

# Life, critical illness and disability underwriting

## Purpose

To develop underwriting skills in life, disability and critical illness insurances based upon an understanding of the major systems of the body and its diseases and of non medical risks.

## Assumed knowledge

It is assumed the candidate has the knowledge gained from a study of the fundamental principles and practices of insurance as covered in IF1 Insurance, legal and regulatory or equivalent examinations.

## Summary of learning outcomes

1. Understand the mechanics of life and disability underwriting.
2. Understand the features of the major systems of the body and the underwriting approach to disorders and diseases.
3. Understand non-medical risk factors.
4. Understand the impact of legal and regulatory considerations.

## Important notes

- Method of assessment: Part I 14 compulsory questions (140 marks). Part II 2 questions selected from 3 (60 marks). Total of 200 marks. Three hours are allowed for this exam.
- The syllabus is examined on the basis of English law and practice unless otherwise stated.
- The general rule is that the exams are based on the English legislative position six months before the date of the exams.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  - 1) Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  - 2) Select the appropriate qualification
  - 3) Select your unit on the right hand side of the page

## 1. Understand the mechanics of life and disability underwriting

- 1.1 Explain the basic concepts of life, disability and critical illness underwriting.
- 1.2 Describe the structure of an underwriting department.
- 1.3 Explain the role of the Chief Medical Officer.
- 1.4 Explain the structure of the full and short proposal forms and discuss the practical application of each.
- 1.5 Explain the mechanics of application processing including tele-underwriting.
- 1.6 Explain the concept of selection against life offices and non-disclosure in relation to life and disability insurance.
- 1.7 Describe the types and uses of medical and non-medical evidence in underwriting, including:
  - general practitioner’s report (GPR).
  - independent specialist’s report.
  - medical examiner’s report (MER).
  - use of additional medical tests.
  - questionnaires.
  - telephone interviews.
  - financial evidence.
- 1.8 Explain the reason for and nature of HIV questions and the methods of handling such data.
- 1.9 Explain how risk is assessed from the information gathered in relation to life and disability insurance.
- 1.10 Discuss the assessment and rating of the following:
  - life assurance.
  - disability (including income protection, waiver of premium and total and permanent disability).
  - critical illness benefit.
- 1.11 Explain the imposition of additional premiums or restrictions on cover provided and the mechanism of loading.
- 1.12 Describe the concept of impaired life and enhanced annuities and how underwriting factors are applied to these.
- 1.13 Explain the role and use of reinsurers in life and disability underwriting.

## 2. Understand the features of the major systems of the body and the underwriting approach to disorders and diseases

- 2.1 Explain the features of the heart and circulatory systems and the underwriting approach to common diseases.
- 2.2 Explain the features of diabetes and underwriting approach to this disease.
- 2.3 Explain the features of the musculo-skeletal system and the underwriting approach to common disorders.
- 2.4 Explain the features of common psychiatric disorders and the underwriting approach to them.
- 2.5 Explain the features of cancers and tumours and the underwriting approach to them.
- 2.6 Explain the features of the nervous system and the underwriting approach to common diseases.
- 2.7 Discuss the impact on mortality and morbidity of lifestyle, including smoking, the use of alcohol and drugs, obesity, HIV and sexually transmitted infections.
- 2.8 Describe the features and underwriting approach to common haematological disorders.
- 2.9 Describe the features and underwriting approach to common diseases of the endocrine glands.
- 2.10 Describe the features and underwriting approach to common respiratory disorders.
- 2.11 Describe the features and underwriting approach to disorders of the gastro intestinal system.
- 2.12 Describe the features and underwriting approach to liver diseases.
- 2.13 Describe the features and underwriting approach to disorders of the urinary system.
- 2.14 Describe the features and underwriting approach to hereditary conditions.
- 2.15 Describe the features and underwriting approach to conditions of the ears and eyes.
- 2.16 Describe the features and underwriting approach to conditions of the skin.

## 3. Understand non-medical risk factors

- 3.1 Explain the implications and underwriting approach to occupational, avocational and geographical and financial risks.

## 4 Understand the impact of legal and regulatory considerations

- 4.1 Discuss the impact of industry regulation relating to genetics.
- 4.2 Explain the impact on life and disability underwriting of the following:
- Consumer Insurance (Disclosure and Representations) Act 2012.
  - Data Protection Act 1998.
  - Access to Medical Reports Act 1988.
  - Access to Health Records Act 1990.
  - Financial Services and Markets Act 2000.
  - Financial Services Act 2012.
  - Disability Discrimination Act 1995.
  - Equality Act 2010.
  - ABI industry guidelines, statements and codes of practice.

### Reading list

The following list provides details of various publications which may assist with your studies. Periodicals and publications listed will 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 study texts can be consulted from within the library. For further information on the lending service, please go to [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

### CII study texts

Life, critical illness and disability underwriting. London: CII. Course book P61

### Additional reading

Additional reading materials are available through the library or on the Knowledge Services website.

New materials are added frequently – for information about new books and articles in your area of interest, please visit [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

### Books (and ebooks)

Life and health insurance. Jon Dunckley et al. Annual. London: Taxbriefs.

Houseman's law of life assurance. 14<sup>th</sup> ed. Robert Surridge et al. Haywards Health, Bloomsbury Professional, 2011.

The modern law of insurance. Andrew McGee. (London: LexisNexis, 2011).

Life assurance and pensions handbook. Chris Marshall. London: Taxbriefs. Annual.

### Factfiles and other online resources

CII factfiles are written by subject matter experts within the insurance and financial services industry. They are updated annually, and interim update bulletins are included where necessary to take into account any major changes during the year. All are available online via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance society members only).

- Genetic testing and insurance. Ian Youngman.
- Recent developments in life assurance law. Robert Surridge.
- Recent developments in life product design.
- Critical illness insurance. Andy Couchman.
- Long-term care insurance. Andy Couchman.
- Payment protection insurance. Andy Couchman

### Reference materials

The professional adviser's factfile. Updated regularly. London: Taxbriefs.

Medical selection of life risks. 5th ed. R D C Brackenridge et al. London: Palgrave Macmillan, 2006.

Clinical medicine, 7<sup>th</sup> ed. P Kumar and M Clark. London: Elsevier, 2009.

The Merck manual of diagnosis and therapy. 19<sup>th</sup> ed. R S Porter. Chichester: Merck, 2011. Also available online at [www.merckmanuals.com](http://www.merckmanuals.com) (last checked 2 March 2013).

"Life, pensions & protection". Chapter: The insurance manual. Stourbridge, West Midlands: Insurance Publishing & Printing Co. Looseleaf, updated.

"Life, pensions, health and medical insurance". Kluwer's handbook of insurance. Kingston upon Thames, Surrey: Croner. CCH. Looseleaf, updated.

### Periodicals

The Journal. London: CII. Six issues a year. Also available online (CII/Personal Finance Society members only) at [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

Health insurance & protection. Monthly. London: Informa. [www.hi-mag.com](http://www.hi-mag.com)

### 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](http://www.cii.co.uk) to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Older examination guides are available (for members only) via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge). Alternatively, if you have a current study text enrolment, the latest exam guides are available via [www.revisionmate](http://www.revisionmate).

## Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at [www.cii.co.uk/knowledge/iilrevision](http://www.cii.co.uk/knowledge/iilrevision) (CII/Personal Finance Society members only).