



# INSPECTION REPORTS

Every life insurance transaction is based on accurate data regarding both the client's medical history and financial condition. In an effort to ensure the answers provided on the application are accurate, insurance companies may conduct a brief interview with the client and/or one of their advisors to verify critical application data.

Inspection reports are typically required on cases with higher face 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 face amount cases, the carrier may actually have its own staff do a phone interview with you. Sometimes these are called Personal History Investigations, or PHIs.

## 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. Applications that involve larger coverage amounts or senior clients, may also require cognitive testing as part of their inspection report.

## BEST PRACTICE

It is a best practice to have the following information prepared in advance of the interview:

### HEALTH INFORMATION:

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

### PERSONAL HISTORY:

Employment history  
Foreign travel  
Hazardous activities  
Tobacco use  
Alcohol/drug use  
Driving record

### FINANCIAL QUESTIONS:

Income  
Assets  
Net worth

The inspector will also ask about past insurance applications and the purpose of the new coverage. This is to verify the accuracy of information on the application and any financial documents submitted. The client can refer the inspector to an accountant or CFO if needed. At the larger face amounts, clients are required to provide a CPA, 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 will ask business related questions as well as business financial questions. He/she will also ask about the history of the business, number of employees, how long in business, etc. Oftentimes the inspector will wish to speak to the CFO or accountant to verify the financial information. Some carriers refer to this as a Business Beneficiary Inspection Report (BBIR).

## IMPORTANT NOTES ABOUT INSPECTION REPORTS

The inspection company has limited access to the information on a life insurance application. It is important to understand that the inspector does not have a copy of the application; therefore, questions may seem redundant. It is also essential that all questions are answered completely and honestly.

Information gathered during an inspection report is confidential and not released to the writing agent - it is sent directly from the vendor to the carrier.

A well done inspection report is a true asset to any Underwriter. Concerns will arise if the report conflicts with what is in the APS records or on the application.