



# How to buy life insurance after being diagnosed with cancer

Satta Sarmah-Hightower - Last updated: Sep. 30, 2019

About 60% of Americans have some form of [life insurance](#). But for the other 40%, cost or the inability to qualify for coverage may leave them without this protection. That's especially problematic for cancer survivors and people with cancer. They may have a more difficult time getting quality life insurance.

If you or a loved one are in this situation, here's what you need to know about getting life insurance.

## Can you get life insurance when you have cancer?

The answer will depend on the type, grade and stage of your cancer.

"You can get life insurance with a pre-existing condition. Most insurance companies will require cancer to be in remission. They typically look back at least 10 years if you are looking for a traditional term life insurance policy," says John Holloway, a licensed life insurance agent and co-founder of [NoExam.com](#).

Before they underwrite a policy, most insurers will use guidelines from the National Cancer Institute's "Surveillance, Epidemiology, and End Results" (SEER) database. The database includes anonymized information on millions of people who have undergone treatment for cancer and their outcomes. The report also features [expected survival life tables](#) that detail survival statistics for various groups who are in remission.

Insurers will use this information, as well as specifics about your particular case and prognosis to determine whether -- and what type of -- policy for which you qualify.

## Types of cancer and options for life insurance

Whether you can get a policy will depend on your prognosis. For example, an early-stage cancer has a higher survival rate than a more aggressive cancer that's detected later and has spread to other parts of the body.

Insurers generally won't issue a policy to someone who's still undergoing cancer treatment. If they do approve a policy, it may be more expensive and coverage may be limited.

If you qualify for a policy, insurers will use different ratings to determine your premium. These ratings include:

- Super Preferred (or Preferred Plus)
- Preferred
- Standard (or Regular)
- Substandard

The lower your rating, the higher your premium. One example is if you have a less treatable form of cancer like [pancreatic cancer](#). That type of cancer has a one-year survival rate of only 20%. In that case, an insurer may rate you as substandard. You might not get a policy or only qualify for a more expensive policy if you have a better prognosis or an early-stage of this cancer.

However, being diagnosed with certain cancers actually may not hurt your chances of getting a policy.

"A history of certain types of skin cancers, such as squamous and basal cell carcinoma, when addressed, often has little to no impact on your life insurance premium," Holloway says.

Your health classification plays a role in rates. Here are the average rates in September 2019 for a 20-year term life policy worth \$500,000 for a 50-year-old woman, who's a nonsmoker:

- Preferred Plus -- \$1,120
- Preferred -- \$1,244
- Regular -- \$1,517

Finding an affordable plan when you're in the Regular health status can be difficult. In September 2019, there's not one policy under \$1,100 annually for a 50-year-old for the policy above. Compare that to Preferred Plus. There were more than 30 life insurance policies under \$700 for that health status.

## **Instant approval and cancer**

[Instant approval](#) typically is a feature of [term life insurance](#). With instant approval, an insurer will use a computer algorithm to predict your life expectancy and risk.

There's no exam or onerous paperwork. You just provide your medical history, age, height and weight, address and information on your lifestyle habits. The insurer will then use the data to make a quick decision. A recent cancer survivor or someone currently undergoing treatment won't likely be eligible for instant approval.

"Often a pre-existing condition within the last three to five years will require a life insurance application to be manually reviewed by an underwriter. Therefore, these cases are typically not instantly approved," Holloway says.

## **Life insurance for cancer survivors**

Survivors who have been cancer-free for several years may be able to qualify for a policy. Most health institutions typically release data around five-year survival rates.

For example, the [five-year survival rate](#) for breast cancer is 90%. For skin cancer, it's 92%. Statistics show that for most cancers, the longer the disease is [in remission](#), the less likely it is that the cancer will come back. For this reason, many survivors celebrate their five-year anniversary of being cancer-free.

This milestone also may be a good time to apply for life insurance, especially if you had a cancer with a high five-year survival rate.

## **Permanent vs. term life insurance**

For even the healthiest person, a permanent life policy, such as [whole life](#), is considerably more expensive than term life insurance.

Even if your cancer has been in remission for several years, you'll likely face higher life insurance premiums than someone without this medical history. In that case, a term life policy -- which offers coverage for a period of anywhere between five to 30 years in exchange for lower premiums -- may be a better option than a whole life policy.

However, this also depends on your insurance needs, budget and income. If you can afford the whole life policy's higher premium in exchange for a death benefit that doesn't expire, whole life insurance may be a good option.

## **Final expenses and burial insurance**

If you can't get traditional life insurance, you may be able to get [final expense insurance](#).

Final expense insurance, also known as burial insurance, can be either a term life or whole life policy. You can get a [simplified issue](#) policy, which entails answering a few medical questions as part of the underwriting process. Another option is a [guaranteed issue](#) policy, which doesn't involve any medical questions.

You also can get a policy with a "graded death benefit." These policies increase the death benefit to your beneficiaries over the life of the policy -- as long as you don't die within the first few years.

Your beneficiaries can use this insurance to pay for funeral expenses, housing expenses or other costs. However, the trade-off with final expense insurance is that the policy amounts are fairly low compared to traditional life insurance.

Typically, a final expense policy may have a face value that ranges from \$5,000 to \$50,000.

### **Life insurance riders for cancer**

If you qualify for life insurance after a cancer diagnosis, consider adding certain policy riders.

You might consider adding an [accelerated death benefit](#), which gives your beneficiaries early access to your death benefit if you're diagnosed with a terminal illness. A critical illness rider also can provide a cash benefit to help you pay for treatment if you have a qualifying illness.

A [long-term care rider](#) may be a good addition to your policy if you're concerned about how to pay for long-term care in a nursing home or assisted living facility.

Keep in mind that any rider you add will increase your premium, so consider what additional coverage you actually need and if it fits into your budget.

### **Getting life insurance after a cancer diagnosis**

Whether you have cancer or another pre-existing condition, getting life insurance likely will be more difficult and include higher premiums.

While it might be more challenging to get a policy individually, you may be able to get life insurance through your employer if your company offers a [group life insurance](#) plan. The coverage limits on these policies are typically lower since insurers need to offset their risk. However, pairing a group policy with final expense life insurance may provide some coverage to your beneficiaries instead of term or whole life coverage.

Dealing with a cancer diagnosis is difficult enough without the insurance concerns. But explore all your options to get some life insurance protection, so that you and your family aren't left with no coverage at all.

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