



Chartered
Insurance
Institute

P61

Diploma in Insurance

Unit P61 – Life, critical illness and disability underwriting

April 2018 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. Describe **two** different ways in which diabetes mellitus may damage the urinary tract including the kidneys. In **each** case discuss the effect such damage may have on your underwriting decision for life and disability. **(12)**

2.
 - (a) State the typical requirements necessary for an applicant to qualify for 'non-smoker' rates. **(4)**

 - (b) Explain briefly why life insurers assess e-cigarettes users in the same way as users of tobacco. **(3)**

3.
 - (a) State **three** features found in a person with idiopathic thrombocytopenic purpura (ITP). **(3)**

 - (b) Explain briefly **two** forms of treatment of ITP. **(4)**

 - (c) State your likely underwriting decision for life and disability on an applicant who has recently received treatment for ITP. **(3)**

4.
 - (a) Describe briefly **two** ways health services can reduce the mortality risk from carcinoma of the cervix. **(4)**

 - (b) Outline the medical features to consider when underwriting an applicant with a history of carcinoma of the cervix and the likely underwriting decision for life insurance. **(6)**

5.
 - (a) Describe briefly the site of an acoustic neuroma, drawing attention to any important surrounding structures. **(2)**

 - (b) Outline the ways in which acoustic neuroma may be treated or managed and state the advantages and disadvantages of **each** method. **(6)**

 - (c) State the terms that could be offered for life, critical illness and income protection to an applicant who has had a diagnosis of acoustic neuroma. **(4)**

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6. (a) State **four** important symptoms which may be found during an acute episode of schizophrenia. (4)
- (b) Describe the risks an applicant may present to the underwriter after they have recovered from an initial acute schizophrenic breakdown. (7)
7. Describe briefly **three** important risk factors which must be considered when underwriting a 59-year-old applicant who has had an aortic valve replacement. (9)
8. An applicant, aged 22, had surgery for congenital hydronephrosis as a young child.
- (a) Describe the congenital abnormality usually found and its consequences. (5)
- (b) Explain briefly how congenital hydronephrosis is corrected surgically. (2)
- (c) Describe the medical features to consider when underwriting an applicant with a history of congenital hydronephrosis and the likely underwriting decision for life insurance. (6)
9. (a) Explain briefly how the terms of the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA) altered the relationship between the insurance company, and an applicant. (3)
- (b) State the impact CIDRA has had on the design of insurance application forms. (3)
10. (a) State the cause and the main effect of haemochromatosis. (2)
- (b) Describe briefly **three** important complications of haemochromatosis. (6)
- (c) State the likely underwriting approach, for life and critical illness insurance, for an applicant with haemochromatosis. (4)

QUESTIONS CONTINUE OVER THE PAGE

- 11. (a)** Describe briefly the circumstances in which life insurance for share protection is required. **(4)**
- (b)** Explain briefly **two** methods that may be used to allow for the transfer of shares when a claim is made. **(6)**
- 12. (a)** Describe the immediate effects on the nervous system of a person who has had an episode of binge drinking alcohol. **(6)**
- (b)** Describe briefly the long-term effects on the nervous system that prolonged abuse of alcohol may have. **(4)**
- 13. (a)** List **two** organs most commonly affected by cystic fibrosis. **(2)**
- (b)** Explain briefly why the organs listed in your answer to **part (a)** above do not function properly due to cystic fibrosis and what the consequences are. **(4)**
- (c)** Describe briefly the medical features to consider when assessing an applicant, aged 20, who has cystic fibrosis and the likely underwriting decision for life insurance. **(4)**
- 14.** State **four** complications of long-term corticosteroid therapy which could influence the underwriting of life and disability insurance. **(8)**

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 man, aged 45, applies for a life policy with critical illness for £600,000. He declares he has hypertension and is receiving treatment. He is a geologist for an oil company and his work involves travelling to the Middle East and West Africa. He gave up smoking three years ago when he was first found to have hypertension. He drinks about 30 units of alcohol per week. His father died from ischaemic heart disease, aged 64, and his brother has hypertension.

A general practitioner's report shows he has not seen his doctor for over six months. His last recorded blood pressure readings average was 155/100.

- (a) State the clinical findings that a medical examination might reveal that could be useful to the underwriter. (3)
- (b) In light of the information given, identify the other medical tests an underwriter may request. For **each** test that you identify, explain briefly why it has been requested. (6)
- (c) Explain why an applicant with hypertension has an extra rating applied to their premium for life, disability and critical illness. (6)
- (d) State what you consider is the likely cause of his hypertension and explain briefly the reasons for your selection. (3)
- (e) Identify the risk factors presented by his occupation. (4)
- (f) Explain, giving reasons, the possible underwriting terms that might be given to this applicant. (8)

16. A 35-year-old male applicant is the Chief Sales Manager of a large engineering company. His company requires loss of profit key person life insurance with critical illness of £500,000.

A general practitioner's report confirmed that seven years ago he was diagnosed with Crohn's disease; treated initially with steroids and azathioprine. After two years, the steroids were stopped, and he took only azathioprine until 12 months ago when all treatment was stopped. He has remained well since. He is a non-smoker and drinks almost no alcohol. A medical examination showed him to be of normal weight and with normal blood pressure. No abdominal masses and no enlargement of the liver.

- (a) State **five** important reasons why the company would seek to take out a key person policy on him. (10)
- (b) Describe the factors that need to be considered to confirm his key person status and whether the policy requested is appropriate. (12)
- (c) Describe briefly **four** features of Crohn's disease which would lead an underwriter to rate highly or decline an applicant. (8)

17. An applicant, aged 31, who is a solicitor, applies for a life policy to cover a mortgage loan. She also wants critical illness and own occupation total and permanent disability benefit.

Her application states she had a severe depressive episode when at university and had to take a year out. She had a further episode of moderate depression 18 months ago and, as a result, had to take a month off work, and has only just discontinued treatment. Recently she was found to have a lump in her thyroid and has been referred to an endocrinologist.

- (a) State your initial underwriting response. (2)
- (b) A referral to an endocrinologist was reported as showing she had a non-toxic multinodular goitre.
Describe briefly **three** tests which could have been used to arrive at this diagnosis, indicating the information **each** test would reveal. (7)
- (c) Outline how you would underwrite this applicant for life, critical illness and own occupation total and permanent disability with respect to:
- (i) her mental health; (6)
- (ii) her thyroid problem. (6)
- (d) Describe other possible causes of lumps in the thyroid. (9)

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