THE CHARTERED INSURANCE INSTITUTE

P61

Diploma in Insurance

Unit P61 – Life, critical illness and disability underwriting

April 2017 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.**

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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)** Describe briefly the features of bipolar affective disorder. **(4)**

    (b) State **two** particular features that would cause you to apply a heavy extra premium or even to decline an applicant with this condition for life and critical illness. **(4)**

2. A 25-year-old man has had a recent motor accident resulting in severe damage to the spinal cord at the level of the 4th thoracic vertebra.

    Describe the features that could be present in this applicant which would influence your underwriting decision. **(12)**

3. **(a)** State the cause of Hypertrophic Obstructive Cardiomyopathy (HOCM) and **three** ways in which it may affect the function of the heart. **(8)**

    (b) Identify how you would distinguish between high risk and low risk applicants with HOCM for life assurance. **(7)**

4. State **five** important provisions the Data Protection Act 1998 places on insurers who use personal data. **(10)**

5. An applicant was found to have gallstones on ultrasound scanning.

    Describe briefly **two** complications that may arise from this finding which could influence your underwriting decision for life and critical illness. **(8)**

6. State **five** important functions of the kidney and explain briefly how the kidney performs **each** function. **(10)**

7. **(a)** An applicant had a diagnosis of leukaemia made five years ago. State any varieties of leukaemia that might be acceptable for:

       (i) A life policy. **(2)**

       (ii) A critical illness policy. **(1)**

    (b) Describe briefly the underwriting terms you would offer for the varieties of leukaemia you select in **part (a)** above. **(6)**

8. An applicant with psoriasis wants life, critical illness and income protection.

    Describe briefly the underwriting decision you might give for this applicant. **(8)**

9. Describe briefly **five** reasons why the survival rate of those with or at risk of breast cancer has been improved over time. **(10)**

10. In the context of the underwriting process:

    (a) describe the structure and purpose of a standard general practitioner's report (GPR); **(5)**

    (b) state the circumstances in which a 'targeted' GPR may be used; **(2)**

    (c) state the advantages of using 'targeted' GPR's. **(3)**

11. A 60-year-old man has a stroke. As a consequence, when he looks straight in front of him he is unable to see anything on his right side.

    (a) State what this type of field defect is called. **(2)**

    (b) Draw a diagram to illustrate the visual pathways between the eyes and the brain, showing where damage has produced this field defect. **(6)**

QUESTIONS CONTINUE OVER THE PAGE

12. **(a)** Describe briefly the appearance of the lower end of the oesophagus in the condition known as Barrett's oesophagus. **(2)**

(b) State your approach to underwriting an applicant with Barrett's oesophagus for life and critical illness. **(6)**

13. **(a)** State **four** features that may be found in an applicant who is eventually diagnosed as having metabolic syndrome. **(8)**

(b) Describe briefly the significance of metabolic syndrome to the underwriter. **(4)**

14. **(a)** Describe briefly the purpose and features of supplementary questionnaires in the context of life and disability underwriting. **(5)**

(b) State who may complete supplementary questionnaires. **(3)**

(c) List **four** types of supplementary questionnaire other than those for medical disorders. **(4)**

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. A male, aged 40, applies for a life policy of £1 million to cover a loan which he has negotiated in order to expand his engineering business. His application form states that two years ago he had a subarachnoid haemorrhage and was unable to work for three months. He declares that he is now back to normal health. His company is developing overseas markets and he will be in Hong Kong and Indonesia for about two months in the near future.

(a) State the information you would require to underwrite this applicant. **(9)**

(b) **(i)** Explain briefly what causes a subarachnoid haemorrhage to occur. **(3)**

(ii) Describe briefly the symptoms and consequences associated with a subarachnoid haemorrhage. **(4)**

(iii) Outline the treatments that may be necessary. **(5)**

(c) Discuss your approach to underwriting this application. **(9)**

16. A male, aged 55, applies for a life assurance share protection policy for £2.5 million to cover his 50% ownership of a small manufacturing company. He has emphysema and has been found to have alpha 1 antitrypsin deficiency.

(a) Describe briefly the reasons why a share protection policy might be required. **(5)**

(b) Explain briefly what happens to the lungs in a case of emphysema. **(5)**

(c) Describe briefly the effect that alpha 1 antitrypsin deficiency may have on this applicant. **(5)**

(d) State the medical and financial information which would be necessary to underwrite this application. *(For **each** piece of data clearly state why it is necessary to collect it.)* **(15)**

17. A female, aged 35, applies for a life policy with critical illness for £100,000. She is planning to move to a larger house with her family and has secured a loan for the purpose. She has been a Type 1 diabetic taking insulin for 20 years. She works as a manager in a bank. In addition to insulin she takes an ACE inhibitor (angiotensin converting enzyme inhibitor) and a lipid lowering agent.

    (a) Describe the medical information required that would enable you to underwrite this application. **(17)**

    (b) State the function of an ACE inhibitor and explain briefly why the applicant might be taking it. **(4)**

    (c) Outline the features which may emerge from the medical data which would adversely influence your underwriting decision. **(9)**

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