

Demystifying the Life Insurance Medical Exam

Life insurance allows a person to purchase protection against financial loss occurring at the time of death. Underwriting is the term used to describe the process of evaluating non-medical and medical information about the proposed insured to determine the effect these factors will have on life expectancy. Proper assessment of a risk is essential to maintaining the financial stability of the Group Life Insurance Program, so that all certificates can be honored in the future. The use of examinations in underwriting is one way an insurance company, such as New York Life Insurance Company, makes certain it can keep its promises to all its certificate owners for generations to come.

Examination limits to ultimately become a life insurance certificate holder vary throughout the industry and are based on an individual's age and the amount of insurance considered necessary. As a person gets older the examination limits start at lower amounts of insurance, but in general, an application for \$100,000 or more of life insurance will require an individual to complete a medical exam.

An exam is used as part of an insurance company's underwriting process. It is just one component of the process and is fairly simple for the proposed insured. It usually takes less than 30 minutes to complete.

The good news is that most people who take insurance exams qualify for insurance and the coverage is issued without a problem. To explain the process as simply as possible, here are some frequently asked questions and responses to help provide insight.

I. Why was I contacted by a representative of a laboratory after I submitted my application?

To gain as complete a picture as possible of the potential risk an individual presents to the insurance company, the evaluation of the application and the relevant information about an individual's activities and general health are important.

The life insurance application consists of general information about the individual as well as personal information about such things as driving history, criminal history, other life insurance coverage, recreational sports activities and finances. There is also an authorization to sign which grants permission for the company to request medical information from physicians and other medical record keepers if it becomes needed.

Depending upon the amount of insurance applied for, you will be contacted by a paramedical professional, a telephone interviewer, or a doctor.

Once these professionals have obtained the additional health information necessary, this information provides the insurer with a fairly comprehensive picture of the exposure to risk the proposed insured represents. Each company has its own standards of what it considers to be acceptable insurable risks and will offer a policy based on those guidelines.

2. What kind of medical exam will I have to take?

The short answer is – that depends. Generally speaking, if you are under 40 years of age and are applying for less than \$100,000 of coverage, there's a good chance the company will not have an actual exam completed.

If you are over 40 and/or applying for \$100,000 or more, you may be required to have either a paramedical or a full medical exam. In addition to the exam, any of the following studies could be

included with the exam: oral fluid test; blood test; urinalysis; EKG tracing; and Attending Physician's Statement. If any of these exams or tests becomes required and they are not completed, New York Life Insurance Company will not accept your application for insurance.

a. Paramedical Exam

A trained technician will complete the paramedical exam. The paramedic asks medical history questions and measures height, weight, blood pressure and pulse. Depending upon your age and the amount of insurance being applied for, the paramedic may also perform an oral fluid test or a blood and urine test and possibly an electrocardiogram as well. In most cases a paramedic will call you to find a convenient time to schedule the exam and come out to your house to perform it. You also have the option of going to a clinic for the exam. The exam takes approximately 30 minutes.

b. Full Medical Exam

A physician will complete the full medical exam. The exam consists of the same elements of the paramedical exam, plus listening to the heart, and a review of other bodily systems. Some companies specify that the physician must be a board certified internist or heart specialist rather than a general practitioner.

3. What do the tests show?

The insurance company wants to check for any unknown conditions that could adversely impact an individual's normal life expectancy and could increase the company's risk. The urinalysis screens for a number of things including diabetes, the presence of medication and nicotine and cocaine, as well as general kidney function. The blood profile can reveal the functioning of organs of the body and specific testing for things such as diabetes, liver impairments and kidney impairments as well as HIV testing. An oral fluid test can indicate the presence of HIV antibodies, as well as cocaine and nicotine.

4. What other information does an insurance company gather?

In addition, the company may want to review your medical records or obtain a phone interview with you. Medical records can be obtained for a few reasons, with one being a way to check how your personal physician is treating you or has treated you for a medical condition.

At times a phone interview is conducted to verify the information on the application and to obtain a few additional details to clarify this information. In the case of New York Life Insurance Company, if an interview is needed, a representative from a designated telephone interview company will contact you directly to maintain a high level of customer satisfaction and confidentiality.

Most life insurers are members of a non-profit organization called MIB LLC. This organization maintains a database of applications submitted to companies in the industry. Once an application and signed authorization is received, insurers will check with MIB to see if there is a record of any other insurance applications you may have submitted in the past. The MIB provides a report to the insurance company and such reports are kept highly confidential. This report acts as a fraud deterrent for people who may not want to reveal prior insurance activity.

5. Can proposed insureds access all the results of exams and other requested information?

Yes. A copy of the laboratory report is sent to you upon completion of laboratory processing.

6. Who else has access to these results?

Exam results and medical records are sent directly to the company's underwriters and handled in strict confidence.

7. How are the results used?

The information gathered on the application and from the other requirements is used to classify the risk a person presents. Based on the level of risk, the proposed insured is approved, declined or assigned a rating level, if that is how the Policy applied for is structured. Every company has its own rating and based on this, the premium structure is determined for each of its Group policies.

8. What if an exam reveals an unknown medical problem?

Remember most people that undergo medical exams qualify for insurance without any concerns. In the unlikely event a problem is discovered, we may postpone the application until the findings are evaluated by your personal physician.

9. What if I disagree with the decision?

If you disagree with the decision, you may put your concerns in writing and send them to New York Life Insurance Company. It may mean furnishing additional information from your physician. Also, a rating or declination is not always permanent. Quitting smoking, losing weight, lowering your cholesterol, among other things, can all help change your risk classification.



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