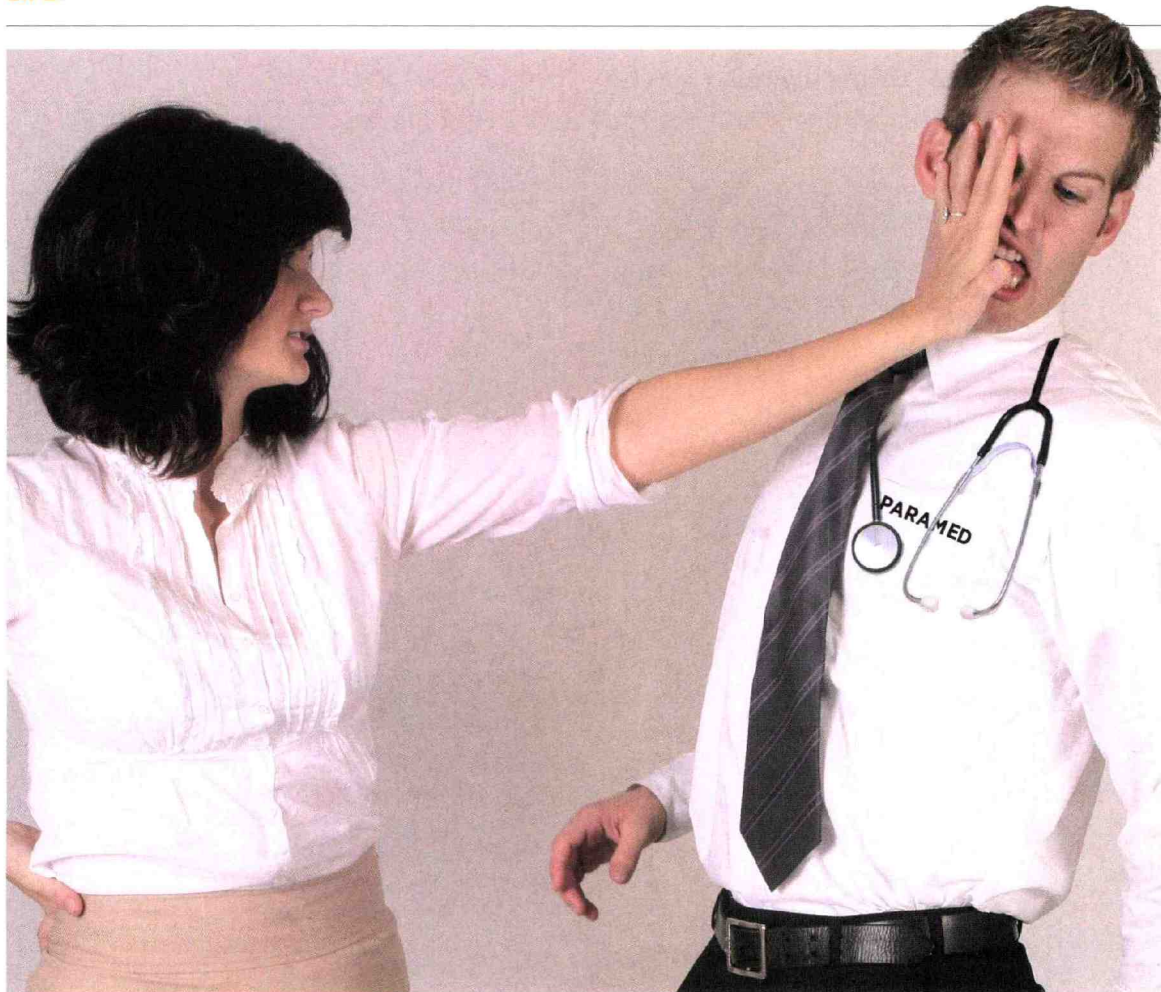


## LIFE ▶



# When 'No Exam' Life Insurance Is the Best Option for Your Client

Whether your client is short on time or is afraid of needles, a no-exam policy might be the best way to obtain coverage.

By Brian Greenberg

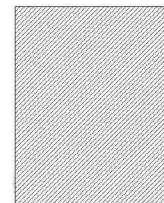
“No exam” life insurance can be a conundrum for advisors seeking to ascertain when it’s a viable option for their clients.

On the downside, the product typically offers smaller amounts of coverage, generally under \$400,000. It is also more expensive than medically underwritten policies, and the companies offering these policies often lack the name recognition of some of their larger counterparts. However, despite the limitations of no-exam options, there are certainly times when this policy type is the best choice for a client.

To help advisors better assess when a no-exam life insurance policy might be advantageous, here are five scenarios in which this product is likely to be in a client’s best interest.

## 1. Convenience

For many clients, the convenience of no-medical-exam policies far outweighs paying a higher premium. Some clients



are simply too busy to fit a medical exam into their schedules, although they know they need the coverage. Instead of waiting for the client to make time for a medical exam, the client can schedule a simple phone call or short meeting with you to complete the no-medical-exam application. No-exam applications can be finished in as little as 20 minutes, and your client can have coverage in 24 hours from an A-rated company. The client can always opt to procure a fully medically underwritten policy at a later time to try to get a lower premium.

## 2. Coverage Needed Quickly

I frequently encounter clients who need coverage quickly. This can be for a variety of reasons, ranging from the need to secure a business loan or a mortgage, to court-ordered divorce arrangements. The no-medical-exam options are perfect in these scenarios as policies can be issued in just 24 hours. For those customers who want the convenience and speed of the no-exam policy but need coverage in excess of \$400,000, you can use the "stack policy" approach. For example, if a client needs more than \$1 million in coverage but does not have the time to undergo a full underwriting process, you can secure the client multiple no-exam policies from separate companies to get the desired amount of death benefit. Of course, you must always be transparent to the companies when employing this strategy, because there are rules governing how much coverage a person can receive, which is usually determined as a multiple of the applicant's income and age.

## 3. Smaller Policies

When you have a client who requires only a small amount of insurance coverage, the cost and time of a fully underwritten policy may not be worth it for them. This is especially true for younger clients. The price difference can be so small that the time and inconvenience of a fully underwritten policy just don't make sense. For a client born in 1984 requiring a \$100,000, 20-year term policy, the preferred rate for a fully underwritten policy runs about \$11 a month compared with a no-exam preferred rate policy that costs \$12 a month. In these cases, the price difference for your client is less than 10 percent. The decision is, of course, up to

the client, although the quicker no-exam option is a great thing to offer your clients now. Although no-medical-exam policies go up to \$400,000 in coverage, the industry can expect to see these policy options continue to increase the amount of coverage offered.

## 4. Fear of Doctors or Needles

Some people simply don't like to go to the doctor. Although the paramedical exam required in a fully underwritten process is never fun, some people regard it as downright "torture" on the extreme end, and downright unpleasant at best. The paramedical exam requires blood and urine samples, and often requires that a stranger come to a private home or office to conduct the exam. I've taken a few paramedical exams in my time and, while the examiners were nice people, overall it was not the most comfortable experience.

paramedical exams. From a diabetes diagnosis to irregular electrocardiograms, these clients were lucky to have found out about these serious medical conditions. However, they concurrently found out they would either be declined the insurance coverage or be required to pay more in premiums. It is possible to protect clients from such adverse outcomes. When a client has not seen a physician in a long time, it's wise to recommend that they apply for an instant-issue, no-medical-exam policy first so they can secure coverage quickly – within 24 to 48 hours. Go ahead and begin the fully underwritten policy paperwork at the same time; just make sure your client gets some level of coverage before taking the paramedical exam.

No-medical-exam policies are a relatively new product that can fill a specific and valuable function in the "product arsenal" of a life insurance advisor. Although some advisors have been putting

**Just the thought of needles can stop some clients from securing life insurance. For these people, a no-medical-exam policy is a blessing.**



Some people also have a fear of needles. In fact, reports indicate that at least 10 percent of American adults have a fear of needles, and it is likely that the actual number is larger, as the most severe cases are never documented due to the tendency of the sufferer to avoid all medical treatment. Just the thought of needles can stop some clients from securing life insurance. For these people, a no-medical-exam policy is a blessing. I make it a habit of asking clients whether they have any issues with the medical exam or an acute fear of needles. Clients can have all sorts of reservations about the medical exam, so I make sure to let them know that such testing is not always a requirement to obtain life insurance.

## 5. Haven't Seen a Doctor in a Long Time

Many advisors have had the experience of clients receiving bad news from their

off adding the no-exam products to their portfolio as these policies are typically more expensive than fully underwritten policies, I strongly believe it is an advisor's responsibility to get clients life insurance coverage when needed. And, although clients often put off securing coverage for one reason or another, it is also the insurance professional's responsibility to ensure clients are aware of all viable options – including that a medical exam is no longer a requirement in order to secure life insurance. If you have not yet started to offer no-exam life insurance to your clients, there is no better time than now. [in](#)

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