Life, Critical Illness and Disability Claims Examination

3rd September 2023

Instructions to candidates

Read the instructions below before answering any questions

Three hours are allowed for this paper which carries a total of 160 marks, as follows:

Part I
1 compulsory question (case study) 80 marks
Part II
2 questions selected from 3 (scenarios) 40 marks each for a total of 80 marks

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- You should answer the question in Part I, and two out of the three questions in Part II.
- You are advised to spend no more than 90 minutes on Part I and 45 minutes on each question selected in Part II.
- It is recommended that you spend 15 minutes reading and planning your answer to the case study and 75 minutes answering it, and that you spend 10 minutes reading and planning your answer to each scenario and 35 minutes answering it.
- A case study tests extensively across syllabus learning outcomes, whilst a scenario will be more focused on specific learning outcomes.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- 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.
- Answer each question on a new page. If a question has more than one part, leave six lines blank after each part.

PART I

Case study
This question is worth 80 marks
You should include relevant examples and further reading in your answer where applicable

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QUESTION 1

CASE STUDY

BrightStar Insurance Company is a rapidly growing insurance provider that offers a wide range of insurance products, including life, critical illness and disability. Due to the increasing number of claims being filed by policyholders, the company has decided to set up a dedicated claims assessment team to handle the growing workload and ensure efficient and accurate claim processing.

The primary objective of setting up the dedicated claims assessment team is to enhance the efficiency and accuracy of claim processing. By assembling a team of skilled professionals, the company aims to streamline the claims assessment process, reduce turnaround times, and deliver prompt and fair claim settlements to its policyholders.

QUESTION

In the context of the case study above, discuss how the claims assessment team will carry out medical assessments for (a) cardiology (b) mental health (c) musculoskeletal and sensory disorders and (d) neurology.

Your answer must include an overview of the types of illnesses or diseases, their respective causes, possible treatment and claims considerations.

(80 marks)

PART II
Scenarios

Answer TWO of the following THREE questions.

Each question is worth 40 marks

QUESTION 2

SCENARIO

The claimant was an electrical training officer who, in March 2002, was diagnosed with ulcerative colitis and although he was treated with medication for a period of nine months, there was no improvement. He underwent a total procto-colectomy in January 2003 and a closure ileostomy in April 2003, after which he suffered "smouldering inflammation".

Although his employer permitted him to go home whenever he did not feel well, his condition appeared to be deteriorating and as there was no suitable alternative work available, his employment was rendered redundant. A specialist physician concluded that "there is no objective evidence on which to base the conclusion that he is permanently and totally disabled to work".

QUESTION

Based on the case study above, outline the extent of cover that a Critical Illness and Disability policy would provide and discuss how an insurer and an ombudsman would probably interpret the meaning of disability to deal with the circumstance presented in the case scenario above.

(40 marks)

QUESTION 3

SCENARIO

Insurers request medical documentation to determine a person's eligibility for disability benefits such as loss of earnings and rehabilitation. The information may be requested by a claims adjudicator, who manages terms and costs, and/or the case manager, who oversees the gathering of supporting documentation and rehabilitation.

QUESTION

Apart from questions on pre-existing conditions, discuss 5 other topics on which questions are modelled to be able to assess a person's claim eligibility under a Life, Critical Illness and Disability insurance policy. Support your answer with explanations.

(8 marks each)

QUESTION 4

SCENARIO

A man, along with his friends, plotted to fake his death for a $1 million insurance payout. He and his accomplices fabricated a scenario of a car accident that would result in him falling into the river and vanishing.
One of the friends then reported the incident to the police, claiming that his body could not be found. Subsequently, the matter was investigated by the police. The authorities established that the person was presumed dead from circumstantial evidence.
In response to this claim, the insurance company conducted an inquiry before determining its validity and making the payout.

QUESTION

In the light of the scenario above, explain what evidence and proof are required by a life assurance claims officer, how an investigation is conducted in such cases and how insurers apply policy conditions/exclusions to filter abusive or fraudulent life assurance claims.

(40 marks)