

# P61

## Diploma in Insurance

### Unit P61 – Life, critical illness and disability underwriting

October 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 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. (a) Outline what is meant by the term 'chorea'. (2)
- (b) State the mode of inheritance of the disease 'Huntington's chorea'. (2)
- (c) Outline why the results of the predictive genetic test for Huntington's chorea is approved for use by insurers. (2)
- (d) State the levels and type of cover the test for Huntington's chorea can be used for. (2)
2. An applicant for a life policy has had a renal transplant.
- Outline **five** features which would allow you to accept the application. (10)
3. (a) Describe briefly and provide an example of how the numerical rating system can be applied to an application for life and critical illness. (6)
- (b) Explain briefly why the numerical rating system may not be appropriate and provide an alternative method for:
- (i) applicants over the age of 60; (3)
- (ii) applicants with a history of cancer. (3)
4. An applicant discloses coeliac disease and is on a gluten-free diet.
- Describe briefly what may happen if the applicant lapses from their diet:
- (a) just for a few weeks; (2)
- (b) over several years. (6)

5. A man, aged 55, applies for life, critical illness and income protection for a 10-year term. He was found to have carcinoma of the prostate one year ago after a routine medical check-up. He currently has a PSA of 10, a Gleason score of 4 and a staging of T2 N0 M0.
- (a) Explain briefly:
- (i) PSA; (2)
  - (ii) Gleason score; (2)
  - (iii) T2 N0 M0. (3)
- (b) Describe briefly the types of treatment people with carcinoma of the prostate may be offered. (4)
- (c) Explain briefly your underwriting approach to this applicant. (4)
6. Describe briefly **four** effects arising from ankylosing spondylitis which could interfere with the occupation of an international lorry driver. (8)
7. A medical examination on a female applicant for life insurance, aged 42, reveals her haemoglobin level is 84g/litre (8.4 g/100ml) and a low mean corpuscular volume (MCV).
- (a) State the most common cause of these findings. (2)
- (b) Explain briefly **three** common underlying reasons why this situation might arise. (9)
8. (a) State the information you would require from an employer that wants to set up an employee group scheme for life, critical illness and income protection. (7)
- (b) State the conditions that must be fulfilled when the scheme commences. (3)

QUESTIONS CONTINUE OVER THE PAGE

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9. (a) Define what a hormone is. (3)
- (b) State **three** different hormones that are produced by the adrenal glands and describe **one** important function of **each**. (9)
10. Outline **six** factors that an underwriter should pay particular attention to in a diabetic applicant who has had a medical examination and blood tests. (12)
11. An applicant requires a critical illness policy with 'own occupation' total and permanent disability (TPD) attached.
- Outline the ways in which the definition of TPD benefit may be restricted and why this could be necessary. (8)
12. Describe briefly **three** ways in which inhalation of asbestos fibres can affect the respiratory system, and in **each** case identify the implications for underwriting for life and disability insurance. (9)
13. An applicant has been treated for hepatitis C.
- State the medical findings that would allow an underwriter to offer the applicant standard rates for life, critical illness and income protection. (8)
14. (a) Explain briefly how the condition of chronic 'open angle glaucoma' arises. (5)
- (b) Outline the treatment that can be used to control this condition. (4)

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

- 15.** A male applicant, aged 50, applies for a life policy for a 20-year term with critical illness rider for £1 million. He is recently divorced and supports two children from his previous marriage.

He is an executive of a building firm with responsibility for buying materials. This job takes him abroad principally to Northern Europe and Canada, where he may visit remote areas, and occasionally to South America.

His income including bonuses, investment income and all other sources is £150,000 per annum.

He declares he has paroxysmal atrial fibrillation and he takes a beta blocker and warfarin.

He is a non-smoker and usually drinks about 12 units of alcohol per week.

- (a)** State the financial information you would need and how you would obtain it. **(4)**
- (b)** Explain briefly whether the requested sum insured is reasonable for life and critical illness in this case. **(4)**
- (c)** **(i)** Describe the condition of paroxysmal atrial fibrillation. **(6)**
- (ii)** State the complications that may be associated with paroxysmal atrial fibrillation and its treatment. **(4)**
- (d)** Summarise the underwriting risks presented by this applicant and how they could influence your final decision. **(12)**

**QUESTIONS CONTINUE OVER THE PAGE**

16. A female applicant, aged 36, who earns £65,000 per annum, applies for a 25-year term life policy to cover a loan of £200,000. The loan is to adapt and extend her parents' house to cope with her likely forthcoming disability.

Her application form states she was diagnosed with multiple sclerosis six years ago. After the initial diagnosis, she regained normal health but two years ago she developed symptoms in her legs. She smokes 20 cigarettes per day. She took cannabis when she was in her early 20's but not in the last 10 years. She has a body mass index (BMI) of 34.

A tele-interview revealed that at present she has very little disability. She has some numbness and slight weakness in her legs. She is able to use public transport but she has had her car adapted with hand controls. She notices no other disability. She has not used other drugs.

- (a) Describe **three** tests that are commonly used to diagnose multiple sclerosis, stating in **each** case what abnormality a positive test would show. (12)
- (b) Explain briefly how the course of her multiple sclerosis so far would help you to assess her future health. (6)
- (c) Describe **two** reasons why the symptoms in her legs could be life-threatening. (4)
- (d) State the risks presented by this applicant for a life policy, and outline for **each** disclosure whether you think the risk is sufficient to influence your underwriting decision. (8)



17. A man, aged 28, has been discharged from the army on account of injuries received on active service. He is now applying for a life policy for 25 years to cover a mortgage loan of £200,000, he also requires critical illness cover and income protection. Three months ago he obtained a job as an electrical engineer using skills he acquired in the army.

A general practitioner's report (GPR) reveals that he has lost a leg. His rehabilitation has been very slow and interrupted by spells of depression, heavy drinking and violent behaviour. His present job is the first one he has had since he left the army four years ago and it appears to be going well. He is a heavy smoker and his GP has constantly warned him about his drinking.

The GPR also states that he is of normal weight and has normal blood pressure.

There is a strong family history of ischaemic heart disease; his father died, age 49, from a heart attack and his brother, aged 36, has had a stent inserted.

- (a) (i) Identify the probable psychological cause of this applicant's difficult rehabilitation following his injuries. (3)
- (ii) Outline **three** other important features you might expect to find in a person with his experiences. (6)
- (b) Explain the medical tests that would be useful to assess this application and the relevant information **each** test would provide. (6)
- (c) Identify the significance drinking alcohol and smoking have for this applicant. (3)
- (d) Discuss your approach to underwriting this applicant for life, critical illness and income protection. (12)

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