

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

Inspection reports are typically required on cases with larger 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 conduct a phone interview with the client – these are sometimes referred to as Personal History Investigations or PHIs.

## The Process

Once the application is set up at the carrier, the inspection report company is triggered to contact the client using the phone number listed on the application. If the client is difficult to reach, the inspector will leave a call-back number. The phone interview takes approximately 10 to 20 minutes. In rare instances, at larger face amounts or in the older ages, an actual face-to-face interview may be required. Individuals that are ages 70 or above may also be required to complete cognitive testing as a part of their inspection report.

It is best to alert your clients ahead of time that they will be contacted and what information the inspector will be looking for:



### Health Questions

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



### Financial Questions

- Income
- Assets
- Net worth

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).



### Personal Questions

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

The inspector will 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 the client's application. It is important to discuss the inspection report ahead of time with your client and explain 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 you - 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. Educating your client ahead of time about what to expect is essential.
- In situations where inspection reports may be required for multiple carriers, we can help facilitate so that there is minimal disruption to the client.

Contact your Underwriter with questions.



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