



Chartered
Insurance
Institute

P62 – Life, critical illness and disability claims

Diploma in Insurance

April 2019 Examination Guide

SPECIAL NOTICE

Candidates entered for the October 2019 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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Telephone: 020 8989 8464

E-mail: customer.serv@cii.co.uk

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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. 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 obtain free copies of the most recent Examination Guides online at www.cii.co.uk.

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 Qualifications Brochure, which is *essential reading* for all candidates. It is available online at www.cii.co.uk.

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.

EXAMINER COMMENTS

Question 1

All parts of this question were well answered with candidates demonstrating an excellent understanding of Alzheimer's disease and the typical critical illness requirements.

Question 2

Few candidates gained high marks on this question.

Question 3

Parts (a) and (c) of this question were well answered however, many candidates did not explore considerations as to whether the onset of blindness was acute or chronic when answering part (b).

Question 4

This was a straightforward question that produced good answers from most candidates.

Question 5

Part (a) and part (b) of this question were well answered although some candidates did confuse the concepts of 'well' and 'poorly' differentiated. The answers to part (c) often went into too much detail on how to stage and grade prostate cancer. The question specifically related to how these factors affect the validity of a critical illness claim.

Question 6

Most candidates correctly outlined the key policy conditions that could impact the child critical illness claims scenarios provided in the question. Candidates should note that providing detailed explanations of the medical conditions is not addressing the question and is therefore wasting time and effort.

Question 7

Candidates demonstrated a very good knowledge of osteoarthritis and how it might impact an individual's ability to work.

Question 8

This question was well answered by the majority of candidates.

Question 9

Many candidates provided good answers to both parts of this question. The intention of this question was to draw out detail about how title is affected by the scenarios given, as opposed to how title is determined in a more straightforward case.

Question 10

Good knowledge was demonstrated by most candidates on this question about cardiac surgery.

Question 11

The majority of candidates provided good answers to both parts of this question with cognitive behavioural therapy producing stronger answers than electroconvulsive therapy as the latter is far less frequently used these days.

Question 12

This question was answered either well or poorly which reflected candidates' knowledge of financial aspects of income protection assessment.

Question 13

Excellent answers were given to this question about a basic medical concept.

Question 14

Part (a) of this question was not as well answered as part (b), with some candidates providing activities of daily living examples or inappropriate work activities.

Question 15

This question was well answered by most candidates who provided a good account of how sudden deaths are investigated and how potential misrepresentation should be explored. Stronger answers explored the difficulties in getting reliable information regarding lifestyle risks and how liaison with the next of kin and employers might be warranted in this scenario as well as medical enquiries.

Question 16

Candidates demonstrated a good knowledge of motor neurone disease and how it might cause a critical illness or terminal illness (TI) claim. Whilst most candidates covered all the relevant considerations, a small number did not notice that Policy 1 was close to its expiry date and therefore the implications for a TI claim. A few candidates did not consider whether the underwriting decision in respect of Policy 2 was deficient. However, overall there were good considerations of these claim scenarios.

Question 17

The majority of candidates typically provided a good account of how to assess an income protection claim for post-traumatic stress disorder. There were less detailed answers regarding the fact that Mrs Thomas's purported inability to work looks to have occurred the day after she was made redundant. Part (b) was well answered with good explanations of proactive claims management techniques and possibly facilitating rehabilitation and support.



Chartered
Insurance
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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 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. (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)

- 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)**

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)

TEST SPECIFICATION

April 2019 Examination – P62 Life, critical illness and disability claims	
Question	Syllabus learning outcome(s) being examined
1	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
2	6 – Understand financial assessment of income protection claims
3	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
4	3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims
5	4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment 8 – Understand legal and regulatory issues
6	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
7	4 – Know how to determine the validity of claims 5 – Understand medical aspects of claims assessment
8	2 – Understand the initial claim considerations 4 – Know how to determine the validity of claims 8 – Understand legal and regulatory issues
9	4 – Know how to determine the validity of claims 8 – Understand legal and regulatory issues
10	5 – Understand medical aspects of claims assessment
11	5 – Understand medical aspects of claims assessment
12	6 – Understand financial assessment of income protection claims
13	5 – Understand medical aspects of claims assessment
14	3 – Understand the main claims assessment tools and their application 4 – Know how to determine the validity of claims
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
16	1 – Understand the claims department and the main claim types 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
17	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 7 – Understand rehabilitation of claimants

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) Alzheimer's disease is a progressive form of dementia. It usually occurs later in life but occasionally in middle age. The cause is unknown.

Symptoms include: loss of short-term memory; deterioration in behavioural and intellectual performance and; slowness of thought.

Alzheimer's is a disease where proteins build up in the brain forming structures called 'plaques' and 'tangles'. This leads ultimately to the death of nerve cells and brain tissue loss. People with Alzheimer's also have a shortage of certain chemicals in their brain resulting in messages not being transmitted effectively. After death, tangled loops and coils of a fibre-like material of beta-amyloid protein can be observed in brain tissue.

- (b) The diagnosis of Alzheimer's disease can be difficult, and an absolute diagnosis can only be made by a brain biopsy which, in the case of patients with known dementia, is not often done. Physical and neurological investigations prior to death will commonly be used to exclude other causes. A review of the symptoms and difficulties experienced by the patient will also form part of the diagnosis. The diagnosis should be made by an expert e.g. a neurologist or geriatrician.

- (c) The current Association of British Insurers definition for Alzheimer's disease is as follows: A definite diagnosis of Alzheimer's disease [before age x] by a Consultant Neurologist, Psychiatrist or Geriatrician. There must be permanent clinical loss of the ability to do all of the following:

- remember;
- reason;
- perceive understand, express and give effect to ideas.

For the above definition, the following are not covered:

- Other types of dementia.

Model answer for Question 2

A work capability assessment (WCA) is undertaken within 13 weeks of incapacity to determine a recipient's work capability by means of a questionnaire by the claimant, a medical report from the doctor, and sometimes an interview or medical exam. The result of the WCA will be used to allocate the recipient to either a:

- Work-related activity group – these people are deemed to have limited capability for work and will be expected to take part in work focused interviews and look for suitable work.
- Support group – these people are severely disabled and not expected to look for work.

The amount paid to the recipient will depend on which group they are assigned to, as well as other circumstances.

Model answer for Question 3

(a) *Any five of the following:*

- Did the insured event occur within the term of the policy?
- Were premium payments up-to-date at the date of claim?
- Was the claimant within any age restrictions for the insured event?
- The sum assured may be variable (increasing/decreasing/index linked).
- A premium refund from date of event might be payable.
- Interest may be payable.

(b) If loss of sight is associated with an acute event, then that will be the date of claim. Determining the date of event for blindness can be tricky where the deterioration in eyesight is gradual. Assessors need to review the medical records in line with the requirements of the definition and try and determine when the requirements were met. Eyesight tests along with the comments of the medical advisers and claimant will need to be considered.

(c) Permanent and irreversible loss of sight to the extent that even when tested with the use of visual aids, vision is measured at 3/60 or worse in the better eye using a Snellen chart.

Model answer for Question 4

(a) *Any four of the following:*

- The claimant is hard to get hold of in work hours.
- Indications they are working (background noise etc).
- Medical reports not consistent with reported limitations.
- A tip off.
- Difficulty getting hold of medical reports or other information required in support of the claim.
- Inconsistencies in reports and activities.
- Other insurances not disclosed.

- (b)
- Surveillance.
 - Local enquiries.
 - Desktop research.
 - Engaging in direct conversation with the claimant.

Model answer for Question 5

(a) The TNM staging system comprises:

- T – the size of the tumour – usually 1-4.
- N – whether there is nodal spread – usually 0-2/3.
- M – whether there is distant metastases – usually 0/1.

In situ tumours are referred to as 'is'. Where a classification cannot be made the letter X is used in place of a number.

- (b) The grade of a tumour is assessed by looking at cells under a microscope and seeing how closely they resemble normal cells.

Grading is often expressed in a numerical scale with:

- low grades – cells similar to normal healthy cells, well differentiated, slow growing and less likely to spread; and
- high grades – mostly abnormal undifferentiated (anaplastic) tumour cells, poorly differentiated, highly likely to grow fast and spread.

- (c) Commonly, definitions of cancer exclude all prostate cancers unless the tumour has progressed to stage T2/T2b or has a Gleason score of 7 or more. In addition, partial payment may be available for lower stage or lower grade tumours. Older policies may have fewer restrictions on grade or stage.

Model answer for Question 6

- (a) Most forms of leukaemia are covered under the cancer definition, so a claim could be considered for this child. However, some policies will restrict cover to children up to the age of 18 so this child may be too old to have a valid claim. Some policies extend cover to children in full time education. Cover may also be restricted to legally adopted children, so it would be necessary to establish that this child was legally adopted.
- (b) In this case the valve abnormality itself is not an insured event but if this child has heart valve replacement or repair with surgery (sternotomy) to divide the breastbone on the advice of a cardiologist a claim might be considered. However, many child critical illness contracts will exclude events that were present at birth so in this case a congenital exclusion is likely to apply.

Model answer for Question 7

- (a) Osteoarthritis is a degenerative condition, characterised by pain and stiffness of joints, along with restricted movement of the affected joint(s). It may affect single or multiple joints and will typically get worse with time. Cartilage, which lines the surfaces of the joints, is lost and there may be an overgrowth of bone in the joint. The precise cause is not known but contributory factors include age, obesity, injury, or overuse.
- (b) Osteoarthritis symptoms vary from person to person, so an individual assessment will be required exploring the following:
- What joints are involved?
 - What duties are most difficult e.g. walking and lifting, or dexterity?
 - Whether job modifications can be adopted.
 - Whether symptoms vary during the day e.g. morning stiffness prevents tasks that are possible later in the day.
 - Efficacy of treatment in minimising the pain.
 - Assistive devices that can aid the undertaking of tasks.
 - Psychosocial factors.

Model answer for Question 8

- (a) Where a claim is declined for deliberate or reckless misrepresentation, or the claimant was uninsurable where the misrepresentation is careless, the assessor should avoid the policy and consider returning the premiums paid since the date of commencement of the policy. Where fraudulent misrepresentation is found the policy will be avoided and premiums retained by the insurer.

Where a claim is declined for careless misrepresentation the policy will be amended in line with what terms the underwriters would have granted had full disclosure been made. This may range from declining life and or critical illness benefits, reducing the sum assured to reflect the premium that should have been paid, or imposing an exclusion on the level of cover.

- (b) When a claim is declined for non-fulfilment the assessor should allow the policy to remain in force subject to ongoing premiums.

Model answer for Question 9

- (a) A person should not benefit directly or indirectly from their own criminal act. This is known as the Forfeiture Rule.

The Estates of Deceased Persons (Forfeiture Rule and Law of Succession) Act 2011 treats the killer as having predeceased the victim. The rights of inheritance of Mr Akhtar's descendants are maintained.

- (b) Where there is no clear evidence to demonstrate the respective timings of death then the elder of the two victims is said to have died first. This view was confirmed in *Hickman v Peacey* (1945).

Payment should therefore be made to the estate of the younger of Mr and Mrs Akhtar as they would have been deemed to have died last.

Model answer for Question 10Coronary artery bypass surgery

In coronary artery bypass surgery, a short length of vein or an artery from elsewhere in the body is attached to one or more coronary arteries to bypass a blockage in a coronary artery and enhance blood flow to the muscle wall of the heart. It is usually performed via open heart surgery (sternotomy) but newer less invasive methods are now being undertaken.

Angioplasty

Angioplasty is a procedure designed to surgically reduce a blockage in a coronary artery. A small catheter is guided along the coronary artery to the site of the blockage. A balloon at the end of the catheter is inflated to compress the atheromatous material against the wall of the vessel. This widens the diameter of the narrowed artery and improves blood flow. A stent or scaffold is usually deployed at the site of the lesion to provide support and hold the artery open.

Model answer for Question 11

- (a) Cognitive behavioural therapy (CBT) is a form of talking therapy, a short-term psychological intervention for anxiety and depression. CBT seeks to improve a person's mental health through the identification of thinking patterns and behaviours that lead the person into difficulties. Programmes to change these habitual patterns are put in place, monitored and reviewed over a set number of sessions.
- (b) Electroconvulsive therapy (ECT) is a treatment protocol that involves passing an electric current through the brain to stimulate fits. Although effective in a number of different disorders ECT is mostly reserved for severe depressive conditions – particularly psychotic depression – where a person's life is considered to be in danger and where other forms of treatment have failed. Concerns and stigma persist about the safety and acceptability of this treatment.

Model answer for Question 12

- (a) The value of the salary sacrifice may be considered as forming part of pre-incapacity earnings provided:
- There is no additional insurance in place to protect the benefit (e.g. pension premium waiver).
 - Evidence is received to show that the agreement exists and that the benefit stops when incapacitated.
- (b) Drawings are a withdrawal of capital from the business. They do not reflect the business performance, or earnings of the company. They should be ignored for the purposes of determining pre-disability earnings.

Model answer for Question 13

- Blood pressure readings are expressed as two numbers, such as 120/80 mmHg.
- The first figure represents the systolic blood pressure when the heart muscle is contracted and pumping blood at maximum pressure.
- The second figure represents the diastolic blood pressure when the heart is between beats, resting and filling with blood.
- Blood pressure values persistently above about 140/90 mmHg would generally be considered as hypertension.

Model answer for Question 14

(a) *Any two of the following:*

- Walking – the ability to walk more than 200m on a level surface.
- Climbing – the ability to climb up a flight of twelve stairs and down again, using the handrail if needed.
- Lifting – the ability to pick up an object weighing 2kg at table height and hold for 60 seconds before replacing the object on the table.
- Bending – the ability to bend or kneel to touch the floor and straighten up again.
- Getting in and out of a car – the ability to get into a standard saloon and out again.
- Writing – the manual dexterity to write legibly using a pen or pencil, or type using a desktop personal computer keyboard.

(b)

- Ask the claimant – by phone, a claim form, or activity diary.
- Obtain medical reports – from a general practitioner, specialist etc outlining functionality.
- Get an independent assessment to observe how the claimant copes with these tasks – usually performed by an occupational therapist or physiotherapist observing claimant in their own environment.
- Arrange surveillance – to observe the levels of function.

Model answer for Question 15

- (a) The death of Mr Diamond will be referred to the Coroner because the death was sudden and unexpected.

The Coroner will instruct a post-mortem to be carried out. This will seek to determine the cause of death by examination of the body including internal organs, and drug screen/toxicology.

If the cause of death is found to be natural causes, then a death certificate will be issued after the post-mortem.

If the cause of death remains unknown or is deemed to be violent or unnatural after the post-mortem, the Coroner may request an inquest. This seeks to determine how, where and when the death occurred, by calling on relevant witnesses and experts.

- (b) Geezer Insurance need to obtain the death certificate once enquiries are complete.

The claim has arisen very early into the policy duration, so misrepresentation is a potential concern. However, much of the concern can be allayed by the fact that a medical report from Mr Diamond's doctor was obtained as part of the underwriting process. This confirmed there was no significant medical history known to the general practitioner (GP).

There is however an indication that Mr Diamond was drinking above the recommended levels. It would be reasonable for the claims assessor to ascertain that date of the employment medical that he attended where his alcohol consumption was discussed. A copy of the report would be useful as it may document drinking habits at the time of the examination and at the time of application. This information needs to be checked against the 21 units Mr Diamond said he drank on the application form. There may also have been a question about whether he had been advised about his drinking. There may be other adverse findings detected at this medical screening or for which he has seen a private GP in the past.

The reference to recently giving up smoking also needs to be investigated. Mr Diamond said he was a non-smoker on the application form and the questions would typically ask if this is the case over the last 12 months. The GP said he had no lifestyle information at underwriting, but further details should be sought from the next of kin and also any private doctor/employment medical examiner.

If Mr Diamond did not accurately disclose his lifestyle and medical history an opinion should be sought from Geezer Insurance's underwriters as to the effect it would have had on terms, or further evidence obtained e.g. liver function tests or medical examination.

If terms would not have been affected, then the claim can be paid in full.

If the misrepresentation would have altered the terms the claims assessor needs to categorise whether it was innocent, careless, or deliberate/reckless. This would likely involve a call to the deceased's wife to explore why the questions on the application form were answered in the way they were.

If the misrepresentation was considered careless, then the claim payment may be reduced in line with terms that would have been offered.

If the misrepresentation was considered to be deliberate or reckless then the policy will be avoided from outset and the claim declined.

Model answer for Question 16**(a) Policy 1**

This policy has been in force over 10 years so there are no obvious misrepresentation concerns.

A claim will be payable if Mr Rodriguez dies before January 2020 or suffers a terminal illness (TI). However, there may be a restriction on the policy that no TI claim can be considered in the last year of the policy.

If a claim for TI is to be considered, the policy condition is likely to require that Mr Rodriguez is suffering from an incurable illness, that death is expected within 12 months and before the policy ends.

Medical reports will be required to determine a confirmed diagnosis and associated life expectancy.

The life expectancy for motor neurone disease (MND) depends on the type of disease suffered but could range from months through to five or more years, so full details of date of onset, nature of symptoms and the rate of progression will be important.

Premiums for this contract will be waived if Mr Rodriguez meets the definition of disability, which is likely related to his inability to work but this will only be after a stated deferred period.

(b) Policy 2

This policy is just under one year old and MND can have a slow onset of symptoms prior to a diagnosis so misrepresentation should be considered. Medical reports should detail when Mr Rodriguez first encountered symptoms. If these were prior to the policy start date a review of the application form questions and responses should be undertaken – noting that Mr Rodriguez did disclose some back problems. The claims assessor needs to consider whether these answers were reasonable in light of the known medical history and also if the underwriters were correct in not asking for medical evidence given the disclosure that was made.

Mr Rodriguez declared himself to be a non-smoker for this policy (having been a smoker when he applied for Policy 1). It would be reasonable to check with his medical advisers as to when he gave up smoking to check for misrepresentation of smoking habits.

For a critical illness claim for MND to be valid a likely definition is as follows:

Motor neurone disease [before age x] – resulting in permanent symptoms. A definite diagnosis of one of the following motor neurone diseases [before age x] by a consultant neurologist:

- Amyotrophic lateral sclerosis.
- Primary lateral sclerosis.
- Progressive bulbar palsy.
- Progressive muscular atrophy.

There must also be permanent clinical impairment of motor function.

The claims assessor will need to check that the claimant has one of the four named conditions and is below the stated age limit if included in the definition.

Model answer for Question 17

- (a) It is necessary to establish full details of Mrs Thomas's medical condition and whether she meets the insurance definition of disability. Note that the definition of disability may be amended to work tasks or similar if she was unemployed at the date of incapacity.

A claim form should be completed in writing or over the phone, sensitively gaining an overview of what symptoms she is experiencing and how these affect her ability to undertake tasks, along with details of her medical care.

Details of her education experience and training will need to be ascertained either via a questionnaire or by direct questioning.

Medical reports will be required to gain an insight into her condition and whether it prevents her from working as a security guard (or other suited occupation). She has not seen a specialist as yet, so whilst the information from the general practitioner will be informative, there is likely to be a need to get her to see a specialist for a more detailed understanding. The HardLife Insurance Company may fund this by means of obtaining an independent medical examination.

It would be worth ascertaining details of Mrs Thomas's past medical history to see if there is any history of mental illness and ensure that there is no misrepresentation.

A full assessment of her limitations is particularly important in this case as her claimed incapacity coincides with the date of her redundancy. It is important to determine that her absence from work is caused by incapacity rather than availability of work.

It will be important to determine why Mrs Thomas was able to work immediately after the incident but now says she is unable to at a time when she has become unemployed. However, it should be noted that post-traumatic stress disorder can manifest itself sometime after an event.

A home visit could be useful to ascertain full details regarding Mrs Thomas's condition e.g. motivation to return to work, domestic circumstances, State benefits awarded, and support groups attended.

- (b) If this claim was to be admitted, the claims assessor should ensure that regular reviews are scheduled to maintain close contact with Mrs Thomas to see how she is getting on. The claims assessor will need to check whether Mrs Thomas is complying with medical advice and monitor any improvement.

As Mrs Thomas is no longer employed it is important that the claims assessor determines if she is fit to return to her own job or any to which she is suited, irrespective of whether she does actually do so.

In addition to regular contact with the claimant, it would be appropriate to seek periodic reports from her medical advisers to monitor her progress.

If Mrs Thomas is not accessing specialist psychiatric medical help the HardLife Insurance Company may consider funding this itself. They may also need to obtain an independent review if the information from the treating doctors is insufficient to determine her working abilities.

The policy has another 15 years to run, with a moderate monthly benefit, so it will be important to check whether the definition is met on a regular basis and investment in rehabilitation/support may be justified.