

TMAIT Insurance Guides for Physicians

# Applying for Life Insurance



TEXAS MEDICAL ASSOCIATION  
INSURANCE TRUST

## **TMAIT INSURANCE GUIDES**

The TMAIT Insurance Guides are intended to help physicians make sound insurance decisions for themselves and their families. Created by the Texas Medical Association (TMA), TMAIT has more than 50 years of experience meeting the insurance and financial-planning needs of Texas physicians, and you can count on us to provide comprehensive information you can use.

*Note: The purpose of this guide is to provide information and education about all types of life insurance and its related coverages. TMAIT may not offer all types of life insurance discussed in this guide.*

## UNDERSTANDING THE PROCESS

Applying for life insurance can seem a bit daunting. But knowing what to expect, and understanding how insurance companies make decisions, can make the process much easier and less stressful. This guide explains each step in the process—from requesting a quote to receiving a policy in the mail.

### STEP 01

#### Request a quote

The first step in applying for life insurance is to contact an insurance advisor to request a quote. A quote gives you an initial idea of how much your life insurance may cost each month. Getting a quote from an insurance advisor usually involves answering a few simple questions, either online, through the mail, or over the phone.

Typically, in order to receive a quote, you need to provide the following information:

- Name
- Date of birth
- Height and weight
- Gender
- Whether you smoke or not
- Coverage amount you're seeking
- Whether you want a quote for term, universal, or whole life insurance
- If you'd like a quote for term life insurance, what term you'd like the policy to cover (1, 5, 10, 15, 20, or 30 years)
- Some basic medical information

Remember, the quote is not a contract.

A quote is an estimate of how much you may have to pay for life insurance. It's important to be totally honest when answering these initial quote questions, so you can receive a quote that is as realistic as possible. Remember, if you move ahead with the application process and the insurance carrier discovers through the physical exam that you didn't fill out the application accurately, they could end up charging you more in premiums, or even deny your application.

### STEP 02

#### Review your quote summary

Once your advisor knows a little bit about you and what you're looking for in a life insurance policy, he or she gathers quotes from various insurance carriers and prepares a proposal. A proposal is also called a "quote summary." It typically includes quotes from several different carriers.

**Typically, a life insurance quote summary will give you the following information:**

*Benefit amount*

This is the amount paid to your beneficiaries upon your death.

*Length of coverage*

If you're purchasing a term life-insurance policy, this explains the length of time, or "term" that your policy is in effect. For term policies, the length of coverage can be 1, 5, 10, 15, 20, or 30 years. If you request a quote for a whole or universal life-insurance policy, the length of the policy is your whole life.

*Financial rating*

This is the financial rating of each insurance company that provided a quote. Be sure to purchase your life insurance from a solid, reputable company with a high rating. Go to [www.ambest.com](http://www.ambest.com), [www.moodys.com](http://www.moodys.com), or [www.fitchratings.com](http://www.fitchratings.com) to find out the rating of each company quoted. It's also a good idea to get recommendations from your financial or insurance advisor.

*Premium*

This is the amount of money you pay to the insurance carrier to keep your policy in force. Premium payments may be monthly, quarterly, semi-annually, and annually depending on the type of policy and/or the insurance carrier.

Other things to know about the plans quoted:\*

- Is it convertible?
- Is it renewable?
- Does it include a waiver of premium if you suffer a disability?
- Does it allow for a return of premium if the death benefit is never paid (i.e., if you don't die while the policy is in force)?
- Does the policy accumulate a cash value? (Usually this applies only to whole or universal life policies.)

Typically, if you don't have any chronic health conditions and you have an average build, the quotes you see on your quote summary are very close to what you'll end up paying. But if you have health issues and you aren't up front about them in your initial quote form, then your premium could end up being higher than was quoted, or you could be denied coverage.

**STEP 03**

**Complete an application**

Once you review the various quotes, you can decide which policy best fits your needs and budget. Your insurance advisor may include an application with your quote summary or send you an application once you decide which policy you want to purchase.



**Tip**

\* You can see definitions for these features in the Learn the Lingo section on page 6.

The application can be very lengthy and includes detailed questions about your medical history, your hobbies, and your lifestyle. If you have questions about how to fill out the application, it's a good idea to ask your insurance advisor.

Once you submit your application to your insurance advisor, he or she forwards it on to the insurance carrier. Then, an underwriter who works for the insurance carrier reviews your application.

Typically, when the insurance carrier receives your application, they send you an acknowledgement letter telling you what happens next.

#### **STEP 04**

### **Take a medical exam**

After the underwriter receives the application, he or she contacts you to schedule a medical exam. The medical exam is set up and paid for by the insurance carrier. You can take the exam at a time convenient for you. During the medical exam, the healthcare practitioner (provided by the insurance company) checks your blood pressure, height, weight, and takes blood and urine samples. The life insurance exam is designed to identify conditions and personal habits that affect your mortality. The blood and urine samples are tested for HIV, high cholesterol, liver or kidney disorders, diabetes, hepatitis, immune disorders, and any evidence of drug use and smoking.

The results of the medical exam are sent to the underwriter, who then determines what medical records he or she needs to review.

The underwriter contacts your physician(s) to get the records. Often, this is the part in the process that takes the longest. Some life-insurance applications take up to four months to be approved. To expedite the process, you can call your physicians and request that their staff members send the records promptly.

Once the underwriter has the physical exam results and medical records, it typically takes only two to three days for a decision to be made.

#### **STEP 05**

### **Review your policy**

Once your medical records and exam are reviewed and the underwriter makes a decision to approve or reject your application, he or she contacts your insurance advisor to let them know the decision.

If you're approved, the policy is sent to you within about two weeks. The policy is tailored specifically to you, and it includes a form for you to sign to make the policy official. The policy also gives you information about the amount of your premium (hopefully this is the same as what was originally quoted to you), and where you can send the premium payment each month.

The policy also has a 30-day "free look" period. If you decide not to accept the coverage, simply return your policy or certificate of insurance within 30 days.

Your policy goes into effect as soon as the insurance carrier receives your first payment.

## **LEARN THE LINGO**

It's a good idea to be familiar with life-insurance terms as you go through the application process, so you know what to ask your insurance advisor and can better understand your quote and policy options. Here are a few terms you should know:

### **Convertibility**

This feature allows you to convert your term life-insurance policy to a permanent life-insurance policy for an equal or lesser amount of coverage without having to take another medical exam.

### **Renewability**

This means the insurance company renews the policy annually at the end of the original policy term without requiring any further evidence of insurability (i.e., a medical exam).

### **Annual term coverage**

With this type of coverage, the amount of death benefit you purchase remains uniform as long as the policy is in force. An exception to this general rule is association insurance plans where the amount in force will decrease to a predetermined level at age 70 or 75. The premium will change annually, however with some plans (i.e., association insurance plans), premiums remain level for 5 or 10 years.

### **Level term coverage**

The amount of death benefit you purchase remains uniform as long as the policy is in force. The premium also stays the same for the life of the term.

### **Decreasing term coverage**

The amount of death protection you purchase decreases over time, but your premium stays level throughout the term of the policy. Decreasing term life insurance typically is purchased by people who expect their insurance needs to diminish over time.

### **Increasing term coverage**

The benefit amount automatically increases each year of your term period. The increase is within a set limit, which is usually at least 2 percent up to the maximum of 10 percent. Your premium payments also increase.

### **Disability waiver on premium**

If you become disabled per the definition of disability in the life-insurance policy, your premiums are waived, allowing you to keep your life insurance even if you are unable to pay your premiums.

### **Return of premium**

This feature returns the premiums you have paid for coverage over that fixed term period if the death benefit is never used. For instance, a \$1 million policy bought for \$50,000 over a 30-year period results in the \$50,000 being refunded to the policyholder at the end of the policy's term if the benefit was not paid.

Contact us today and speak with an experienced Advisor—we're available online or by phone.

Insurance policy terms, premiums, application requirements, and claim processes vary by provider. To make the right choices, it's best to consult an Advisor.



*Online*

Visit [www.tmaid.org/quote](http://www.tmaid.org/quote)



*Phone*

Call **1.800.880.8181**

*Monday-Friday, 7:30 a.m. - 5:30 p.m. CST*

### **Getting to know TMAIT**

The Texas Medical Association Insurance Trust (TMAIT) was created by the Texas Medical Association (TMA) in 1955 as an exclusive benefit to its members. TMAIT's mission is to help Texas physicians get the insurance coverage and financial planning they need.

### **What TMAIT offers physicians:**

#### *Personalized Service*

We pair each physician who contacts us with an experienced insurance Advisor.

#### *Convenience*

We do the legwork to find quality, competitively priced insurance products that meet the unique needs of physicians.

#### *Experience*

We have been serving Texas physicians for more than 50 years.

#### *Peace of Mind*

We were created by the TMA, an organization dedicated to serving Texas physicians.



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