be able to share evidence and investigations – reducing costs, and minimising duplication for the claimant and his medical advisers.

Model answer for Question 5

(a) The purpose of the heart valves is to separate the chambers of the heart, and to ensure that blood is carried in one direction through the circulatory system.

(b)
- Aortic.
- Mitral.
- Tricuspid.
- Pulmonary.

(c) *Any two of the following:*
- Rheumatic fever.
- Cardiomyopathy.
- Infection.
- Degeneration.

(d) **(i)** The diseased valve will become less effective and will interrupt blood flow or allow backward flow of blood.

(ii) Patients develop symptoms including: breathlessness; fatigue; and fluid retention/swelling. The extent of limitation will depend on which valve is involved, the extent of the disease, and the physical demands of the patient's role and response to any treatment.

Model answer for Question 6

(a)

Benign	Patients experience a small number of mild attacks followed by complete recovery. It is only possible to make a diagnosis of benign multiple sclerosis (MS) once there has been little or no disability for a period of 10 to 15 years.
Relapsing-remitting	This is the most common type of MS accounting for around 80% of sufferers at onset. The patient experiences an unpredictable pattern of relapses, followed by remissions. Relapses can last for days, weeks or months and vary from mild to severe.
Secondary progressive	Many people who start out with relapsing-remitting MS later develop secondary progressive MS. This means that the disability does not tend to remit after a relapse and progressively worsens with increasing levels of disability.
Primary progressive	This accounts for around 12% of all MS patients. Symptoms gradually develop and worsen over time, with no distinct relapses and remissions.

(b)
- A definite diagnosis by a neurologist.
- Current clinical impairment of motor or sensory function.
- Impairment must have been present continuously for six months.

Model answer for Question 7

Any three of the following:

- Independent medical examination – independent assessment of a medical condition by a relevant specialist not involved in her care. Provides an objective assessment of the course of the illness, extent of limitations, effectiveness of current treatment regime, and prognosis for the future. This would help determine how limited she was, and what her current and future capacity to work in her own or a suited role might be.
- Home visit – suitable qualified professional would visit claimant in their home environment to discuss the circumstances of her claim and overall situation. Would include an assessment of history, current limitations, motivation, and any other factors that might be influencing ability to work. Would also explore other work to which she might be suited with or without modifications/rehabilitation. Provides a valuable insight into the overall claim, and indication of what other evidence might be needed and how best to help the claimant back to work. May also note inconsistencies or any suggestion of continuing work.
- Private investigator – might be utilised to determine if claimant is as disabled as she claims, or if any work is being undertaken. This could be via surveillance or desk-based enquiries e.g. getting a quote for a job. Surveillance cannot provide objective evidence of a mental health disorder, but would give an insight in to how active she is able to be, ability to socialise etc.
- Specialist report – the treating specialist should be able to give a very detailed account of the medical disorder, to include what has caused this, and how the claimant is limited as a result. The treating specialist can explain treatment regime to date, and prognosis for the future, as well as exploring whether other work would be possible. Will also identify if there are any triggers that need to be avoided to minimise exacerbation of symptoms.
- Vocational assessment – this could explore the claimant's training, education and experience in order to assess if there are other jobs she could do. It's not clear what the trauma she has suffered is, but if, for example, it was a fall then occupations that don't involve working at heights could be explored.

Model answer for Question 8

(a) Insurable interest is the extent of the insured's monetary interest in the subject matter of the insurance.

(b) Insurable interest must exist at the commencement of the insurance policy.

(c) *Any two of the following:*

- Husband and wife.
- Employer/employee.
- Creditor/debtor.

Model answer for Question 9

(a) **(i)** Skin cancer will only be covered if it is malignant melanoma that has been histologically classified as having caused invasion beyond the epidermis.

(ii) All other skin cancers including basal cell carcinoma, squamous cell carcinoma, and cutaneous lymphoma will be excluded.

(b) For a skin cancer to give rise to a valid terminal illness claim it will have to have progressed to the stage where: it has no known cure or progressed to the point it cannot be cured; and in the opinion of the attending consultant the illness is expected to lead to death within 12 months.

A report from the specialist will be required detailing factors such as: the extent of the disease; the treatment undertaken to date; plans for future treatment; current performance status; and specialist's opinion of life expectancy.

Referral to a chief medical officer for an opinion on life expectancy might be useful.

Model answer for Question 10

(a) A post mortem is a medical examination of a corpse undertaken to try and determine the cause of death. It will involve examination of the organs of the body, review of external features of the body, and toxicology.

(b)
- It may contain reference to the insured's past medical history and lifestyle which can be useful in determining if misrepresentation is an issue.
- A description of where the body was found, and what the circumstances were might indicate the insured was involved in an activity that should have been disclosed or might affect who can benefit from the policy e.g. if there is suspicion of third party involvement.
- If there is indication the insured took their own life the assessor will need to consider if a suicide exclusion applies.
- Examination of the organs might suggest a history of a chronic medical condition that should have been disclosed.
- Toxicology results may alert the assessor to involvement of drugs or alcohol.
- Findings might indicate a sudden accidental death e.g. road traffic accident that will allow the assessor to admit the claim without needing to await the full inquest.

Model answer for Question 11

- Type 1 diabetes mellitus (DM) is a condition where the pancreas fails to produce sufficient insulin, which in turn leads to irregular blood sugar levels.
- Insulin deficiency causes cells to be starved of glucose. If this occurs levels of glucose in the blood rise, and eventually the glucose leaks away into the urine.
- Thirst, polyuria and weight loss are classic symptoms of a new case of diabetes.
- Type 1 DM usually starts abruptly in children or young adults. The degree of insulin deficiency is severe, and all patients need insulin treatment. Patients need to ensure their diet, lifestyle, monitoring and compliance with treatment is good.
- The underlying cause is an immunological attack on the cells that produce insulin, causing progressive destruction. Eventually, the capacity to secrete insulin becomes impaired and may cease altogether.

Complications include:

- Hypoglycaemic attacks.
- Ketoacidosis.
- Peripheral vascular disease/amputation.
- Retinopathy.
- Neuropathy.
- Nephropathy.

Model answer for Question 12

Title to the policy proceeds will be transferred to the trustee in bankruptcy. Payment should be made to the trustee in bankruptcy who needs to provide the policy document, and the documentation proving their appointment as trustee.

Model answer for Question 13

(a) A reasonable steps clause will state the payment of benefit is subject to the claimant taking reasonable steps to facilitate their recovery. Therefore, if the claimant can take positive action to improve their own health, and level of functioning the insurer will expect them to do so if it is considered reasonable for them to do so.

(b) **(i)** The assessor will need to consider if it is reasonable to expect the claimant to undergo surgery. Although the medical advice seems to indicate a good chance of success it would not be unreasonable for a claimant to decline the surgery if they do not want to take the risk of ensuing paralysis. Therefore, benefit payments would likely continue even if the claimant refused surgery, meaning he was unable to return to work.

(ii) Again, the assessor needs to consider if it is reasonable to expect the claimant to follow medical advice and undertake the physiotherapy/rehabilitation. In this scenario, there is a certainty that his condition would improve, and there should be little or no chance of the intervention causing any damage. Therefore, the insurer could argue that it would be reasonable for the claimant to follow the physiotherapy/rehabilitation advice, and if they don't, their benefit payments would cease.

Model answer for Question 14

Premiums are based on age. Most policies will have a maximum and minimum age limit. The critical illness definition requirements for Alzheimer's disease often state that it must be diagnosed before age x. Therefore, it is essential to know the claimant's age in order to establish if they meet the age requirement. In addition, the insurer will seek to address the fact that the insured may have been paying the wrong level of premium, as premiums are based on age. If they have underpaid, then the sum assured is typically reduced in line with what that premium would have afforded. If they have overpaid, a refund of excess premiums is usually arranged.

Model answer for Question 15

(a) For the critical illness, a claim might be possible in respect of the following definitions:

Stroke – resulting in permanent symptoms
Death of brain tissue due to inadequate blood supply or haemorrhage within the skull resulting in permanent neurological deficit with persisting clinical symptoms. Traumatic injury to brain tissue or blood vessels is not covered.

Traumatic head/brain injury – resulting in permanent symptoms
Death of brain tissue due to traumatic injury resulting in permanent neurological deficit with persisting clinical symptoms.

Total permanent disability – unable to do your own occupation ever again
Loss of the physical or mental ability through an illness or injury to the extent that the insured person is unable to do the material and substantial duties of their own occupation ever again. The material and substantial duties are those that are normally required for, and/or form a significant and integral part of, the performance of the person's own occupation that cannot reasonably be omitted or modified.

Any occupation means any type of work at all, irrespective of location and availability.

The relevant specialists must reasonably expect that the disability will last throughout life with no prospect of improvement, irrespective of when the cover ends, or the insured person expects to retire.

(b)
- Detailed medical reports need to be obtained to outline the extent of the injuries specifically is there death of brain tissue, and was this caused by a stroke or trauma?
- For both stroke and traumatic brain injury (TBI) claims the assessor would need to be satisfied that there will be permanent neurological deficit with persisting clinical symptoms. Examples given by the Association of British Insurers include numbness, paralysis, localised weakness, dysarthria, aphasia, dysphagia etc. With a severe stroke, this is likely to be the case, but the assessor needs to satisfy themselves this is the case.
- The survival period must be checked. If the insured dies prior to that period expiring there will be no, or minimal, claim payment.
- If a stroke or TBI claim is valid there is no need to consider a total permanent disability (TPD) claim.
- If a TPD claim is to be considered further details regarding the prognosis for these injuries is required. The suggestion is that he will not walk again so working in any capacity may well be compromised. However, cover expires on 1 April 2018 and if it is not possible to determine if he is going to be TPD'd before this date the claim will not be valid.
- Risk factors for stroke should be considered when reviewing medical reports – habits, hypertension would be relevant albeit the policy is nearly 10 years old, so the assessor should not make excessive enquiries in this regard. The medical reports relating to this injury will most likely comment on past medical history and this should be sufficient in the first instance.

- The claimant is reported to have been working on scaffolding. The assessor should review what questions were asked on the application form and consider the accuracy of the answers given. They may wish to ask if he regularly worked at heights, most likely through a discussion with the wife. Given the duration of the policy it is quite possible that his duties have changed over time but working at heights is a risk factor for falls and may have warranted a rating if disclosed at the start of the policy.

Model answer for Question 16

XYZ Insurers need to determine if Mr Tyler has indeed died, whether any exclusions apply, and if there is any element of misrepresentation. The death should be entered into the Association of British Insurers Suspicious Death Register to determine if there were any other insurance policies in the market.

The policy was medically underwritten in April 2017 and therefore medical misrepresentation is unlikely. However, financial evidence was provided by Mr Tyler suggesting his business was profitable yet, a few months later, it had collapsed. Misrepresentation of his financial affairs should be considered as Mr Tyler may have taken out insurance knowing that his business was in peril and may have been contemplating taking his own life. Enquiries via his accountant, Companies House, and any business associates might be appropriate to consider this further. If financial misrepresentation is detected the underwriter should be asked what cover, if any, would have been offered and a proportionate remedy may apply.

Exclusions are rare in respect of life insurance and would not typically cover victims of a terrorist attack. However, life policies may contain a suicide exclusion within the first year of the policy. Given the events in Mr Tyler's life over recent times the insurer will need to satisfy themselves that his death has not arisen from suicide or that this is not an attempt to fake his own death. Full details of his last known movements, and enquiries of the authorities should help determine this.

As no body/remains has been formally identified as that of Mr Tyler the insurer may have to consider this death claim in line with procedures for individuals who have disappeared and are presumed to be dead. Formal enquiries and legal proceedings must be followed if an individual is to be presumed dead.

The beneficiary must prove death without a body and the insurer must satisfy itself that the claim is valid. The Presumption of Death Act 2013 sets out how an estate can go about obtaining a certificate of presumed death.

The court will only make a declaration if it is satisfied the missing person has died or has not been known to be alive for the past seven years.

Death certificates can be made available for missing persons where there was clear evidence that the person concerned was in the vicinity at the time of the disaster and has not been seen since. Investigations by the authorities would include circumstantial evidence, for example, was Mr Tyler caught on closed-circuit television in the building that night? Did anyone see him? Is there a mobile phone signal from his phone?

If granted, the declaration of death will confirm the date and time of the presumed death of the missing person. The estate can then obtain a grant of representation and claim under the insurance policy.

Any claim payment in respect of a missing person should be made subject to an indemnity taken out by the beneficiaries, securing their undertaking to repay the policy proceeds if Mr Tyler was to reappear.

Model answer for Question 17

(a) The claims assessor needs to obtain medical records to determine the nature and extent of the injury, and ongoing limitations. Reports from Mrs James treating advisers should be requested, and an independent view might be warranted, especially as the osteopath she is seeing is her brother.

Back pain is common and can be debilitating but the claims assessor needs to see what treatments and investigations Mrs James has had, what further treatments/investigations might be possible, whether any modifications would help her be able to work.

The claims assessor needs to understand the material and substantial parts of Mrs James's occupational duties and which of these she is unable to do. They also need to determine what other roles Mrs James might be suited to. This could be ascertained via the claimant completing a questionnaire, or a visit to Mrs James to discuss this, and other matters in more detail. Note that Mrs James lives in a remote location but it is the ability not the availability of other work that is to be judged here. The location may also compromise surveillance and travel to medical appointments and assessments.

(b) The claims assessor will need to calculate the maximum payable benefit in line with the limitation of benefit clause – this will typically state 'the benefit payable to the claimant will not exceed 60% of their pre-incapacity earnings less any state benefits received, ongoing payment from employment, pension payments and other insurances.'

To determine the claimant's pre-incapacity earnings the assessor will need to request latest Her Majesty's Revenue and Customs assessment along with accounts for the dental practice. These will demonstrate the profit accruing to Mrs James, along with the business structure.

The claims assessor will need to determine if the business continues in Mrs James absence, and if so how this affects the earnings she will receive.

State benefits received need to be determined via copies of correspondence.

Other insurances should be checked – Mrs James may have insurance to cover the cost of employing a locum in which case this should be taken in to account.

If accurate or up-to-date information is not available payment will need to be made 'on account' for a limited period of time.