



Chartered
Insurance
Institute

P63

Diploma in Insurance

Unit P63 – Long-term insurance business

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 P63 – Long-term insurance business

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 briefly the **four** main categories of participant in the UK life insurance industry. (8)

2. Explain briefly how the following tools are used to understand a claimant's functional or mental capacity in relation to claims assessment.
 - (a) Functional capacity evaluation. (5)
 - (b) Work capacity evaluation. (5)

3. Discuss the different types of policy ownership for individual and group life assurance policies. (15)

4. Explain briefly a guaranteed insurability option (GIO) and state **four** typical events upon which a GIO can be exercised. (7)

5.
 - (a) Outline the main purpose of the Prudential Regulation Authority (PRA) Rulebook. (3)
 - (b) State **six** fundamental rules set out in the PRA Rulebook. (6)

6.
 - (a) Outline **two** occupation-based definitions available in the individual income protection market. (6)
 - (b) State the usual tax treatment for an employer-paid premium on a group income protection policy. (2)

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7. (a) State **six** distinct income streams that are taxable for an individual. (6)
- (b) State **three** benefits that are not taxable for an individual. (3)
8. List **ten** medical conditions which are defined by the Association of British Insurers Guide to Minimum Standards for Critical Illness Cover. (10)
9. (a) Identify **four** common purposes of a trust. (4)
- (b) Describe briefly the 'three certainties' that must be present if a trust is to be valid as agreed in the case of *Knight v Knight* (1840). (6)
10. Describe the Money Purchase Annual Allowance and who it applies to. (12)
11. Explain the underwriting decisions possible when underwriting an under-average life. (15)
12. State **seven** of the key points from the Association of British Insurers Guide of Good Practice for Unit-Linked Funds. (7)
13. Explain the reasons an insurer would make use of the services offered by a reinsurer. (12)
14. Explain the circumstances when a declaration of continued good health/change of circumstances would be required. (8)

QUESTIONS CONTINUE OVER THE PAGE

PART II

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

- 15.** Mrs Biggins is approaching her 70 birthday and is in the process of preparing for her future care needs.
- (a)** Describe the main features of the Care Act 2014 and the current rules in place. **(12)**
- (b)** Mrs Biggins is concerned about paying for care.
Describe briefly the possible options available to her. **(8)**
- (c)** Describe the criteria often used to determine eligibility to claim under a long-term care policy. **(10)**
- 16.** Explain the consequences of a breach of duty, in relation to the duty of disclosure, using relevant case law. **(30)**
- 17. (a)** Describe the Data Protection Act 2018, including the main elements of the Act. **(12)**
- (b)** Describe the type of information the General Data Protection Regulation (GDPR) applies to, and to whom. **(10)**
- (c)** State the **eight** rights created for individuals under the GDPR. **(8)**

