



Chartered
Insurance
Institute

P62

Diploma in Insurance

Unit P62 – Life, critical illness and disability claims

April 2019 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. (a) Describe the medical condition Alzheimer's disease. (6)
- (b) Outline how the diagnosis of Alzheimer's disease is made. (4)
- (c) State the requirements for a valid claim for Alzheimer's disease as defined in the Association of British Insurers Statement of Best Practice for Critical Illness. (5)

2. Outline the nature and purpose of the work capability assessment (WCA) in relation to entitlement to employment support allowance (ESA). (8)

3. (a) State **five** reasons why it is important for a claims assessor to determine the date of claim when assessing a critical illness claim. (5)
- (b) Explain briefly how a claims assessor determines the date of claim for a critical illness claim for blindness. (5)
- (c) State how blindness is defined in the Association of British Insurers Statement of Best Practice for Critical Illness. (5)

4. (a) State **four** reasons why an income protection (IP) claims assessor might consider it appropriate to instruct a private investigator. (4)
- (b) List **four** methods a private investigator can use to obtain useful information regarding an IP claimant. (4)

5. (a) State how the extent of a tumour is classified using the tumour, node, metastasis (TNM) staging system. (6)
- (b) Explain briefly how the **grade** of a tumour is assessed and expressed. (5)
- (c) Outline how the validity of a critical illness claim for prostate cancer will be affected by its grade and stage. (4)

6. Outline how typical policy conditions would affect the validity of the following child critical illness claims:
- (a) A policyholder's 19-year-old adopted daughter is diagnosed with leukaemia. (4)
 - (b) A policyholder gives birth to a son who is diagnosed with a heart valve abnormality at the age of six months. (4)
7. (a) Describe the medical condition osteoarthritis. (7)
- (b) Describe the factors a disability claims assessor should consider when assessing whether a shop assistant with osteoarthritis is able to carry out the duties of their own occupation. (8)
8. Explain the possible implications for a life policy with accelerated critical illness (CI) when a CI claim has been declined as a result of:
- (a) misrepresentation; (8)
 - (b) the CI definition not being met. (2)
9. Mr and Mrs Akhtar took out a joint life first death insurance policy.
- Explain how the beneficiaries under the policy will be affected if:
- (a) Mr Akhtar murders Mrs Akhtar; (3)
 - (b) Mr Akhtar and Mrs Akhtar are killed simultaneously in a fire. (*It has not been possible to establish who died first.*) (3)
10. Outline **two** surgical procedures used to treat coronary artery disease. (12)

QUESTIONS CONTINUE OVER THE PAGE

- 11.** Provide an outline of the following:
- (a)** Cognitive behavioural therapy. **(4)**
 - (b)** Electroconvulsive therapy. **(4)**
- 12.** Explain briefly how a claims assessor should regard the following when determining pre disability income of an income protection claimant:
- (a)** An employed individual has made a salary sacrifice whereby £200 per month is paid as a pension contribution rather than salary. **(3)**
 - (b)** A self-employed individual takes drawings of £150 per month from his business. **(3)**
- 13.** Explain how blood pressure readings are expressed, what they represent, and what levels would typically lead to a diagnosis of hypertension. **(6)**
- 14. (a)** Explain briefly **two** examples of activities of daily work (ADWs). **(4)**
- (b)** Explain briefly how a claimant's ability to perform ADWs can be assessed. **(4)**

PART II

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

- 15.** Geezer Insurance has been notified of the death of Mr Diamond on 1 March 2019. He was 54 at the time of death.

Mr Diamond held a life assurance contract with Geezer Insurance for a sum assured of £600,000. The policy commenced in January 2019 at which time Mr Diamond made no adverse disclosures on his application form. He declared himself to be a non-smoker, who drank on average 21 units per week. A medical report from his general practitioner (GP) was obtained as part of the underwriting process. This indicated:

- he had not seen his GP in the last five years;
- no recorded significant medical history; and
- no record of any lifestyle information.

Mr Diamond's wife has advised that he was exercising at home when he suddenly complained of chest pain and died before the ambulance arrived. She stated that he was in good health to the best of her knowledge, and she had been so delighted that he had recently taken up regular exercise and stopped smoking. However, she was aware that he had attended a medical examination for his employers a few months prior to his death, where the examiner had mentioned that his alcohol consumption was significantly higher than recommended levels.

- (a)** Explain how the death of Mr Diamond will be investigated by the Coroner prior to the issuing of a death certificate. **(10)**
- (b)** Explain the steps the claims assessor at Geezer Insurance would need to take in order to determine the validity of the death claim, if a natural cause of death was determined. **(20)**

QUESTIONS CONTINUE OVER THE PAGE

16. Mr Rodriguez, aged 61, has two policies with TipTop Life Insurance as outlined below:

	Policy 1	Policy 2
Type of cover	Life and terminal illness, with waiver of premium	Critical illness
Sum assured	£50,000	£100,000
Date of commencement	January 2008	May 2018
Term of policy	12 years	15 years
Details given on application form at the date of commencement:	No adverse medical disclosures but smokes 20 cigarettes per day	Recent physiotherapy for muscular backache and associated arm and leg weakness. Non-smoker
<i>(No medical evidence was requested by Underwriting on either policy)</i>		
Acceptance terms	Ordinary rates – smoker	Ordinary rates – non-smoker

Mr Rodriguez has contacted TipTop Life Insurance to say he has recently been diagnosed with motor neurone disease.

Discuss how TipTop Life Insurance's claims assessor should determine the validity of any potential claim under:

- (a) Policy 1; (15)
- (b) Policy 2. (15)

17. Mrs Thomas is a 45-year-old security guard. She has contacted the HardLife Insurance Company to advise that she wants to claim under her individual income protection (IP) policy.

She says she is suffering from post-traumatic stress disorder having witnessed an armed robbery in December 2018. She managed to return to work after this but says she felt very depressed and afraid. She was made redundant on 28 February 2019.

She first visited her doctor on 1 March 2019 to discuss her medical condition and was given anti-depressants. She has not worked since and has not been referred to specialist mental health services.

The policy details are as follows:

Policy start date	January 2016
Sum insured	£1,500 per month
Definition of disability	Unable to perform the material and substantial duties of your own occupation or any to which suited by education, experience or training
Deferred period	13 weeks
Expiry age	60
Acceptance terms	Ordinary rates – no adverse disclosures on application form. No medical underwriting obtained

- (a) Explain the information that will be required to determine the medical validity of this claim. (20)
- (b) Explain how this claim should be medically managed in the future if it was to be admitted. (10)

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