

THE CHARTERED INSURANCE INSTITUTE

P61

Diploma in Insurance

Unit P61 – Life, critical illness and disability underwriting

April 2014 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 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. Explain the risks the occupation of classical violinist might pose to an income protection underwriter. **(8)**

2. Explain what factors would influence the acceptance terms for life insurance of an applicant who discloses a history of a paracetamol overdose. **(8)**

3. An applicant states he has sleep apnoea.
 - (a) Describe briefly what happens to a person with this disorder. **(3)**
 - (b) State how the condition is treated. **(2)**
 - (c) Outline the possible consequences of the condition which might affect the terms for life and income protection insurance. **(3)**

4.
 - (a) List the main clinical features of Meniere's disease. **(3)**
 - (b) Describe how Meniere's disease may affect a person's ability to carry out their occupation. **(9)**

5. Explain why a high intake of alcohol may have particularly harmful effect on a person with diabetes mellitus. **(7)**

6.
 - (a) Describe briefly percutaneous coronary intervention (PCI). **(4)**
 - (b) Explain briefly the circumstances in which PCI is undertaken. **(4)**

7. A man, aged 28, discloses recent treatment for seminoma of the testicle.
- (a) Identify the types of treatment he is likely to have had. (2)
 - (b) State
 - (i) how a recurrence of the tumour would be diagnosed. (3)
 - (ii) how long after treatment he could be considered for a life policy. (3)
8. Define the following products and, in **each** case, state the effect of the product on the annuity payments as compared with a standard annuity.
- (a) Lifestyle annuity. (4)
 - (b) Enhanced annuity. (4)
 - (c) Immediate needs annuity. (4)
9. (a) Describe the use of and the benefits obtained by giving anticoagulants in the following circumstances:
- (i) Atrial fibrillation. (3)
 - (ii) Deep vein thrombosis. (3)
 - (iii) Insertion of a prosthetic heart valve. (3)
- (b) State the problems that may arise during the use of anticoagulant therapy. (3)
10. An applicant for life insurance declares they have been paraplegic for five years.
- State **four** risk factors which necessitate an increased premium. (8)

Questions continue over the page

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11. A non-diabetic applicant is found to have marked proteinuria on routine testing.
- (a) State **two** important causes of proteinuria. (2)
 - (b) Identify **four** tests which would help to determine the severity of the underwriting risk posed by proteinuria. (4)
 - (c) Explain what **each** test identified in part (b) above could show. (8)
12. An applicant has very recently been diagnosed with coeliac disease.
- (a) Explain how coeliac disease works and its consequences. (7)
 - (b) Describe briefly how the diagnosis is made. (2)
 - (c) Outline your approach to underwriting an applicant who has recently been diagnosed with coeliac disease for life and income protection insurance. (6)
13. (a) Explain briefly, in the context of obtaining an applicant's medical history, the differences between a general practitioner's report (GPR) and a subject access request (SAR), mentioning in your answer the legislation that is relevant to both. (6)
- (b) State the circumstances in which a SAR may be used in underwriting life and disability insurance. (2)
 - (c) State the impact on insurers of using SARs. (4)
14. Describe the nature of the lesions which occur in the nervous system in a person who has multiple sclerosis (MS).
- Your answer should identify the tissue which is primarily involved in MS, where the lesions typically occur and why the lesions cause neurological deficit. (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 female applicant, aged 26, applies for an income protection policy for £18,000 per annum. She also requires a life policy for £150,000 with critical illness to cover a mortgage loan. She works as a manager of a carpet shop and earns £33,000 per annum. On her application form she states that she has asthma.
- (a)** Identify the evidence you would need, in the light of the history given, and explain the findings that would enable you to underwrite the risk. **(15)**
- (b)** Discuss how the asthma could impact on the terms offered. **(15)**
- 16.** A male applicant, aged 50, applies for a life policy for £1million to cover a loan to expand his engineering business which makes parts for motor vehicles. His application form states that he has recently had treatment for hepatitis C infection and is currently being followed up in a specialist liver unit. Six years ago, he suffered severe lacerations in an industrial accident when he was working for an oil company in West Africa.
- (a)** State the information you would require to underwrite this applicant. **(9)**
- (b)** Explain:
- (i)** how hepatitis C infection is acquired; **(2)**
- (ii)** the natural course of the untreated hepatitis C disease; **(4)**
- (iii)** how the effectiveness of hepatitis C treatment is measured. **(3)**
- (c)** Discuss the relevant factors that would affect your underwriting decision. **(12)**

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17. A female applicant, aged 50, applies for an income protection policy. Her application form states that she smokes 10 cigarettes per day and drinks 10 units per week. A general practitioner report (GPR) shows that she had surgery for obesity in the past. It is decided to send her for a medical examination.
- (a) State the important data you would need to obtain from the medical examination. (14)
- (b) She now has a body mass index (BMI) of 33. List any **six** complications which may arise with this degree of obesity. (6)
- (c) Outline the underwriting considerations for this applicant. (10)

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