



Thought Leadership in Action for Life Insurance

The Art of Writing a Valuable Underwriting Cover Letter



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The purpose of an underwriting cover letter for life insurance is simple. It's a way to provide details on a particular case to help clients get the most competitive offer from the carrier and to aid the underwriter during the review.

Although it's not always necessary, a cover letter can preemptively address questions from underwriters. If the application form includes enough information for an underwriter to make a decision, then you may not need to write a cover letter. If circumstances presented in the application or the policy selection may raise questions, then a well-written underwriting cover letter could be beneficial to include.

When done properly, cover letters can be an effective way to secure the best life insurance rates for your clients. Keep in mind this can be an important component for both personal and business submissions.

Basic Components of an Underwriting Cover Letter

Purpose of coverage. This section should include a discussion of the client's financial situation. The reason for the level of coverage applied for should be included and explained with factual information. This is especially important if the coverage amount applied for is substantial compared to the person's earned income.

While life insurance that covers 10 times a person's income is not unusual, a coverage amount that is 30 times the client's income may benefit from more detail. You should include any relevant facts that were used to calculate the coverage applied for amount, including:

- The reason or purpose for the insurance
- How the amount applied for was determined
- The total amount of insurance on the insured's life with all companies
- Details on any pending applications
- Life insurance being replaced
- The reason for unusual or complex ownership/beneficiary designations

If there are any financial issues in the client's background, such as bankruptcies or poor credit, that should be addressed in the letter.

Be sure to include any special circumstances such as dependents, business ownership, or other obligations that may require additional life insurance coverage.



Medical issues. Medical issues are at the forefront of underwriters' minds. Being such a large part of the underwriting process, it's important to get ahead of any issues that the underwriter will unearth during their review.

If a medical issue has been resolved but still appears on the client's medical history, the treatment and current status should be discussed. Be sure to highlight any favorable items in the client's health history such as good blood pressure, low cholesterol, or ideal body weight.

The cover letter should also include the initial quoted medical class for the underwriter's reference.

Other risk factors. Underwriters also use other risk factors to determine rates. Because of this, any additional risk factors such as hobbies or lifestyles should be addressed in the cover letter. Any issues with the applicant's driving history should be noted in the letter as well.

If your client exercises regularly and participates in sporting events, that should also be noted as a favorable item for your client.

Other Things to Consider

Keep it factual. Underwriters can only use factual information to underwrite policies. The best practice is to stick to verifiable facts that are relevant to life insurance rates, such as those discussed above.

Be concise. Keep your writing concise. Underwriters have significant amounts of information to sort through and do not need to read an overly wordy letter. Avoid flowery language and unnecessary modifiers. The letter should be under one page in length whenever possible.

Make sure the writing is clear. This goes along with being concise, it is suggested that you reread your letter to ensure you are communicating exactly what you intend to.

Stick to the truth. Don't bend the facts when writing your letter. Do your due diligence prior to writing the letter to ensure that you are presenting the truth.

Ensure that the letter is consistent with the application. Both items being submitted to the underwriter should present a consistent story. For example, if you have included a discussion of a medical condition in the cover letter, you should make sure that the same condition is disclosed on the application. Any inconsistencies will cast doubt on the entire application package.

How to Improve Your Letters

Practice. Your writing will naturally improve over time, but the more letters you write, the faster you'll improve. If you find particularly effective letters, use them as a template going forward so you don't need to reinvent the wheel each time you write one.

“A well-written cover letter presents a cohesive story and moves the application through the underwriting process in a more efficient manner.”

Solicit feedback from peers. Whether you're new to the life insurance business or you've been in the industry for a long time, it's a good idea to have your peers review your letters. You can also study successful letters that they have written. Compare and contrast the writing styles and content to increase your understanding of the process.

Speak with underwriters. This can be especially helpful on unsuccessful applications or applications where the rates were less than stellar. Ask the underwriter what caused the unfavorable results so you can avoid including certain items in your letters in the future or add items that would have been helpful.

Final Thoughts

A successful underwriting cover letter may help your clients secure top-notch policies at competitive rates. A well-written cover letter presents a cohesive story and can move the application through the underwriting process in a more efficient manner. Though writing may or may not come naturally to you, you can use what you have already written and practice writing these letters to improve your writing and efficiency over time.

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You and your clients, our policyowners, are at the heart of the business decisions we make.



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