



# eSurvey

## The Impact of COVID-19 on Individual Life Sales and Applications

Karen Terry, FLMI  
Assistant Managing Director, Insurance Research  
[kerry@limra.com](mailto:kerry@limra.com)

# Overview

LIMRA surveyed companies regarding the impact of the COVID-19 virus pandemic on their applications, sales and underwriting practices.

## Applications and Sales

- LIMRA asked companies about expected changes in applications and sales in March and for the first quarter overall.
- For the month of March, companies saw a decrease or no change in face-to-face applications. Twenty-four percent of companies that accept online/mobile applications experienced an increase but half saw no change. The majority of companies saw no change in call center/mail applications during the month.
- Sales for March look better with nearly half of companies expecting an increase in sales for the month. Fewer companies expect an increase for the first quarter overall however (39%). Applications take time to complete the underwriting process so some of the companies experiencing application declines will not see the impact in sales until the second quarter.

## Underwriting

Many companies have made, or are planning to make, changes to their underwriting practices.

- Twenty-six percent of companies are expanding their automated underwriting programs. Two in ten are postponing paramedical exams until staff can conduct them and a smaller percentage are waiving paramedical requirements entirely. Other popular changes are postponements for travel or virus exposure, additional questions related to COVID-19, and shifts to accept more electronic health data and past medical exams/lab results. Some are requiring a statement of good health with the application.
- A small percentage of carriers are implementing face amount and premium limits for new coverage.

## Other Administrative changes

Companies are providing some relief for customers that have been financially impacted by COVID-19.

- The majority of carriers are extending grace periods and a small percentage are making changes to the reinstatement process. Almost one-quarter of carriers have not implemented any relief measures.

# Survey Results

## INDIVIDUAL LIFE APPLICATIONS

1a. Has the number of applications submitted to your company by face-to-face financial professionals changed significantly during the past month?

<u>Percent of companies</u>	<u>Response</u>
7%	Yes, increased
35	Yes, decreased
37	No significant change
22	Not sure

1b. Has the number of applications submitted to your company through online/mobile changed significantly during the past month?

<u>Percent of companies</u>	<u>Response</u>
24%	Yes, increased
7	Yes, decreased
56	No significant change
13	No

1c. Has the number of applications submitted to your company through call centers and/or the mail changed significantly during the past month?

<u>Percent of companies</u>	<u>Response</u>
9%	Yes, increased
13	Yes, decreased
60	No significant change
18	No

## FIRST QUARTER 2020 SALES

2a. For the FIRST QUARTER OF 2020 as a whole, do you expect your sales to increase, decrease or stay the same compared to first quarter 2019?

<u>Percent of companies</u>	<u>Response</u>
13%	Major decrease (decrease of 10 percent or more)
26	Minor decrease (less than 10 percent decrease)
24	Flat
26	Minor increase (less than 10 percent increase)
11	Major increase (increase of 10 percent or more)

2b. For the MONTH OF MARCH 2020, do you expect your sales to increase, decrease or stay the same compared to March 2019?

<u>Percent of companies</u>	<u>Response</u>
20%	Major decrease (decrease of 10 percent or more)
26	Minor decrease (less than 10 percent decrease)
26	Flat
20	Minor increase (less than 10 percent increase)
9	Major increase (increase of 10 percent or more)

## UNDERWRITING

3a. Have you changed your underwriting requirements in response to the current COVID-19 outbreak?

<u>Percent of companies</u>	<u>Response</u>
17%	Yes, waiving paramedical exam requirements
21	Yes, postponing exams until staff can conduct them.
26	Yes, expanding automated underwriting programs
53	Other
36	No

3b. Accelerated Underwriting changes/comments:

**Age Changes/Restrictions**

- Reduced availability over age 60
- Paused the accelerated program for applicants age 50+
- Age 60+ securing a QuestCheck/LabPiQture at all face amounts

**Face amount/risk class changes**

- Offering amounts below the exam limit
- Expanded the max face amount for perm products to 3 million up to age 50
- Increasing automated underwriting death benefit limits
- Modifying our process to allow for acceleration (for those that qualify) to also incorporate a standard risk class
- Changing automated program eligibility to increase overall approval rate for same mortality cost
- Utilizing automated tools at amounts that previously we did not use automated for

**Health Information**

- Adding questions regarding Covid 19
- Securing good health statements on delivery of policies approved without money submitted
- Securing electronic health records from facilities that are closed
- Requiring EHD for physical and labs in prior 24 months for FA \$1 million to \$2 million
- Exposure postponements
- Statement of good health

**Travel**

- Modified Travel Guidelines for past and future travel; Postpone if foreign travel was within 30 days and if future travel is within 60 days
- Travel postponements

**Other**

- Allowing Zoom option for the agent when they cannot see the client face to face
- We will allow Accelerated UW for paper apps on a case by case basis.
- We will not kick out to UW solely for unemployment.

3c. Other underwriting adjustments

**Health Information**

*COVID-19*

- We are confirming if an applicant has been exposed to someone with COVID-19. If so, these cases will be postponed for 14 days and require a good health statement prior to issuing coverage.
- 30 day postpone for people who have been exposed to COVID-19 but are not positive yet
- Any applicant known to have or suspected to have the COVID-19 would be postponed for at least one month upon full recovery and then be considered on a case by case basis.
- Postponing for positive Covid 19 diagnosis
- For issue ages 65+, we are postponing/declining cases where the insured is a current smoker or has other certain underlying health conditions where the virus has shown a higher mortality rate.
- We will also postpone for 2 months anyone testing positive for COVID-19.

### *Alternative data*

- Substituting other medical test results for exam requirements when reasonably possible
- Considering accepting APS in lieu of paramed requirements but only case by case
- Collecting additional non face-to-face evidence in lieu of fluids, labs, and exams
- Not routinely waiving exams, however, we are being flexible in areas where those cannot be completed or where the client is hesitant about seeing an examiner. In those circumstances we are asking the client to provide us their information from their patient portal provided by their doctor.
- Leveraging other data sources include EHR, Medical Claims, etc.
- Provided agents with an option to have the paramed waived. If waived, all applications will have an IBU performed and will be underwritten conservatively with the information available. If the paramed is not waived, applications will be scheduled as quickly as possible through our vendors, but many will be postponed based on state restrictions (currently no paramed vendors are operating in Pennsylvania).
- Add prescription drug check to nonmedical applications over age 60
- Waiving paramed exams when we can get other information that offsets the risk
- Taking client provided personal health records and recent exam results completed within the past 12 months
- Waiving oral fluid collection for some specified face amounts ranges
- Accepting other sources of lab work (CRL, ExamOne) in some cases if paramed exam can't be completed
- Querying our exam providers to see if a paramed exam was done in past 24 months and accepting those in some cases
- Age 60+ securing a QuestCheck/LabPiQture at all face amounts
- Securing electronic health records from facilities that are closed
- Case-by-case review where exam/lab/medical records cannot be obtained to determine whether an underwriting decision can be obtained; otherwise postponed
- Increased use of data by underwriters / introduction of new field underwriting questions

### **Health statements**

- We are requiring a good health statement for all customers over age 60 prior to issuing coverage.
- Waiving oral fluid tests and requiring a statement of good health for individuals over age 55
- Added a Good Health Statement on every approved application
- Securing good health statements on delivery of policies approved without money submitted
- Requiring a statement of good health for all life applications that specifically states that they have not tested positive or have a pending test or are showing current symptoms of COVID-19

### **Travel**

- Postponing applicants who have recently traveled to restricted countries, 30 day postpone for people who have been exposed to COVID-19 but are not positive yet
- Considering travel where we can - postponing for selected international travel, cruise ship travel, travel to and from CA, NY, WA
- Modified Travel Guidelines for past and future travel. Postpone if foreign travel was within 30 days and if future travel is within 60 days.
- We are postponing anyone with imminent foreign travel plans or who has traveled recently outside the U.S.

**Other**

- We will be adjusting how agents leave Conditional Receipts, making sure coverage begins once premiums are received.
- Potential for table-ratings based on missing age & amount requirements
- Extended the amount of time for underwriting requirements from 60 days to 120 days
- Allowing Zoom option for the agent when they cannot see the client face to face
- If an applicant cannot be examined but we still feel we have enough to issue, we're limiting the best offer to Standard, and letting the proposed insureds know, once they can be examined and have lab work done we can consider them for a better risk class.

**ADMINISTRATIVE CHANGES**

4. For those financially impacted by the current situation are you doing any of the following?

<b><u>Percent of companies</u></b>	<b><u>Response</u></b>
77%	Extending grace periods
0	Waiving premiums
0	Waiving surrender charges on withdrawals
2	Adjusting policy loan procedures
13	Making changes to reinstatement process
6	Other
23	None of these

4b. Please provide any further details on the admin changes identified previously.

- Following regulatory guidance on grace periods
- Extending grace period to 90 days or longer
- Extending grace periods when, and if, required by state regulators
- We have been working with policy holders that call in on an individual basis that need extra time to pay their premium. We are providing an extended grace period for all policy holders. We will comply with any state requirements that are more stringent than what we are doing for every policy owner. We are changing our reinstatement process to the extent of reinstating the policy as if the extended grace period applied before we were able to get it implemented.
- All states, all products, all admin systems for 60 days grace period
- Grace periods will be extended on an adhoc basis.
- Comply with State DOI mandates where applicable but in general, allowing additional time for policy owners to pay the premium.
- We are offering premium reprieve to life insurance customers, up to 30 days for now.
- For grace periods our plan is to comply with the state leniency requests that have been received, but to have a consistent policy across all states. This will reduce communication and operational management complexity. We will continue to monitor the situation and adjust as more information becomes available. Some of the other items may be considered as time goes forward.

- Waiving NSF fees and late payment fees. Forbidding termination due to non-pay. Forbidding underwriting termination of coverage
- We just opened up sales for non face-to-face last week Wednesday.
- Allowing auto reinstatement without underwriting for that extension period
- Allow additional time for auto-reinstatement of policies
- We are watching for specific state-by-state directives.
- Following emergency measures enacted by the various states as applicable
- Procedures are under review.
- Expanded temporary insurance to 120 days (through June 30)
- Several of our products have an Unemployment Waiver that will waive premiums for up to 6 months if the insured collects unemployment benefits.
- Cases that have a table-rating because of missing information will have a special reconsideration program.
- While we haven't made any changes yet, we are continuing to monitor the situation and considering alternative solutions.
- We are following/adhering to the guidance from the states.

5. Are you implementing caps on face amount for new sales or premium limits?

<b>Percent of companies</b>	<b>Response</b>
15%	Face amount limits
11	Limits on lump sum premiums and 1035 exchanges
6	Limits on recurring premium
19	Other
19	None of these

Other comments:

- None/Nothing decided yet (7 companies)
- We haven't made a final decision on our risk mitigation plans. We would be happy to share announced changes as they are made
- We are not implementing caps on face amounts or premiums at this time.
- Suspended sales of single premium BOLI business
- Requiring exams on all applicants age 60 and above
- Product reprices
- Not seen material change to justify change - under review
- No face amount changes — but issue ages capping at 69 / Not approving sub-standard business
- Increased cost for lump sum premiums/1035 exchanges
- Annual premium limits



6. What other process changes have you put into place regarding individual life sales or admin processes?

- Reduced advertising for direct channels in specific states and product types
- eSignature
- Not approving any substandard business ( std or better approvals only.) Stopping Simplified Issue sales. Stopping sales on applicant age 70 and older
- Agents and clients no longer have to be together for the underwriting interview.
- Encouraging the use of virtual conference and e-Suite applications (e-App, e-Med, e-Delivery)
- Allowing leniency on agent physically seeing the client on application date. Postpone by 30 days after any foreign travel including cruises.
- We have implemented travel restrictions to countries identified by the CDC as a Level 3 threat. We have implemented good health statements being signed on delivery for foreign national business and will be doing so for domestic business as well.
- Mailing issued policies directly to customers, while also pursuing methods to electronically deliver policies. Highlighting e-application opportuniti
- Besides staff working remotely, it is business as usual.
- Any client with international travel whether planned or just returned is a postpone for 30 days until after travel is complete. Mailing policies directly to client in "shelter in place" states. Expanding remote applications and digital signature parameters.
- Considering use of reinsurance and retention limits
- Effective 3/26 we are not binding coverage with a TIA in CA or KS. We use a CLR in all other states. We are going to start getting a Good Health Statement for those case 1M+ and age 60 and over.
- We have a an actuarial review of large premiums cases and those requiring facultative reinsurance.
- Add a requirement to receive statement of good health on all contracts
- All Sales Representatives now have access to their own host account in WebEx, allowing them to conduct virtual meetings with their clients and prospects.
- Pushing the field for increased utilization of e-app, e-policy deliver, and AUW

7. Please share any other comments you have on this topic.

**Response**

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We are currently evaluating other potential underwriting and product changes.

Watching paramed companies / Considering how we rate occupational risk going forward

Will implement and follow state specific regulations related to COVID 19.

Need to balance supporting agents with appropriate underwriting selection

Too early to see the impact on app submissions and issued premium

Majority of company is working remotely.

Solutions will be iteratively defined as we continue to monitor business and marketplace trends/reactions.

We are currently working with reinsurers and our senior management to determine what changes we will be making (if any) in the areas discussed.

We don't have the ability to perform tele-sales on any "new" clients; only available on existing Policyholders. We have seen an increase in this area.

Situation is evolving very, very rapidly. We are adapting and making changes every few days as we learn more and watch competitors. Underwriting discipline is still very important while we try to flex.

# Participating Companies

AAA Life Insurance Company	Knights of Columbus
AIG	Lincoln Financial
Allianz	MassMutual
Allstate	Mutual of Omaha
American Family Life Insurance Company	Mutual Trust Life Insurance Company
American National Insurance Company	Nassau Re
Americo	National Life Group
Ameritas	Nationwide
Amica Life	New York Life Insurance Company
Assurity Life	Northwestern Mutual
CNO Financial	Ohio National
Colonial Penn Life Insurance Co.	Old American Insurance Company
COUNTRY Financial	OneAmerica
EquiTrust Life Insurance Company	Pacific Life
Erie Insurance	Pan-American Life
Farm Bureau Insurance	Principal Financial Group
FBL Financial	Protective Life
Foresters Financial	Prudential
Gerber Life	Sammons Financial
Global Atlantic Financial Group	Securian Financial
Guardian Life	Thrivent Financial
Horace Mann Life Insurance Company, United States	Western & Southern Financial Group
John Hancock	WoodmenLife
Kansas City Life	

**Thank you for your participation!**

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