

# Why Life Insurance Underwriting is Moving Sloooooowly

Published on November 2, 2021



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While some clients may be experiencing life insurance policy placement at a record-pace through instant-issue programs from companies like Symetra and John Hancock, those who don't qualify for instant-issue or accelerated underwriting programs are currently experiencing a lag time beyond anything we have seen before. Never before has it been so important to manage client expectations.

## What is causing the unprecedented delays:

- **Increased Application Count** – Three key factors have increased the application count across the industry: the pandemic (particularly among millennials), the proposed legislative tax changes to the federal transfer tax system, and the Washington payroll tax (yes, one state's payroll tax has flooded several carriers).
- **Medical Facility Staffing** – Through the pandemic, many medical facilities have on-site staff limited to those who are considered mission-critical. Clients, who are in need of care, are the first priority and the requests for medical records, which have historically always been on the back-burner, are delayed even further. When medical records are required, the carrier, the BGA, the agent/advisor and the client are very much at their mercy. Companies that facilitate medical records for physicians have also struggled with staffing, COVID absenteeism and time service.
- **Examiners Scarce** – Paramedical exam companies are struggling to maintain employees. Exam companies are finding it difficult to accommodate those in rural areas. Those in management are struggling to hire, train and staff to meet the increased application count.
- **Insurance Carrier Staffing** – Like nearly every industry in America, insurance carriers are struggling to hire and meet service standards. One carrier reported it generally has a hybrid life/LTC application count of 300 while it currently has more than 12,000 applications pending (thank you state of Washington). Another insurance carrier reported to us that it is taking 35 business days to enter an application into its

system. 1035 Exchange departments are months behind nearly across the board. The more competitive the carrier (in terms of premium), the more behind they are.

- **Fewer Carriers** – Particularly in the survivorship no-lapse guarantee market and the hybrid life/LTC market, there are relatively few carriers offering competitive products. A smaller number of carriers and higher demand translates into slower service than anyone is accustomed to.

### **What you can do to help your clients:**

- **Know When to Use Instant-Issue and Accelerated Underwriting Programs** – Even if your client checks all the proverbial boxes for an accelerated underwriting program, most insurance carriers won't enter them into the program unless directed to do so through the proper channel. If your client is between ages 18-60 and is likely to qualify at Standard, Non-Nicotine or better, there is a high probability that an accelerated or instant-issue program exists (for both term and permanent insurance) that can reduce underwriting time by weeks, if not months.
- **Complete a Physician Data Form**– When full underwriting is required, completing [this form](#) at the beginning of the process will allow BUI to order the medical records up front. This avoids the situation of receiving a primary physician's records four weeks in and then discovering there are two or three other specialists involved, whose records now have to be obtained. It's a small step that can make a significant difference.
- **Pre-Qualify Clients for Underwriting** – Learning about complications in the midst of formal underwriting will nearly always slow the process – particularly if it requires you to pivot the client to another carrier. Using BUI's [Pre-Underwriting Questionnaire](#) will help identify underwriting complications up-front, help you manage appropriate premium expectations and direct you to the best carrier option for your client...all saving you and your client time and hassle in the process. If time does not permit using the Pre-Underwriting Questionnaire, consider at least using BUI's [Generic Underwriting Guide](#) to allow clients to pre-qualify themselves for underwriting.
- **Communicate Best Exam Practices to Clients** – When an exam is required, you can eliminate weeks off the process by letting clients know that exams can be difficult to schedule and to make it a priority. If your client lives in a rural area, it may be wise to ask them if they are traveling to a metropolitan area in the near future. If they are, you greatly reduce the chances of a reschedule or cancellation. You may also find it beneficial to manage client expectations by leaving behind [this document](#) after completing the application.

- **Ask Clients for Help in Obtaining Records** – If the client’s medical facility is the reason for the delay, asking the client to give the doctor’s office a call can sometimes be all you need to get things back on track. If it’s a larger medical facility, using the client’s patient portal through HumanAPI can sometimes provide instant access to records that would have otherwise taken weeks to obtain. By having the client provide one-time consent to those records through HumanAPI, you can significantly streamline the process.

- **Postpone Non-Urgent Doctor Visits Until After Underwriting** – A client visiting a physician’s office prior to the policy being placed will almost always require the process to immediately halt until the new records can be received. In the best case scenario, you lose a week or two in the process. In the worst case scenario, an unfavorable diagnosis is made in the visit and the offer is rescinded.

Most important is managing client expectations throughout the process. People tend to understand the staffing issues across the country and a little communication can go a long way in keeping clients happy.