

P62

Diploma in Insurance

Unit P62 – Life, critical illness and disability claims

April 2016 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.

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

1. State the relevant medical questions a claims assessor should ask the treating specialist of a terminal illness (TI) claimant suffering from cancer in order to determine the validity of the TI claim. **(8)**

2.
 - (a) Explain what a silent myocardial infarction is. **(3)**
 - (b) Discuss whether a silent myocardial infarction is an insured event under the Association of British Insurers' critical illness definition of heart attack. **(10)**

3.
 - (a) Describe briefly the biopsychosocial model. **(4)**
 - (b) Outline why it is important to understand the biopsychosocial model when considering an income protection claim. **(6)**

4. Outline the considerations for assessing a critical illness claim for deafness when misrepresentation of chronic backache is discovered. **(8)**

5.
 - (a) Give **three** examples of how a self-employed income protection claimant could deliberately misrepresent:
 - (i) their pre-disability earnings; **(3)**
 - (ii) their post-disability earnings. **(3)**
 - (b) Explain briefly why an income protection claimant would want to deliberately misrepresent their earnings. **(2)**
 - (c) Outline how an income protection insurer can seek to ensure they get accurate information in respect of a claimant's earnings. **(5)**

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6. Outline **three** methods of cardiac investigation, detailing for **each** method, how it is undertaken and what the results can show. (12)
7. (a) State what a notification clause is within an income protection policy explaining its purpose. (10)
- (b) Outline the consequences when a claimant fails to comply with the notification clause stipulated in their income protection policy. (3)
8. Explain the relevant considerations to determine whether a teacher, suffering from back pain, fulfils the definition of disability under an own occupation total permanent disability claim. (15)
9. Explain the considerations for determining the validity of a death claim under a joint life policy where the male life has assisted the female life to commit suicide. The female was suffering from an incurable illness and had expressed a clear wish to end her own life. (15)
10. (a) Outline **two** staging systems utilised in the diagnosis of malignant melanoma. (4)
- (b) Explain briefly how the staging of a malignant melanoma is relevant to the assessment of a critical illness claim under the Association of British Insurers definition of cancer. (3)
11. (a) State the main purpose of the Equality Act 2010. (2)
- (b) Explain briefly the relevance of the Equality Act 2010 when assessing a claim under a group income protection contract. (3)
12. State **five** sources of information relating to an income protection claimant that a private investigator might use when undertaking desk based research. (5)

QUESTIONS CONTINUE OVER THE PAGE

- 13.** Explain what happens to an employee's group income protection benefit if their contract of employment is terminated whilst their claim is in payment. **(7)**
- 14.** Explain the considerations that arise at the point of making a claim if a policyholder misstated their age when they applied for a critical illness policy. **(9)**

Part II questions can be found on pages 8 and 9

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

- 15.** Mr Evans held a single life policy with XYZ Insurers. It commenced in January 2012, with a sum assured of £130,000. He declared he was a smoker, but no other adverse disclosures were made when the policy was applied for.

Mr Evans's wife notified the insurer that he died on 1 April 2016 whilst on a visit to Jamaica, aged 39.

The cause of death was initially thought to be due to asthma. An inquest is to be held as it is possible that Mr Evans may have been taking illegal drugs on the night of his death.

Explain the relevant considerations and actions for determining the validity of this claim.

(30)

- 16.** Mrs McAfferty, aged 40, holds a critical illness policy with ABC Insurance Company (ABC). The policy commenced in April 2015 and provides a benefit of £250,000 for all Association of British Insurers (ABI) standard definitions. No adverse disclosures were made when the policy was applied for.

Mrs McAfferty has called ABC to make a claim for a recent diagnosis of breast cancer. She mentions that her younger sister is terminally ill with metastatic breast cancer, and that she has restarted smoking recently due to the stress of it all.

- (a)** Describe the elements of the latest ABI cancer definition that Mrs McAfferty must satisfy in order to have a valid claim.

(6)

- (b) (i)** Explain how the claims assessor will assess the validity of the claim, taking account of Mrs McAfferty's medical history and any other relevant factors.

(14)

- (ii)** Explain how the information the claims assessor obtains could affect the claims decision.

(10)

- 17.** Mrs Brooks is a 58-year-old self-employed artist, who works out of a studio attached to her house. She has recently submitted an income protection claim with ABC Insurance (ABC), stating that she has been unable to work since 1 February 2016 as a result of anxiety.

Mrs Brooks policy commenced in 2002, and provides a benefit of £1,000 per month after a deferred period of 13 weeks, if she is unable to perform her own occupation. It will expire on her 60th birthday.

A nurse representing ABC visited Mrs Brooks in March 2016 to establish preliminary details relating to her claim. Mrs Brooks was found to be extremely anxious and tearful at times when discussing her personal circumstances. She mentioned that her mother had died recently and her husband had left home to live with another woman. There were traces of paint on Mrs Brooks' hands.

Explain the relevant considerations and the steps to be taken:

- (a)** to assess the claim for initial acceptance. **(22)**
- (b)** to manage an on-going claim following acceptance. **(8)**

Your answers should include reference to the information required, and the factors that will influence the assessment and management of the claim.

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