

P61

Diploma in Insurance

Unit P61 – Life, critical illness and disability underwriting

April 2013 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 P61 – Life, critical illness and disability underwriting

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 six 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. An applicant for life assurance is suspected of having severe iron deficiency.
 - (a) Describe briefly the symptoms they may have. (2)
 - (b) Describe briefly the results of routine blood testing. (4)

2. An applicant for life assurance states that he has had treatment for atrial fibrillation. State and explain briefly what forms of treatment are available for this condition. (8)

3.
 - (a) State the types of information commonly obtained at underwriting stage which are considered to be 'sensitive personal data'. (6)
 - (b) State two legal acts within which an insurance office must work to manage this personal data. (4)
 - (c) Explain briefly who, within a life office, has responsibility for complying with part (b) above as well as voluntary industry guidelines they may observe. (5)

4. State the factors which contribute to the need for amputation of a leg in a patient with diabetes. (7)

5. Outline the principal uses of prescribed drugs and medication in the treatment of cancer. (12)

6. Describe the effects drinking alcohol may have on the nervous system. Include in your answer both the short-term and long-term effects. (15)

7.
 - (a) Explain oesophageal varices and state how they arise. (6)
 - (b) State the outlook for a patient with oesophageal varices and the implications for life insurance. (2)

8.
 - (a) Describe briefly optic neuritis. (3)
 - (b) Explain briefly how it is diagnosed. (2)
 - (c) Explain its importance to the underwriter. (3)

-
9. A male applicant, age 25, states that he has had two episodes of spontaneous pneumothorax, the second one being two years ago.
- (a) Describe briefly how this condition arises. (3)
 - (b) State how it is usually treated. (1)
 - (c) State the underwriting considerations for life and critical illness insurance for this applicant. (2)
10. Describe the treatment options that are possible for a patient who has developed end-stage renal failure. (12)
11. List the features present in an applicant with rheumatoid arthritis which would suggest a poor prognosis. (8)
12. (a) Explain briefly why certain genetic diseases only occur in males. (4)
- (b) Explain briefly why not all males in an affected family will suffer the disease. (4)
- (c) Give **two** examples of such a disease. (2)
13. (a) Explain briefly what is meant by a somatoform disorder. (2)
- (b) Describe **three** different types of somatoform disorder. (6)
- (c) State the underwriting considerations for life and disability insurance for an applicant with this disorder. (4)
14. (a) Explain how tele-interviewing and tele-underwriting may be used to collect data from an applicant. (9)
- (b) State the benefits for companies using tele-interviewing and tele-underwriting techniques. (4)

Questions continue over the page

PART II

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

15. Barry, aged 40, is married and has recently applied for £2,500,000 share protection insurance for five years.

In the application, Barry states:

- he is the 50% owner of a small engineering company;
- he is a life-long non-smoker and drinks almost no alcohol;
- he was diagnosed with Crohn's disease in 2001;
- he discloses that he takes azothiaprine, an immunosuppressant drug.

(a) Identify the additional medical and financial data that is required to assess this application, explaining the relevant information each piece of data will reveal. (20)

(b) Describe how Crohn's disease could impact on the terms offered to Barry under this policy. (10)

16. Anne-Marie, aged 32, works for an international human rights charity. She earns £32,000 per annum and travels extensively. She is applying for income protection for £24,000.

Five years ago, she was severely injured with head and pelvic injuries in a road accident in south-east Asia. She was admitted to hospital locally and later transferred to Europe. She was absent from work for a total of six months, but eventually was able to resume her job.

(a) State the high level risks associated with applicants who travel extensively. (10)

(b) Discuss the medical information you would need to collect in order to underwrite this application. (8)

(c) Describe what terms and conditions would be applied to accommodate this request for income protection. (12)

-
- 17.** Dave, aged 60, owns properties and assets to the value of approximately £3,000,000. His wife, aged 62, is terminally ill with lung cancer. He is seeking advice on reducing his Inheritance Tax Liability.
- He is married with two adult children.
 - He is obese with a body mass index of 38.
 - Recently there was a possible, though not definite, diagnosis of Type 2 diabetes.
 - He has had an episode of chest pain. However, his application states that no definite diagnosis was made.
 - He stopped smoking five years ago.
 - He drinks about 20 units of alcohol per week, mostly beer.
- (a)** Explain the type of policy which would be advisable in order to mitigate the immediate Inheritance Tax Liability for his family. **(8)**
- (b)** State the considerations in calculating the appropriate sum insured. **(5)**
- (c)** Discuss the medical evidence you would need in light of the history given and state the findings that would enable you to underwrite the risk. **(17)**

