

Life Insurance Changes in the COVID-19 World

July 10, 2020

Adam Hyser, CFP®, CLU, ChFC®, Wealth Protection Strategist

While some may find securing life insurance challenging in today's environment, there are opportunities for many people to find a policy that delivers value.

Spurred by sustained low interest rates and the emergence of COVID-19, important developments are taking place in the life insurance industry. While coverage can still be purchased during the pandemic, it's important to understand how policies may be changing.

Underwriting: The initial reaction of many insurance companies to the public health crisis has been to tighten underwriting practices. Some of the most significant changes include the following:

- Many carriers have placed restrictions on applicants aged 70 years and older.
- If an individual has medical impairments that would result in a substandard rating, it is possible that they may temporarily be declined for coverage.
- If a person has traveled outside the US, they must return and wait 30 days before applying for insurance coverage.

Pricing: Insurance companies have begun to reprice their insurance contracts, making them more expensive for consumers. This change is primarily driven by the sustained low interest rate environment and more stringent reserve requirements for insurance companies.

In addition, carriers are experiencing some expected balance sheet pressure due to possible downgrades in bonds held as investments.

Technology: Many insurance companies have been working hard to improve and incorporate technology into the underwriting and application process. For individuals who are under age 55 and in very good health, a simplified underwriting and application process may be available. This process could eliminate the need for a medical exam and allow people to apply for and receive life insurance through an online portal.

Research and find the right policy

While some individuals may have a more difficult time securing life insurance in today's marketplace, there are opportunities for many people to get the coverage they need with the right price and features. Even though some insurance carriers have increased the cost of policies, a number of companies have not yet raised rates. In addition, the insurance underwriting and application process for some people may be easier today than ever before due to improvements in technology.

In a time of rapid change, it remains as important as ever for people to have access to a strong, diversified group of insurance carriers and products to secure the most favorable solution possible.

See reverse for disclosure

For more information, please contact a Key Private Bank Wealth Protection Strategist*.

Key Private Bank



Life Insurance Changes in the COVID-19 World

Publish Date: July 10, 2020

Key Private Bank is part of KeyBank National Association (KeyBank). Bank and trust products are provided by KeyBank, Member FDIC and Equal Housing Lender. Credit products are subject to credit approval.

Investments are:

NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE • NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL OR STATE GOVERNMENT AGENCY

* Insurance products are offered through KeyCorp Insurance Agency USA Inc. (KIA). Variable insurance products are securities and are offered through Key Investment Services LLC (KIS), member FINRA/SIPC. KIA and KIS are affiliated with KeyBank.

Insurance products and securities made available through KIA and KIS are:

NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE • NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL OR STATE GOVERNMENT AGENCY

Insurance products offered through KIA are underwritten by and the obligation of insurance companies that are not affiliated with KeyBank. When you buy insurance, you are dealing with a licensed agency, not KeyBank. Before purchasing an insurance policy, you should compare information obtained from more than two agents. You have the right to obtain insurance from the agent or insurer of your choice and your decision will not in any way affect KeyBank's credit decision. KIA, KIS and KeyBank are separate entities, and when you buy or sell insurance products and/or securities you are doing business with KIA and/or KIS, and not KeyBank. KIA, KIS and its representatives do not provide tax advice. Individuals should consult their personal tax advisor before making any tax-related investment decisions.

Key Private Bank Wealth Protection Strategists are not fiduciaries, as such, they are compensated based on insurance product sales.