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How Coronavirus Concerns Are Changing Insurance Underwriting Procedures

Presented by FourFront Advisors

In response to the spread of COVID-19 in the U.S., insurance carriers are modifying underwriting procedures on new and pending applications for life insurance and other health products, such as critical illness and disability income. Below, we'll look at how this process works and what's changing as a result of the ongoing pandemic.

What Is Insurance Underwriting?

Underwriting is the process by which insurance carriers evaluate the risks associated with insuring people. As part of the underwriting process, your answers to medical and other questions, as well as your overall health history, are reviewed by an underwriter. This information is then used to determine whether the insurance carrier will issue you a policy and how much premium will be charged for the coverage.

Coronavirus Concerns May Cause Delays in Coverage

In addition to their usual questions, carriers are now asking applicants for specific information related to COVID-19.

- **Have you or members of your household traveled or lived outside the U.S. within the past 30 days?** If the answer is yes, your application may be postponed for further consideration, in some cases until at least 30 days following your return.
- **Have you or any member of your household been in contact with someone who has tested positive for COVID-19?** If so, the carrier may postpone further consideration of the application for a minimum of 90 days.
- **Have you tested positive and/or been quarantined or hospitalized for treatment?** In this case, further consideration of the application will likely be delayed a minimum of 90 days.

Please note: Time frames for delays and company actions may vary between carriers.

You may also experience some unintended delays in obtaining new insurance coverage. Medical records, doctor's reports, or paramedical exams (if required) may be difficult to obtain in this environment. In addition, several states must heed mandatory travel restrictions and stay-at-home advisories, and some paramedical companies are restricting exams in certain locations. Some

carriers are exploring alternative methods to obtain health data, including using digital medical information that may be available for certain cases.

Not All Carriers Are the Same

It's important to keep in mind that there may be differences in policies and decision-making processes among insurance carriers during this period. Further, guidelines and procedures will continue to change quickly in the coming weeks. Insurance underwriting is an evolving process, but rest assured we will keep you informed as any new information becomes available. As always, please feel free to reach out to us with any questions.

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