

P63

Diploma in Insurance

Unit P63 – Long-term insurance business

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 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. (a) Outline the main features of individual savings accounts (ISAs). (7)
(b) State the main provisions of the Help to Buy ISA scheme. (4)
2. Describe how a new trustee is normally appointed under a trust created by deed. (10)
3. State **four** options available to a policyholder, where a policy has lapsed and the policy has a surrender value. (8)
4. Outline the **three** Pillars of the Solvency II regulatory regime. (9)
5. (a) Describe briefly the emergence of new types of long-term insurance distributors. (6)
(b) Outline **four** ways a customer could purchase a long-term insurance product without using an advisor. (4)
6. Outline the normal exclusions that apply under an individual income protection policy in the following examples:
 - (a) The life assured travels or resides outside of the UK. (5)
 - (b) The life assured changes their occupation. (5)
7. State **six** of the key points from the Association of British Insurers Guide of Good Practice for Unit-Linked Funds. (6)

8. Describe briefly the advantages of a rules-based software system in relation to underwriting. (8)
9. Describe the financial assessment and evidence required under an income protection claim where the life assured is self-employed. (14)
10. Explain briefly the differences between a qualifying and non-qualifying life assurance policy. (8)
11. Describe briefly the following:
- (a) An interest in possession trust. (4)
 - (b) A bare trust. (4)
 - (c) A mixed trust. (3)
 - (d) A settlor-interested trust. (3)
12. Explain the principle of the duty of disclosure, quoting relevant case law and statute to support your answer. (12)
13. State **six** examples where a life assurance policy may need to be amended. (6)
14. Describe the main requirements of the Data Protection Act 1998 as it applies to long-term insurance business. (14)

QUESTIONS CONTINUE OVER THE PAGE

PART II

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

- 15.** Describe how group life cover differs from individual protection in relation to the following:
- (a)** Underwriting. **(10)**
 - (b)** Taxation of premiums and benefits. **(10)**
 - (c)** Levels of cover. **(10)**
- 16. (a)** Explain why reinsurance may be necessary and how an insurer cedes life assurance risks to another office. **(15)**
- (b)** Describe the key considerations a reinsurer would take into account before agreeing to deal with a ceding office for the first time. **(15)**
- 17. (a)** Explain the various total and permanent disability (TPD) definitions in the UK market. **(10)**
- (b)** Discuss the process an insurer will go through and the issues that may arise when assessing a TPD claim. **(20)**

