

# P62 – Life, critical illness and disability claims

## Diploma in Insurance

October 2017 Examination Guide

**SPECIAL NOTICE**

**Candidates entered for the April 2018 examination should study this Examination Guide carefully in order to prepare themselves for the examination.**

**Practise in answering the questions is highly desirable and should be considered a critical part of a properly planned programme of examination preparation.**

## P62 – Life, critical illness and disability claims

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## IMPORTANT GUIDANCE FOR CANDIDATES

### Introduction

The purpose of this Examination Guide is to help you understand how examiners seek to assess the knowledge and skill of candidates. You can then use this understanding to help you demonstrate to the examiners that you meet the required levels of knowledge and skill to merit a pass in this unit.

### Before the examination

#### Study the syllabus carefully

This is available online at [www.cii.co.uk](http://www.cii.co.uk) or from Customer Service. All the questions in the examination are based directly on the syllabus. *You will be tested on the syllabus alone*, so it is vital that you are familiar with it.

There are books specifically produced to support your studies that provide coverage of all the syllabus areas; however you should be prepared to read around the subject. This is important, particularly if you feel that further information is required to fully understand a topic or an alternative viewpoint is sought. The reading list which can be found with the syllabus provides valuable suggestions.

#### Read widely

It is vital that your knowledge is widened beyond the scope of one book. *It is quite unrealistic to expect that the study of a single study text will be sufficient to meet all your requirements.* While books specifically produced to support your studies will provide coverage of all the syllabus areas, you should be prepared to read around the subject. This is important, particularly if you feel that further information is required to fully understand a topic or an alternative viewpoint is sought. The reading list which can be found with the syllabus provides valuable suggestions.

#### Make full use of the Examination Guide

This Examination Guide contains a full examination paper and model answers. The model answers show the types of responses the examiners are looking for and which would achieve maximum marks. However, you should note that there are alternative answers to some question parts which would also gain high marks. For the sake of clarity and brevity not all of these alternative answers are shown.

This guide and previous Examination Guides can be treated as 'mock' examination papers. Attempting them under examination conditions as far as possible, and then comparing your answers to the model ones, should be seen as an essential part of your exam preparation. The examiner's comments on candidates' actual performance in each question provide further valuable guidance. You can purchase copies of the most recent Examination Guides online at [www.cii.co.uk](http://www.cii.co.uk). CII members can download free copies of older Examination Guides online at [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

**Know the structure of the examination**

Assessment is by means of a three hour paper.

**Part 1** consists of 14 compulsory questions, worth a total 140 marks.

**Part 2** consists of 2 questions selected from 3, worth a total of 60 marks.

Each question part will clearly show the maximum marks which can be earned.

**Read the current Diploma in Insurance Information for Candidates**

Details of administrative arrangements and the regulations which form the basis of your examination entry are to be found in the current Diploma in Insurance Information for Candidates brochure, which is *essential reading* for all candidates. It is available online at [www.cii.co.uk](http://www.cii.co.uk) or from Customer Service.

## In the examination

### The following will help:

#### Spend your time in accordance with the allocation of marks

- The marks allocated to each question part are shown on the paper.
- If a question has just two marks allocated, there are likely to be only one or two points for which the examiner is looking, so a long answer is a waste of time.
- Conversely, if a question has 12 marks allocated, a couple of lines will not be an adequate answer.
- Do not spend excessive time on any one question; if the time allocation for that question has been used up, leave some space, go on to the next question and return to the incomplete question after you have completed the rest of the paper, if you have time.

#### Take great care to answer the question that has been set

- Many candidates leave the examination room confident that they have written a 'good' paper, only to be surprised when they receive a disappointing result. Often, the explanation for this lies in a failure to fully understand the question that has been asked before putting pen to paper.
- Highlighting key words and phrases is a technique many candidates find useful.
- The model answers provided in this Examination Guide would gain full marks. Alternative answers that cover the same points and therefore answer the question that has been asked would also gain full marks.

#### Tackling questions

Tackle the questions in whatever order feels most comfortable. Generally, it is better to leave any questions which you find challenging until you have attempted the questions you are confident about. Candidates should avoid mixing question parts, (for example, 1(a)(i) and (ii) followed by 2(b)(ii) followed by 1(e)(i)) as this often leads to candidates unintentionally failing to fully complete the examination paper. This can make the difference between achieving a pass or a narrow fail.

It is vital to label all parts of your answer correctly as many questions have multiple parts to them (for example, question 1(a) may have parts (i), (ii) and (iii)). Failure to fully distinguish between the separate question parts may mean that full credit cannot be given. It is also important to note that a full answer must be given to each question part and candidates should not include notes such as 'refer to answer given in 1(b)(i)'.

#### Answer format

Unless the question requires you to produce an answer in a particular format, such as a letter or a report, you should use 'bullet points' or short paragraphs. The model answers indicate what is acceptable for the different types of question.

Where you are asked to perform a calculation it is important to show **all** the steps in your answer. The majority of the marks will be allocated for demonstrating the correct method of calculation.

Provided handwriting is legible, candidates will **not** lose marks if it is 'untidy'. Similarly, marks are not lost due to poor spelling or grammar.

**Calculators**

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 alphabetical or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements. The majority of the marks will be allocated for demonstrating the correct method of calculation.

## EXAMINER COMMENTS

### Question 1

This question was well answered by the majority of candidates although some provided a detailed account of the disease process, and how it is diagnosed, and treated which was not necessary. The question specifically asked for the features of the Association of British Insurers definition.

### Question 2

This question was well answered by the majority of candidates although it would have been helpful if they had structured their responses in line with the sections of the question.

### Question 3

This question was answered very well by most candidates. The fact that a deferred period is sometimes an incentive to return to work was considered a valid alternative answer.

### Question 4

This question did not require a list of information contained in a death certificate. It required how that information is useful in the assessment of a claim. Therefore, just listing details such as date of birth, date of death etc did not gain any marks. Also, the question referred to a UK death certificate, so mention of overseas claims and reliability of information was not required.

### Question 5

Candidates' answers to this question were mixed. Answers would have gained more marks with a stronger knowledge of the information contained in an occupational questionnaire and how this is of use to an income protection claims assessor.

### Question 6

Answers to part (a) of this question were generally good, with less clearly explained responses to part (b).

### Question 7

A good level of knowledge related to kidney disease was shown in candidates' responses to part (a) of this question. The answers to part (b) were less comprehensive with many omitting to say both kidneys must have failed and that the need for dialysis is permanent.

### Question 8

Most candidates answered this question well however, one point often overlooked was that the insurer's actions are guided by policy terms and conditions which dictate their legal obligations in these circumstances.

### Question 9

Medical knowledge of prostate cancer was generally good although many candidates needed to provide more detailed information about the definition requirements for a valid claim for prostate cancer under the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover.

**Question 10**

This was a well answered question which allowed many candidates to gain maximum marks.

**Question 11**

A well answered question, with clear explanations of the four terms.

**Question 12**

This question required candidates to consider how excess alcohol affects a total permanent disability claim. Whilst misrepresentation is an important consideration, many candidates focussed only on this possibility, without further exploring the impact the alcohol will have on current and future ability to work. Candidates should be careful to address all aspects in this type of scenario.

**Question 13**

Many candidates achieved some marks on this question, however, only the candidates who gave reasoned arguments for when evidence should be sought, in line with the Association of British Insurers guidance on this issue, gained high marks.

**Question 14**

This was not a well answered question with some candidates confusing 'permanent neurological deficit with persisting clinical symptoms' with other neurological definitions where this terminology is not used.

**Question 15**

This was a popular Part II question, and generally well answered as most candidates were familiar with heart attacks, and how to consider these under a critical illness definition. Some candidates did not know what level of troponin is currently in use in the Association of British Insurers definition, and many did not explore the issue that the troponin level will be affected by the timing of the test. Although most candidates mentioned the possibility of misrepresentation, relatively few explored the finer points of this such as when the claimant became aware of his family history, and what questions were asked both at application stage and at reinstatement.

**Question 16**

This was the least popular Part II question although the candidates who did attempt it gained good marks. It is essential that candidates answer all aspects of the question so, in this case, touching on medical, occupational, and financial considerations.

**Question 17**

This was another well answered question, with most candidates explaining the important points adequately. It is worth noting that exclusions on life policies are rare in the UK so declining a claim for a death arising outside of noted territories would not be common.



# THE CHARTERED INSURANCE INSTITUTE



## P62

### Diploma in Insurance

#### Unit P62 – Life, critical illness and disability claims

October 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.**

## 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 several 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 requirements for a valid multiple sclerosis critical illness claim under the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover. (5)
  
2. (a) Provide an overview of the medical condition chronic bronchitis. (7)  
(b) State **two** examples of how chronic bronchitis is treated. (2)  
(c) Explain how an individual's working ability might be limited by chronic bronchitis. (6)
  
3. (a) State what a deferred period is in an income protection (IP) policy. (2)  
(b) Identify **three** reasons why IP insurance policies include a deferred period. (3)  
(c) Outline how a deferred period is affected by a linked claim clause. (4)
  
4. Outline how the details contained in a UK death certificate are of use to a claims assessor when considering a claim under a life insurance policy. (12)
  
5. (a) Outline the information an income protection (IP) claims assessor can obtain by asking a claimant to complete an occupational questionnaire. (6)  
(b) Explain how the information outlined in your answer to **part (a)** above, is useful in the assessment of an IP claim. (8)
  
6. (a) Outline what benefits in kind are, giving **one** example. (3)  
(b) Explain briefly how benefits in kind are usually treated when calculating the benefit payable under an income protection claim. (2)

7. (a) (i) Give **two** causes of kidney disease. (2)
- (ii) State **two** methods of investigating kidney disease. (2)
- (iii) Give **two** ways in which kidney disease can be treated. (2)
- (b) State the circumstances in which kidney disease will constitute a valid critical illness claim under the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover. (4)
8. Explain how cover, under a life insurance policy, might be affected when a policyholder ceases premium payments and outline the options the insurer may offer in this circumstance. (14)
9. (a) State the medical investigations typically undertaken in respect of a diagnosis of prostate cancer. (5)
- (b) State the definition requirements for a valid claim for prostate cancer under the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover. (5)
10. Identify **eight** factors that could influence an income protection (IP) claims assessor when deciding whether to fund rehabilitation for an IP claimant. (8)
11. Explain briefly the features of a critical illness policy in relation to the following terms:
- (a) Accelerated. (2)
- (b) Stand alone. (2)
- (c) Additional payment. (2)
- (d) Partial payment. (2)

12. A total permanent disability claim is under consideration for a claimant suffering from depression. As part of the assessment, of the claim, a medical exam is obtained that details severe depression but also refers to current excessive alcohol consumption.

Outline how the mention of alcohol consumption will affect the consideration of this claim.

(8)

13. Explain the factors that should influence a claim assessor's decision, whether to enquire about the deceased's medical history, when determining the validity of a death claim.

(10)

14. (a) (i) Outline how the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover defines 'permanent neurological deficit with persisting clinical symptoms'.

(3)

(ii) List **three** examples of symptoms that are included within the definition in part (a)(i) above.

(3)

(iii) State what is excluded from the above definition.

(3)

- (b) List **three** critical illness definitions contained in the Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover that include the requirement for 'permanent neurological deficit with persisting clinical symptoms'.

(3)

## PART II

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

- 15.** Mr Simpson, aged 53, holds a critical illness policy with Dedman Life Insurance. The sum assured is £250,000 and the policy has been in force since December 2014. It was accepted at standard, non-smoker rates, as the application form had no adverse disclosures.

The policy lapsed in November 2016, but Mr Simpson reinstated it after completing a declaration of health and payment of the two premiums he had failed to pay prior to that date.

Mr Simpson has now submitted a critical illness claim form in respect of a heart attack he suffered in August 2017. The report detailing his medical condition states the following:

*On admission to hospital, he was investigated by means of an electrocardiogram (ECG) and a blood test revealing troponin T to be 100ng/L (equivalent to 0.1ng/ml). No further tests were arranged and he was immediately treated by angioplasty to two coronary arteries.*

*Mr Simpson's past medical history includes hypercholesterolaemia for which he takes a statin. He has recently been told that his father also had a heart attack at the age of 45.*

- (a) (i)** State the elements of the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover definition for heart attack. **(5)**
- (ii)** Discuss how the claims assessor would determine if the above definition has been satisfied, given the circumstances described on Mr Simpson's admission to hospital, and in the absence of further tests. **(10)**
- (b)** Explain how the possibility of misrepresentation would be considered in Mr Simpson's case. **(15)**

- 16.** Mr Knight, aged 56, has contacted Wellman Insurance Company to advise that he has been unable to work in his usual occupation as an architect since falling off scaffolding, and injuring his back during a site visit in September 2017.

He holds an income protection policy for a sum assured of £1,000 per month, payable if he is unable to perform the material and substantial duties of his own occupation. The deferred period is 13 weeks. His employers will pay his salary for six months of sickness absence.

After 24 months of claim payments, the definition of incapacity changes so further payments are only made if Mr Knight is unable to perform any occupation whatsoever. The policy has been in force since 2009, and will expire when he is 60 years old.

Explain:

- (a)** the aspects that need to be investigated to determine the validity of Mr Knight's claim; **(16)**
- (b)** the evidence that is required in order to do this; and **(7)**
- (c)** how to manage the claim in the future, if it is accepted. **(7)**

- 17.** MortLife Insurance Company has been notified of the death of Mrs Parker, aged 52. Her family have advised that she died of Ebola virus which she acquired whilst undertaking overseas aid work in Sierra Leone, Africa. They state the date of death was 1 October 2017 and the place of death was a hospital in Sierra Leone.

Mrs Parker held two life policies with MortLife Insurance Company:

- Policy A has a sum assured of £250,000 and has been in force since May 2001.
- Policy B has a sum assured of £45,000 and has been in force since June 2017.

Both policies were accepted on the basis of application forms where no adverse disclosures were made.

Explain how the claims assessor should consider these claims, making reference to the information that needs to be sought and factors that may influence the validity of the claims. **(30)**

## TEST SPECIFICATION

<b>October 2017 Examination – P62 Life, critical illness and disability claims</b>	
<b>Question</b>	<b>Syllabus learning outcome(s) being examined</b>
1	1 – Understand the claims department and the main claim types 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
2	5 – Understand medical aspects of claims assessment
3	1 – Understand the claims department and the main claim types 4 – Know how to determine the validity of claims
4	1 – Understand the claims department and the main claim types 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims
5	3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims
6	1 – Understand the claims department and the main claim types 4 – Know how to determine the validity of claims 6 – Understand financial assessment of income protection claims
7	4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
8	1 – Understand the claims department and the main claim types 2 – Understand the initial claim considerations 4 – Know how to determine the validity of claims
9	4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
10	2 – Understand the initial claim considerations 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 6 – Understand financial assessment of income protection claims 7 – Understand rehabilitation of claimants
11	1 – Understand the claims department and the main claim types 4 – Know how to determine the validity of claims
12	1 – Understand the claims department and the main claim types 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment
13	2 – Understand the initial claim considerations 4 – Know how to determine the validity of claims 8 – Understand legal and regulatory issues
14	1 – Understand the claims department and the main claim types 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
15	2 – Understand the initial claim considerations 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
16	1 – Understand the claims department and the main claim types 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 6 – Understand financial assessment of income protection claims
17	2 – Understand the initial claim considerations 3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims



**NOTE ON MODEL ANSWERS**

The model answers given are those which would achieve maximum marks. However, there are alternative answers to some question parts which would also gain high marks. For the sake of clarity and brevity not all of these alternative answers are shown. An oblique (/) indicates an equally acceptable alternative answer.

**Model answer for Question 1**

- A definite diagnosis of multiple sclerosis.
- Diagnosis made by a consultant neurologist.
- Current clinical impairment of motor or sensory function.
- This impairment must have persisted for a continuous period of at least six months.

**Model answer for Question 2**

- (a) Chronic bronchitis is a long-term respiratory disorder where the walls of the bronchi become swollen and inflamed. The individual produces excessive sputum, which the inflamed airways struggle to clear, with frequent infections, commonly in winter months. Sufferers experience shortness of breath, cough, and reduced exercise tolerance. Smoking is a common cause.
- (b) *Any two of the following:*
- Antibiotics for infections.
  - Bronchodilating drugs to open the airways.
  - Steroids.
  - Oxygen therapy.
- (c) The ability to work will depend on the physical demands and environmental factors associated with the job. Symptoms tend to be worse in winter, so time off work might have a seasonal pattern. The condition tends to be progressive, so time off may increase over time. The limitations will be variable, so the claimant may well be able to return to some work between attacks. During severe exacerbations even sedentary tasks may be impossible to perform.

**Model answer for Question 3**

- (a) A deferred period in an income protection (IP) policy is a specified duration at the start of incapacity during which no benefit is payable.
- (b) *Any three of the following:*
- Avoid claims for very short duration illnesses.
  - Make cover more affordable – the longer the deferred period the cheaper the premium.
  - Allow policyholders to link the commencement of benefit to the expiry of their continuing income from employment.
  - Allow insurers the time to collate evidence required to assess a claim.
- (c) Most IP policies will contain a linked claims clause in the policy conditions that states a claimant will not have to serve a second deferred period if, after returning to work, they become unable to work again as a result of the same condition as the previous claim. Usually this is limited to a period of six months after returning to work.

**Model answer for Question 4**

- The death certificate confirms the identity of the deceased – the assessor must make sure it is the life insured that has died.
- It gives the date of birth which should be checked to ensure correct premium payments have been made.
- The cause of death will enable the assessor to consider if misrepresentation was a possibility. This will depend on how long the policy has been in force and whether an undisclosed medical condition might have been present when the policy was applied for.
- The stated occupation may present an additional mortality risk which may need to have been declared at application.
- The date of death – to see if that is within the term of the policy and the sum assured at that date.
- The death certificate will note if a post mortem or inquest has been carried out. If so, this information may be useful to the assessor when considering disclosure.
- Certain causes of death will require extra consideration. For example, suicide – if there is a suicide exclusion on the contract and murder – as policy proceeds must not be paid to the perpetrator.

**Model answer for Question 5**

- (a) The information an income protection claims assessor can obtain by asking a claimant to complete an occupational questionnaire includes: name and address of employer; duties including physical and mental demands; nature of the working environment and; previous qualifications and work experience.
- (b)
- Name and address of employer – can be used to contact the employer for validation of details. For example, job role, sickness history and rehabilitation discussions.
  - Duties including physical and mental demands, for example, patient handling, fine dexterity work – allows the assessor to determine those duties routinely undertaken as well as occasional duties and identify what aspects of the role are precluded or restricted due to incapacity.
  - Nature of the working environment and any aspects that aggravate the cause of incapacity – the assessor may be able to consider eliminating these aspects from the role.
  - Previous qualifications and work experience – to identify other roles they may be able to do and transferable skills.

**Model answer for Question 6**

- (a) Benefits in kind are goods and services provided to an employee by their employer for free or at greatly reduced costs. They form part of an individual's taxable remuneration. For example, car, pension, gym membership.
- (b) The monetary value of a claimant's benefits in kind are sometimes considered as pre-incapacity earnings if it is proven that they will cease during the period of incapacity.

**Model answer for Question 7**

(a) (i) *Any two of the following:*

- Hereditary.
- Diabetes.
- Hypertension.
- Infection.

(ii) *Any two of the following:*

- Bloods.
- Urinalysis.
- Medical exam.
- Scan.
- Biopsy.

(iii) *Any two of the following:*

- Lifestyle.
- Diet.
- Antibiotics.
- Antihypertensives.
- Diuretics.
- Haemodialysis.
- Peritoneal dialysis.
- Transplant.

(b) The latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover definition for kidney failure usually requires chronic end stage failure of both kidneys, necessitating dialysis on a permanent basis.

**Model answer for Question 8**

The consequences of non-payment of premiums depends on the type of contract and the policy conditions. Some policy conditions may allow a certain period, known as 'days of grace' in which a late payment can be applied without any consequences. If the premium payments are made outside of the days of grace, then the policy will only be reinstated after receipt of a declaration of health. If there has been a change in health the insurer can change the terms or refuse the reinstatement request.

Where premiums cease on a policy with no accrued investment value the life cover will cease, and no claim can be considered after the date the last premium covered. This is known as a lapsed policy. If the policy has accrued an investment value, the policy will become 'paid up'. In this situation life cover remains in force but at a reducing rate in line with the investment value accrued at the date premiums stopped.

**Model answer for Question 9**

- (a)
- A prostate-specific antigen blood test.
  - A digital rectal examination.
  - A biopsy.
  - An ultrasound exam.
  - Computerised tomography scan.
  - Magnetic resonance imaging scan.
- (b) Prostate cancer is valid if it is histologically confirmed as malignant with invasion of tissue and it must also be classified as having a Gleason score of 7 or above or having progressed to at least TNM classification T2bN0M0.

**Model answer for Question 10**

*Any eight of the following:*

- Potential remaining liability to end of claim.
- Definition of disability in policy terms.
- How long since they last worked?
- Existing and transferable skills.
- Nature of condition.
- Claimant's motivation to return to some form of work.
- Extent of medical limitations – will other work be possible now or in the future?
- Socio economic factors.
- Cost of intervention.
- How likely the intervention is to enable a return to work.
- If reinsurers will contribute to costs.
- Chief medical officer advice.

**Model answer for Question 11**

- (a) Accelerated critical illness (CI) is sold as a rider benefit attached to a life policy. A claim is payable on the earlier of death or the occurrence of one of the defined critical illnesses.
- (b) Stand alone contracts only pay out if the life insured survives a stipulated number of days after fulfilling the CI definition requirements. There is usually no (or minimal) death benefit if the life insured dies without suffering a CI, or if they don't survive the required number of days after their CI.
- (c) Additional payment is where a CI claim payment made under a definition for a relatively less severe condition does not reduce the amount of benefit remaining in the event of a full payment CI claim.
- (d) Partial payment is where a part payment made under a less severe definition does reduce the amount of benefit remaining for future claims.

### Model answer for Question 12

- Extent of current drinking and what impact this has on claimant's ability to function.
- Alcohol history and whether misrepresentation is a consideration to be investigated further.
- If the alcohol is causing the depression, or if the depression is leading to increased alcohol.
- If an alcohol exclusion applies.
- Occupational risks, for example, if job involves driving.
- How the consumption of alcohol will impact the claimant's prospects for recovery.
- Any liver damage to date.
- Whether treatment of both alcohol and mental illness have been initiated.
- Compliance with treatment.
- Other lifestyle risks.

### Model answer for Question 13

The claims assessor should check if the disclosures made at the outset of the policy look reasonable in the light of the causes of death.

The Association of British Insurers guidance states that assessors can only request information on medical history where the circumstances might reasonably prompt the insurer to believe there might have been misrepresentation.

Such belief might arise where: the policy had only been in force a short time at the date of death; no medical evidence was obtained at underwriting; a cause of claim that is likely to have been present at the time of application; risk factors for the cause of claim likely to have existed when the policy commenced; questions on the application form relating to the cause of death or risk factors for the cause of death being answered 'no' and; the deceased had multiple policies in force.

**Model answer for Question 14**

- (a) (i) Dysfunction in the nervous system that is present on clinical examination and expected to last throughout the insured person's life.
- (ii) *Any three of the following:*
- Numbness.
  - Hyperaesthesia (increased sensitivity).
  - Paralysis, localised weakness.
  - Dysarthria (difficulty with speech).
  - Aphasia (inability to speak).
  - Dysphagia (difficulty in swallowing).
  - Visual impairment.
  - Difficulty in walking.
  - Lack of coordination.
  - Tremor.
  - Seizures.
  - Dementia.
  - Delirium.
  - Coma.
- (iii)
- An abnormality seen on brain or other scans without definite related clinical symptoms.
  - Neurological signs occurring without symptomatic abnormality. For example, brisk reflexes without other symptoms.
  - Symptoms of psychological or psychiatric origin.
- (b) *Any three of the following:*
- Stroke.
  - Benign brain tumour.
  - Coma.
  - Traumatic brain injury.

**Model answer for Question 15**

- (a) (i)
- Death of heart muscle / definite acute myocardial infarction.
  - Typical clinical symptoms.
  - New characteristic electrocardiographic changes.
  - The characteristic rise of cardiac enzymes or troponins recorded at the following levels or higher - troponin T > 0.2 ng/ml.
- (ii) The assessor should request copies of actual electrocardiogram readings and enquire whether there had been chest pain. However, the troponin reading is short of the definition requirement. The claims assessor should consider whether this was a peak reading, or whether it would have been higher if tested at another time. Further test results are not available as Mr Simpson was taken straight for stenting. Referral to chief medical officer would be appropriate to determine if the troponin cut off would likely have been breached. It is possible the troponin would have gone higher but the decision to take Mr Simpson straight for stenting means further tests were not considered necessary. The claimant should not be penalised for this.
- (b) The claims assessor should write to the general practitioner to obtain a report on Mr Simpson's medical history. They need to ascertain if the claimant was right to say 'no' to the questions asked on the application form. Specifically, they need to target their questions to address when his hypercholesterolaemia was diagnosed, and any other cardiac risk factors.

The claims assessor also needs to gather relevant information regarding family history. The father's heart attack would have been prior to the policy start date but the report suggests the claimant has only just been told about this. The claims assessor needs to ask the claimant about this. A credible reason must be given if the claimant is to justify his lack of knowledge/response regarding this at the time of application.

The circumstances of the lapse in 2016 need to be considered. The reinstatement may have been subject to a clear declaration of health. If this is the case, the claims assessor needs to check for potential misrepresentation at the time of reinstatement as well as the policy start date.

If misrepresentation has occurred the claims assessor needs to refer to underwriting to see how terms would have been affected and categorise how this has occurred via a discussion with the claimant. An appropriate remedy would then be imposed in line with the extent and category of misrepresentation.



**Model answer for Question 16**

- (a) The aspects that need to be investigated to determine the validity of Mr Knight's claim are as follows:

Medically need to determine

- Nature of back injury.
- History of back disorders.
- Limitations arising from back injury.
- Treatment to date.
- Response to treatment.
- What functions is Mr Knight still able to perform?

Occupationally need to determine

- What were the material and substantial duties of Mr Knight's occupation?
- Is manual work an 'occasional' or routine aspect of Mr Knight's role?
- Is misrepresentation of duties a consideration? Probably not as policy has been in force eight years so could have changed over time.
- Are alternative duties or modifications available?

Financially need to determine

- Pre-disability earnings.
- Income whilst unable to work – to include continuing income from employment, and state benefits and any other insurances in line with limitation of benefit clause.

- (b)
- A claim form, detailing basic details relating to employment status, incapacity and earnings.
  - General practitioner report detailing injury and extent of limitations.
  - Any specialist reports.
  - Job description.
  - P60.
  - Evidence of income whilst disabled.
  - Independent medical exam or home visit might be useful to assess functional ability.
- (c)
- Regular review. The frequency will depend on extent of medical limitations, how demanding Mr Knight's job is and his motivation levels.
  - Note change of definition after two years – manage expectations as unless injury is severe sedentary roles should be possible in which case claim will end.
  - Note age – need to be careful Mr Knight doesn't use this as an opportunity to retire.
  - Limitation of benefit calculation will change when continuing income ceases.
  - Outstanding liability on this claim is a maximum of four years.

**Model answer for Question 17**

As Mrs Parker's death has occurred overseas the insurer should request a death abroad questionnaire to determine full facts of her trip to Sierra Leone. Examples of information that will be ascertained include:

- Duration and purpose of trip.
- Address and contact details for hospital and any doctors Mrs Parker had consulted.
- Contact details for any companions / colleagues.
- Circumstances leading to death.
- Where the death occurred.
- Who it was reported to.

The insurer will require sight of the death certificate and formal confirmation of cause of death. They will also require a medical report from a doctor who treated her in Sierra Leone to detail the circumstances.

The authenticity of documents arising from overseas deaths requires special scrutiny and the insurer should undertake validation checks with 3<sup>rd</sup> parties such as reinsurers, or the Embassy to ensure the documents are true. They may also appoint a private investigator to make UK-based enquiries, or even travel to the place of death to investigate.

Newspaper and internet reports are likely to be available for further information from the organisation Mrs Parker was working for.

Policy B is only a few months old, and the insurer may choose to get a medical report from Mrs Parker's UK general practitioner to ascertain her state of health in June 2017. It is possible she acquired the Ebola virus on a previous trip, or she may have had other medical conditions that made her susceptible to illness. Misrepresentation is unlikely to be a concern for the 2001 policy, but the insurer may defer a decision on that until the latter policy has been investigated.

The insurer will also want to check if the application form asked about planned overseas travel. If so enquiries should be made of the next of kin to see if Mrs Parker knew she was going to visit Sierra Leone when she applied for policy B.

The insurer should also check if an occupation was disclosed at the outset of policy B. Overseas aid workers may be subject to amended terms and, so if this was her occupation at the time, misrepresentation should be considered.

If misrepresentation of travel plans, occupation, or past medical health problems has arisen the claims assessor should:

- discuss the reasons why this might have arisen with Mrs Parker's next of kin;
- determine what category of misrepresentation this is;
- ask underwriting for a retrospective decision and;
- apply a proportionate remedy depending on the category of misrepresentation and the amended terms.

The insurer may choose to issue an Association of British Insurers circular to check for other insurance policies that may cover this death.