

# P62

## Diploma in Insurance

### Unit P62 – Life, critical illness and disability claims

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 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 six lines blank after each part.

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**PART I****Answer ALL questions in Part I****Note form is acceptable where this conveys all the necessary information**

1. Identify what exclusions typically apply to children's critical illness claims. (7)
  
2. Outline how the details contained in a UK death certificate is of use to a claims assessor when considering a claim under a life insurance policy. (14)
  
3. Identify **three** of the core principles stated in Schedule 1 of the Data Protection Act 1998. (6)
  
4. (a) Outline the **three** main types of skin cancer. (6)  
(b) State the exclusion for skin cancer under the latest Association of British Insurers critical illness definition of cancer and give **two** reasons for the exclusion. (7)
  
5. (a) Outline the main types of hearing loss and how they occur. (8)  
(b) Identify the circumstances in which deafness will give rise to a valid critical illness claim. (6)
  
6. Identify **three** professions retained or employed in house by an insurance company that claims assessors may use to assist in the assessment of income protection claims, and explain how their expertise is useful. (9)
  
7. Explain why an insurer needs to know about an applicant's occupation when they are applying for income protection cover. (10)
  
8. Explain the factors that might influence a death claims assessor's decision whether to enquire about the deceased's medical history. (10)
  
9. Explain how the assessment and management of a waiver of premium claim differs from that of an income protection claim. (9)

10. Explain the consequences of a policyholder failing to make premium payments in respect of life policies. (14)
11. Explain the various ways income protection policy conditions might allow for benefits to escalate and why some policy holders would choose this option. (7)
12. Explain how an insurer might assist with the rehabilitation of an 'own occupation' income protection claimant after a road traffic accident that has left them physically unable to perform their occupational duties as a nurse. (10)
13. Explain how a claimant's pension payments are taken into account when calculating benefit payable under an income protection claim. (11)
14. List the information self-employed sole traders typically have to submit to HM Revenue & Customs to comply with their self-assessment taxation requirements. (6)

Questions continue over the page

**PART II**

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

- 15.** Mrs Holmes has submitted a claim for multiple sclerosis under her individual critical illness policy. During the assessment of the claim, it comes to light that she is an ex-smoker.

Describe the assessor's considerations in light of this information, and how it might influence the assessment and outcome of this claim.

**(30)**

- 16.** Mrs Knot, aged 55, has been reported missing after setting out alone in her yacht from her home town on the south coast of England on 31 March 2013. She has not been seen or heard from since she set off, and personal possessions thought to have been on the yacht have been swept up onshore.

The insurer has been notified of Mrs Knot's presumed death and requested to pay the policy proceeds in respect of a level term assurance life policy for £200,000. The policy commenced on 1 June 2003 and has a 10 year term.

Outline the evidence and enquiries required to assess the death claim and discuss how this scenario might give rise to a valid death claim.

**(30)**

- 17.** A claim is submitted under a group income protection scheme for an employee who is currently medically unable to perform their job as an accountant.

Discuss the scheme rules that will need to be considered and the evidence a claims assessor will require to determine whether there is a valid income protection claim.

**(30)**

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