

## P62

### Diploma in Insurance

#### Unit P62 – Life, critical illness and disability claims

October 2017 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.

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**PART I****Answer ALL questions in Part I****Note form is acceptable where this conveys all the necessary information**

1. State the requirements for a valid multiple sclerosis critical illness claim under the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover. **(5)**
  
2.
  - (a) Provide an overview of the medical condition chronic bronchitis. **(7)**
  - (b) State **two** examples of how chronic bronchitis is treated. **(2)**
  - (c) Explain how an individual's working ability might be limited by chronic bronchitis. **(6)**
  
3.
  - (a) State what a deferred period is in an income protection (IP) policy. **(2)**
  - (b) Identify **three** reasons why IP insurance policies include a deferred period. **(3)**
  - (c) Outline how a deferred period is affected by a linked claim clause. **(4)**
  
4. Outline how the details contained in a UK death certificate are of use to a claims assessor when considering a claim under a life insurance policy. **(12)**
  
5.
  - (a) Outline the information an income protection (IP) claims assessor can obtain by asking a claimant to complete an occupational questionnaire. **(6)**
  - (b) Explain how the information outlined in your answer to **part (a)** above, is useful in the assessment of an IP claim. **(8)**
  
6.
  - (a) Outline what benefits in kind are, giving **one** example. **(3)**
  - (b) Explain briefly how benefits in kind are usually treated when calculating the benefit payable under an income protection claim. **(2)**

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7. (a) (i) Give **two** causes of kidney disease. (2)
- (ii) State **two** methods of investigating kidney disease. (2)
- (iii) Give **two** ways in which kidney disease can be treated. (2)
- (b) State the circumstances in which kidney disease will constitute a valid critical illness claim under the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover. (4)
8. Explain how cover, under a life insurance policy, might be affected when a policyholder ceases premium payments and outline the options the insurer may offer in this circumstance. (14)
9. (a) State the medical investigations typically undertaken in respect of a diagnosis of prostate cancer. (5)
- (b) State the definition requirements for a valid claim for prostate cancer under the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover. (5)
10. Identify **eight** factors that could influence an income protection (IP) claims assessor when deciding whether to fund rehabilitation for an IP claimant. (8)
11. Explain briefly the features of a critical illness policy in relation to the following terms:
- (a) Accelerated. (2)
- (b) Stand alone. (2)
- (c) Additional payment. (2)
- (d) Partial payment. (2)

QUESTIONS CONTINUE OVER THE PAGE

12. A total permanent disability claim is under consideration for a claimant suffering from depression. As part of the assessment, of the claim, a medical exam is obtained that details severe depression but also refers to current excessive alcohol consumption.

Outline how the mention of alcohol consumption will affect the consideration of this claim. (8)

13. Explain the factors that should influence a claim assessor's decision, whether to enquire about the deceased's medical history, when determining the validity of a death claim. (10)

14. (a) (i) Outline how the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover defines 'permanent neurological deficit with persisting clinical symptoms'. (3)

(ii) List **three** examples of symptoms that are included within the definition in part (a)(i) above. (3)

(iii) State what is excluded from the above definition. (3)

- (b) List **three** critical illness definitions contained in the Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover that include the requirement for 'permanent neurological deficit with persisting clinical symptoms'. (3)

**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. Mr Simpson, aged 53, holds a critical illness policy with Dedman Life Insurance. The sum assured is £250,000 and the policy has been in force since December 2014. It was accepted at standard, non-smoker rates, as the application form had no adverse disclosures.

The policy lapsed in November 2016, but Mr Simpson reinstated it after completing a declaration of health and payment of the two premiums he had failed to pay prior to that date.

Mr Simpson has now submitted a critical illness claim form in respect of a heart attack he suffered in August 2017. The report detailing his medical condition states the following:

*On admission to hospital, he was investigated by means of an electrocardiogram (ECG) and a blood test revealing troponin T to be 100ng/L (equivalent to 0.1ng/ml). No further tests were arranged and he was immediately treated by angioplasty to two coronary arteries.*

*Mr Simpson's past medical history includes hypercholesterolaemia for which he takes a statin. He has recently been told that his father also had a heart attack at the age of 45.*

- (a) (i) State the elements of the latest Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover definition for heart attack. (5)
- (ii) Discuss how the claims assessor would determine if the above definition has been satisfied, given the circumstances described on Mr Simpson's admission to hospital, and in the absence of further tests. (10)
- (b) Explain how the possibility of misrepresentation would be considered in Mr Simpson's case. (15)



16. Mr Knight, aged 56, has contacted Wellman Insurance Company to advise that he has been unable to work in his usual occupation as an architect since falling off scaffolding, and injuring his back during a site visit in September 2017.

He holds an income protection policy for a sum assured of £1,000 per month, payable if he is unable to perform the material and substantial duties of his own occupation. The deferred period is 13 weeks. His employers will pay his salary for six months of sickness absence.

After 24 months of claim payments, the definition of incapacity changes so further payments are only made if Mr Knight is unable to perform any occupation whatsoever. The policy has been in force since 2009, and will expire when he is 60 years old.

Explain:

- (a) the aspects that need to be investigated to determine the validity of Mr Knight's claim; (16)
- (b) the evidence that is required in order to do this; and (7)
- (c) how to manage the claim in the future, if it is accepted. (7)

17. MortLife Insurance Company has been notified of the death of Mrs Parker, aged 52. Her family have advised that she died of Ebola virus which she acquired whilst undertaking overseas aid work in Sierra Leone, Africa. They state the date of death was 1 October 2017 and the place of death was a hospital in Sierra Leone.

Mrs Parker held two life policies with MortLife Insurance Company:

- Policy A has a sum assured of £250,000 and has been in force since May 2001.
- Policy B has a sum assured of £45,000 and has been in force since June 2017.

Both policies were accepted on the basis of application forms where no adverse disclosures were made.

Explain how the claims assessor should consider these claims, making reference to the information that needs to be sought and factors that may influence the validity of the claims. (30)

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