



Chartered  
Insurance  
Institute

# P61

## Diploma in Insurance

### Unit P61 – Life, critical illness and disability underwriting

October 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.**



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## 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 briefly **four** possible features of ulcerative colitis that may lead to moderate to high ratings being applied for life insurance. (8)
  
2. An applicant for life insurance, aged 60, states that he has recently been diagnosed as having mitral valve prolapse.
  - (a) Outline:
    - (i) why this condition arises; (2)
    - (ii) how the condition affects blood flow through the mitral valve. (2)
  - (b) Explain briefly your approach to underwriting this applicant. (4)
  
3.
  - (a) Outline what happens to bones affected by osteoporosis. (2)
  - (b) State **three** groups of people who are particularly susceptible to develop osteoporosis. (3)
  - (c) State **three** risk factors associated with osteoporosis. (3)
  
4.
  - (a) Describe briefly **three** characteristic categories of symptoms that are frequently seen in post-traumatic stress disorder (PTSD). (6)
  - (b) Explain briefly the possible risks of an applicant for life and income protection insurance who has disclosed PTSD. (6)

5. A man, aged 55, applies for life, critical illness and income protection. He was diagnosed with carcinoma of the prostate one year ago. Currently he has a PSA of 10, staging of T2 N0 M0, and a Gleason score of 6.
- (a) Explain briefly the following terms:
- (i) PSA. (2)
  - (ii) T2 N0 M0. (3)
  - (iii) Gleason score. (2)
- (b) Describe briefly the types of disease management people may be offered with carcinoma of the prostate. (4)
- (c) Explain briefly your underwriting approach to this applicant. (4)
6. Outline the purpose of exclusions applied at the underwriting stage for the following policy types. *For each policy type you should quote an example and comment on the advantages and disadvantages.*
- (a) Life. (3)
  - (b) Critical illness. (3)
  - (c) Income protection. (3)
7. A woman, aged 35, has developed amenorrhoea with raised prolactin level in a blood sample.
- (a) Identify the major role of prolactin. (2)
  - (b) State **three** situations where the prolactin level is raised. (6)
  - (c) Explain briefly your approach to underwriting this applicant for life, critical illness and income protection insurance. (5)

QUESTIONS CONTINUE OVER THE PAGE

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8. (a) Identify **three** early features of chronic obstructive pulmonary disease (COPD). (3)
- (b) State **three** features which may be present in advanced COPD. (3)
- (c) Explain how you would assess an applicant who has COPD for life and income protection insurance. (8)
9. An applicant for a life policy is known to be positive for human immunodeficiency virus (HIV).
- State **four** features you would look for in your assessment of this applicant for possible acceptance. (8)
10. (a) State the appearance of red blood cells in iron deficiency anaemia. (2)
- (b) Identify **three** different ways in which iron deficiency may occur. (6)
11. Explain how blood test results help an underwriter to decide whether an applicant disclosing hepatitis B has active disease likely to cause increasing liver damage. (9)
12. An applicant for a life policy has had a renal transplant.
- (a) Identify **six** features which should be present before the application can be accepted. (6)
- (b) Describe briefly **two** common kidney function tests. (6)
13. Explain briefly the constraints placed on a life and disability underwriter when requesting a general practitioner's report by the Access to Medical Reports Act 1988. (8)
14. Describe briefly **two** circumstances where using the numerical rating system may be inappropriate for life insurance and identify the alternatives. (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 woman, aged 40, applies for a life and critical illness policy to cover a loan for £140,000 for a 15-year term to increase her mortgage on the purchase of a larger house. She is the manager of a bank.

The applicant discloses she has type 1 diabetes which was first diagnosed 25 years ago. Her body mass index is 31 and her blood pressure is 135/80. She has never smoked and drinks almost no alcohol. She attends a diabetic clinic where several changes in her insulin regime have been necessary. She has had no work absences or hospital admissions in the last five years.

At present she is taking an angiotensin converting enzyme (ACE) inhibitor and a lipid lowering agent, in addition to her insulin.

- (a) State the medical information you would need to underwrite this applicant, explaining why this information is necessary. (16)
- (b) State the function of an ACE inhibitor. (2)
- (c) Explain how any adverse features that might emerge from the medical evidence collected would influence your assessment of this applicant and the likely acceptance terms. (12)

16. A man, aged 32, applies for a 20-year life and critical illness policy for £350,000 with total permanent disability. He owns and runs a bar.

He discloses episodes of depression that started when he was a teenager. He had a back injury playing rugby five years ago and had to give up contact sports. He is a non-smoker and drinks 20 units of alcohol a week.

- (a) (i) Outline how you would collect the medical evidence required to underwrite this application. (4)
- (ii) Explain how the information identified would help you to assess the risk. (12)
- (b) Explain briefly how the risk factors disclosed could affect his daily work. (4)
- (c) Explain, giving reasons, the likely acceptance terms for life, critical illness and total and permanent disability. (10)



- 17.** A man, aged 45, applies for a whole of life policy and an income protection policy to age 65. He discloses mild ankylosing spondylitis.

He is a self-employed information technology consultant. His earnings in the last 12 months were £250,000 with, in addition, a bonus of £100,000.

- (a)** Explain how the maximum sum assured would be calculated for his:
- (i)** whole of life policy; **(8)**
  - (ii)** income protection policy. **(6)**
- (b)** State the information you would need to assess the financial risk for both policies and why you would need it. **(6)**
- (c)** Identify **five** features of ankylosing spondylitis which could impact on life or income protection insurance. **(10)**

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