

Consumers Panic Shopping For Life Insurance In The Face Of Coronavirus



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The panic shopping for coronavirus planning doesn't end with food, water and toilet paper. Some consumers are also panic shopping for life insurance.

In the face of widespread fears about infections and quarantines, many Americans are getting their financial houses in order.

Fabric, which offers instant online life insurance and other financial help, says it has seen a 50% increase in life insurance applications since mid-February. The company has also seen a similar increase in the online wills it offers.

People “are thinking of ways to protect their families,” says Adam Erlebacher, CEO and co-founder of Fabric.

LifeQuotes, a national online life insurance agency, reports a 29% increase in applications requested since Jan. 20, 2020 – a date commonly used as the day the coronavirus became widely known.

Life insurance consumers now have options for speedy applications.

Life Insurance in the Age of Viruses

Any traditional life insurance policy, such as [term life insurance](#), will be a suitable financial safety net.

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“The modern life insurance policy covers death by any cause at any time in any place, except for suicide within the first two policy years,” says Bob Bland, CEO of LifeQuotes.

An accidental death & dismemberment policy (AD&D) is much more limited and covers deaths only when they’re accidental, such as a plane crash or accidental fall. It doesn’t cover deaths caused by illness and disease, or even just old age.

And guaranteed issue policies typically have a “graded death benefit” and won’t pay the full amount if you pass away within the first two years of owning the policy. Guaranteed issue policies are sold with no health questions and no medical exam.

Getting Life Insurance Fast

The traditional life insurance application process can take several weeks to complete. There's typically a lengthy application, a life insurance medical exam, and then time for the life insurance company to receive doctors' records and verify information about you. Many life insurance applications use this underwriting process today.

"A lot of folks get bogged down in the process and lose steam," says Erlebacher of Fabric.

But life insurance consumers now have options for speedy applications. No-exam life insurance policies skip the medical exam and shorten the underwriting time.

And instant life insurance options, such as the one offered by Fabric, use an algorithm that processes a [wide variety of personal data](#) to quickly make a yes/no decision and calculate a rate. Instant policies are generally available to younger and healthier people. If you don't qualify for instant life insurance, you may be sent through a more traditional process with a medical exam.

These [fast life insurance options](#) using "accelerated underwriting" can take about 10 minutes to complete. In an on-demand economy, instant life insurance fits right in.

Consumers may have new reasons to try to avoid a life insurance medical exam, aside from convenience. Bland of LifeQuotes notes there was a recent customer who wanted a no-exam policy because they didn't want an examiner coming to the house and didn't want to go to a exam center, in order to avoid a possible coronavirus exposure.

Advice for Life Insurance Panic Shoppers

If coronavirus concerns have compelled you to get life insurance, that's not necessarily a bad thing. Often life insurance shopping sits at the bottom of the to-do list.

“The important thing is to take action.”

No matter what has brought you to the tipping point for buying life insurance, “the important thing is to take action,” says Erlebacher. “The problem is that you’re not getting any younger and you might run into an unexpected health issue later. It’s important to lock these things in now.”

Even with a short timeline, you want to make the right pick for a coverage amount and policy type.

“If you find yourself panic shopping for life insurance, stop and focus instead on getting the right amount of coverage for the right length of time,” says Bland of LifeQuotes. “Don’t focus on the possible manner of death because that’s impossible to predict. An experienced life insurance agent can help with valuable advice if you are not comfortable shopping on your own.”