

P61

Diploma in Insurance

Unit P61 – Life, critical illness and disability underwriting

April 2015 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. State **three** common ways in which a stroke can occur, describing briefly, in **each** case, **two** possible underlying causes. (9)

2. State **four** key responsibilities of a chief underwriter in a life insurance company. (8)

3. (a) Identify **two** mortality risks associated with benign peptic ulcer. (2)
(b) Describe **two** major medical developments in recent years that have been effective in treating benign peptic ulcer. (10)

4. An applicant has a lump in the thyroid gland found on examination.
 - (a) Identify **three** types of investigation and describe briefly how **each** one may be used to determine whether the applicant does or does not have thyroid cancer. (9)
 - (b) List **three** types of cancer that may occur in the thyroid gland, indentifying which cancer carries the greatest risk, and which carries the least risk. (6)

5. With regard to cystic fibrosis:
- (a) state the underlying cause; (2)
 - (b) identify the most important organs affected; (2)
 - (c) describe briefly the underlying reasons why these organs are affected; (4)
 - (d) state **three** methods used to treat the condition; (3)
 - (e) state the typical life expectancy of a person with cystic fibrosis; (2)
 - (f) state the likely acceptance terms for life insurance. (2)
6. Describe briefly **three** conditions where a person may become totally blind in one eye, the other eye being completely normal. (9)
7. (a) Identify **three** common conditions which could give rise to left ventricular hypertrophy. (3)
- (b) For **each** condition identified in **part (a)** above, explain why the left ventricular hypertrophy occurs. (6)
8. (a) State the mode of inheritance of the condition of polycystic kidneys. (1)
- (b) Describe briefly:
- (i) the typical progression of polycystic kidney disease; (4)
 - (ii) the main complications of polycystic kidney disease. (5)
- (c) An applicant, aged 40, whose father has polycystic kidney disease, discloses a recent negative ultrasound.
- State the likely acceptance terms for life and income protection insurance. (3)

QUESTIONS CONTINUE OVER THE PAGE

9. (a) Describe briefly the condition of uterine fibroids. (4)
- (b) Explain how uterine fibroids could influence the underwriting decision for life, critical illness and income protection insurance. (4)
10. (a) Describe briefly what is meant by a major depressive disorder. (4)
- (b) Outline the features of a major depressive disorder that would influence the underwriting decision for life and disability insurance. (4)
11. (a) State the reasons why an insurance company would use the services of a reinsurer. (4)
- (b) Distinguish between facultative and treaty reinsurance. (4)
12. Describe briefly **four** important complications that may occur with long-term use of corticosteroids. (8)
13. Distinguish between primary polycythaemia rubra vera and secondary polycythaemia. (8)
14. (a) State **two** tests by which the effectiveness of treatment of HIV infection can be monitored. (2)
- (b) Outline the factors that need to be present to offer terms for life insurance to an applicant with a positive HIV test. (8)

Part II questions can be found on pages 8 - 10

PART II

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

- 15.** A male applicant, aged 43, is a general manager of a knitwear company. His company requires loss of profit key person life insurance of £1.5million. He spends three months a year working overseas.

His application form reveals a BMI of 32. His mother aged 67 has Type 2 diabetes. His father died from a stroke aged 62. The male applicant does not smoke or drink alcohol. There was no mention of any medication.

It is decided to request a general practitioner's report and send him for an independent medical examination. The report reveals a blood pressure of 145/95, that the applicant is taking medication for blood pressure, but there have been gaps in his treatment in the past when he is abroad.

The medical examination confirms the BMI, the smoking and drinking habits and the family history. The male applicant has abdominal obesity, blood pressure of 150/95, normal urine and normal ECG. Blood tests are awaited.

- (a) State **five** important reasons why the male applicant's company would seek to take out a key person policy on him. (5)
- (b) Describe the financial information that is required to decide whether the policy requested is appropriate. (11)
- (c) Describe what blood tests would be necessary and how you would use the results of them to assist in making your underwriting decision. (10)
- (d) Explain the different types of risks presented to an insurance company from underwriting this application. (4)

16. A female applicant, aged 42, is a nurse earning £35,000 per annum. She applies for a life policy for £200,000 to cover a mortgage loan together with critical illness and total permanent disability. She also wants income protection. Her application form reveals that three years ago she had an episode of numbness and weakness in her left arm. The problem resolved after a few weeks and she recovered completely. She saw a neurologist.

The female applicant's father died in a mining accident aged 40. Her mother is alive and well. Her brother, aged 49, recently had a myocardial infarction. The female applicant was a heavy smoker until two years ago when she cut down and now uses electronic cigarettes only. She works in the oil industry and regularly visits oil rigs.

A general practitioner's report is obtained which states she was referred to a neurologist but was not followed up.

- (a) Describe briefly **three** investigations which are often done to clarify a possible diagnosis of multiple sclerosis (MS), stating what **each** test might show in an applicant who has MS. (9)
- (b) Explain the risks for this applicant of working on oil rigs. (9)
- (c) State what other items of information you would need to obtain before you could underwrite this applicant. (4)
- (d) Evaluate the level of risk presented by this applicant for **each** of life, critical illness and income protection insurance. (8)

QUESTIONS CONTINUE OVER THE PAGE

- 17.** A 36-year-old veterinary surgeon requires a life policy to cover a bank loan for £1million to fund improvements to his practice's operating theatre. He already has life critical illness and income protection insurance with another insurer.

His application form shows that three years ago a diagnosis of sarcoidosis was made. He took six months off work but is now back working normally. At present he is not receiving any treatment.

A general practitioner's report shows that he has sarcoidosis involving the lungs that was treated with corticosteroids. He discontinued the drug six months ago. Pulmonary function, though impaired initially, is now back to near normal and is stable. His chest x-ray indicates resolving or stable disease but is not completely normal. There are no other adverse features.

- (a)** State the financial information you would require and the reason for collecting it. **(10)**
- (b)** Describe briefly the ways in which sarcoidosis can involve the lungs and structures around them. **(5)**
- (c)** State which other organs of the body are characteristically affected by sarcoidosis. **(5)**
- (d)** Outline the medical criteria this applicant would have to meet before he could be considered for a life policy at normal rates. **(10)**

