

# Applying for insurance: what to expect

by Molly Thomas, RP®

When you are applying for insurance, education and preparation are key. If you know what to expect, you will be better prepared for the underwriting process.

## What is underwriting?

Underwriting refers to the process used by an insurance company to assess the eligibility of a customer to purchase their products. Underwriting is one of the most important steps of the insurance application process. Knowing what is involved in the underwriting process and what an underwriter does is important for anyone who is shopping for a new, individually written insurance policy.

## What is involved in the underwriting process?

Underwriting is simply gathering information. Before granting an insurance policy, most companies require an in-person paramedical exam. The paramedical exam is conducted by a licensed healthcare professional and includes: medical history, family medical history, blood pressure, height, weight, a blood sample, a urine sample, and lifestyle questions.

The underwriting process may include a review of your medical records. Because you have the right to review your medical records, working with your health care professionals to be sure your history is accurate is important. Conduct this review before the insurance company gets the records rather than after in order to minimize the risk of being denied or receiving a less than desirable rating as a result of incorrect information. It is a fact that the insurance companies and their underwriters review your medical records to determine the risk to insure you.

Lastly, be truthful when applying for insurance. If the insurance company discovers that you lied about your weight, health issues or lifestyle, it may cause them to scrutinize other aspects of your application. Also, if the insurer believes you lied on your application, the insurer has the right to increase your premium, or cancel the policy and/or deny your claims.

## Where else will the insurance company look for information about me?

Other than your medical records from your physician, insurance companies have other resources. One part of the insurance application contains a request for your permission from the insurance company to communicate with the "Medical Information Bureau." The mission of the MIB is to prevent fraud and misrepresentation.

The MIB has information on an applicant's health history and other risks for insurance coverage, such as driving records or hazardous avocations. The MIB maintains a record on almost everyone who has applied for an individually underwritten life, health, disability or long-term care insurance policy within the last seven years. You have a right to see these records. To request your free report, call MIB at 1-866-692-6901. They will request your name, social security number, date and place of birth, occupation and recent addresses.

Insurance Companies may also review your motor vehicle report, your prescription drug profile, and your credit report. Each of these reports relays information to the insurance company that aids in determining insurability and the premium associated with that coverage.



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## How can I qualify for the best premium?

A healthy weight and a healthy lifestyle are two important keys to a lower premium. It is also beneficial to understand that a good medical exam result is equivalent to a better insurance "rating," and a better "rating" results in a reduced insurance premium. Some suggestions for a better medical exam include: do not drink alcohol for a week before the medical examination; do not exercise the day before the exam or the day of the exam; drink lots of water; fast for at least eight hours beforehand; do not smoke or chew tobacco products; and watch your salt intake.

The insurance application underwriting process gathers information about you. Remember, the goal of this process should be for you to obtain the policy that best fits your needs for the lowest possible premium. Putting your best foot forward when applying for individual health related insurance policies just makes "good sense" that can save you "cents" in the long run!

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