

The Health Insurance Contestability Period

The contestability period refers to an approximately two year time frame after the life insurance policy is purchased. If a claim is made while the policy is still in its contestability period, health insurance companies will typically launch an investigation into the claim, checking for any fraud or deception. Insurance providers realized that some individuals were buying health insurance policies in poor health and misrepresenting themselves during the application process. While their insured's family was probably happy to collect the benefit, these fraudulent claims were costing insurance companies money, which of course caused health insurance rates to increase as well. The investigations of claims in the contestability period can often take many months, as they may be waiting on important medical or police records from the insured individual's death. Should the company find anything fraudulent in their investigation, they may withhold the policy's proceeds from the beneficiaries. Don't worry, as long as you're completely honest on your life insurance applications, you're loved ones will have no trouble collecting their benefit, even if it's during the contestability period. Just keep in mind that the claims process simply cannot be completed overnight and your beneficiaries may have to wait several months to collect on the policy.