



## What You Need to Know About... Inspection Reports

Inspection reports are typically required on policies with higher coverage amounts or for older age individuals. Most inspection reports are handled by a third party company contracted with the life insurance carrier. For more moderate coverage amount policies, the carrier may actually have its own staff do a phone interview with you. Sometimes these are called Personal History Investigations.

### The Process

Once the application is set up at the carrier, the inspection report company is triggered to contact you using the phone number listed on the application. The phone interview takes approximately 10 to 20 minutes. In rare instances, for the largest coverage amounts or for older clients, a face-to-face interview may be required. Individuals who are 70 or above may also be required to complete cognitive testing as part of their inspection report.

Below are some of the questions an inspector may ask:



### Health Questions

- Names of all physicians, dates, and reasons for last visits
- Any surgeries
- Medications
- Height and weight



### Financial Questions

- Income
- Assets
- Net worth

These questions are to verify information on the application and any financial documents submitted. You can refer the inspector to an accountant or Chief Financial Officer if needed. For larger coverage amounts, you are required to provide a Certified Public Accountant, attorney, or accountant's contact information to conduct a third-party verification of finances.



### Business Questions

For buy-sell or key person coverage, the inspector may ask business-related questions as well as business financial questions. The inspector may also ask about the history of the business, number of employees, length of time in business, etc. Oftentimes the inspector will wish to speak to the Chief Financial Officer or accountant to verify the financial information. Some carriers refer to this as a Business Beneficiary Inspection Report (BBIR).



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### Personal Questions

- Employment history
- Foreign travel
- Hazardous activities

The inspector may also ask about past insurance applications and the purpose of the new coverage.

### Important Notes about Inspection Reports

- The inspection company has limited access to the information on your life insurance application. It is essential that all questions are answered completely and honestly.
- Information gathered for an inspection report is confidential and not released to your insurance agent. The data collected is sent directly from the inspection vendor to the carrier.
- A thorough inspection report is a true asset to any Underwriter. Concerns will arise if the report conflicts with what is in the Attending Physician Statement records or on the application.

### Questions

Contact your life insurance agent for information about inspection reports.



\*Source: Business Insurance Magazine, using 2021 brokerage revenue generated, 2022 issue.

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