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How to get life insurance if you're disabled

8 min read

By Susan Manning Posted : September 10, 2019

Life insurance isn't a fun topic for most people. That's especially true if you're disabled. People with disabilities may even wonder if they should apply for [life insurance](#). Will they get declined? Will they have to pay much more than others?

These questions may scare off some people from applying for life insurance.

However, [LIMRA](#) estimated that most adults own life insurance. Nearly three in five consumers -- or 59% -- own life insurance.

The types of coverage vary. If you're disabled and don't have life insurance, you can still get approved for a policy. It may cost you more, but there are still options for you.

Let's walk through how best to go about life insurance if you have a disability.

Types of life insurance

There are two overarching types of life insurance policies:

- [Term life insurance](#) offers coverage for a specific number of years, such as 10 or 20 years. If you outlive your policy, your insurer won't have to pay a death benefit.
- [Permanent life](#) insurance, such as [whole life](#), is for life. As long as you pay your premiums, your survivors will receive a death penalty when you die. These plans also have a cash value component. This allows you to tap into your policy, though an insurer will subtract that money from a death benefit.

If you're denied, you can usually find a different type of policy. For instance, if an insurer rejects you for a permanent life insurance policy, you may want to try a term life policy instead.

Beyond term and permanent life, there are other options to help your loved ones. One is [final expense or burial insurance](#). These policies are usually guaranteed up to \$25,000 with no medical underwriting. Final expense and burial insurance are available to people regardless of health status, so that's always an option.

Another possibility for disabled people is to get life insurance as part of an employer group. The company may offer and even pay for life insurance. You may also get to buy additional life coverage through that insurer. Employer-based life insurance usually has smaller payouts than an individual policy. Another downside is you lose coverage if you leave the job. However, an employer plan can be an option if you can't get life insurance coverage elsewhere or want additional coverage.

Shop around for a policy

Shopping around for multiple quotes is never a bad idea. It doesn't matter if you're talking about a television, a car or life insurance.

Make sure you're getting apples-to-apples comparisons when getting quotes.

Remember, the higher the risk, the higher the premium. Even those who are able-bodied can have factors causing higher premiums or even denials.

But there are still ways to get coverage if you're high risk. To begin, consider how life insurance is approved. There is an underwriting department that combs through applications. They usually look at everything, including finances, pre-existing conditions and hobbies. With that information, they decide if you're worth the insurance risk.

Let's take a look at how your health status classification affects your monthly term life insurance rates. Here are the differences for an average 40-year-old female, nonsmoker for a 20-year, \$250,000 term life insurance policy:

- Preferred Plus health status -- \$335
- Preferred health status -- \$370
- Regular Plus health status -- \$419
- Regular health status -- \$460

As you can see, a 40-year-old woman in perfect health pays on average more than \$100 less per month than someone classified in the lowest health status. Those averages don't take into account specific disabilities. So, you could pay even more depending on the insurer.

Don't lie to life insurers

After looking at those costs, you might think you can fudge your life insurance application. That's not a good idea -- especially if you're already filled out forms for other insurers.

There is a national database called the [MIB](#). This database contains all applications for life insurance. So, insurers know how many applications you've completed and your answers on those forms.

Honesty is always the best policy -- especially when it comes to being upfront before you purchase the policy. Bill Fertig, director of the United Spinal Cord Injury Association, said honesty with your agent can avoid later issues.

"The best way to avoid confusion or problems is to deal with them ahead of time," he said.

Disability doesn't automatically mean a life

insurance denial

Each company's underwriting department has a different set of rules. One insurer rejection doesn't mean all companies will turn you down.

The same goes for insurance rates. One insurer may consider you a high risk and put you in a more expensive health status. Another may feel you pose a lower risk and give lower rates.

John Nichols, a board member for national nonprofit Life Happens and partner at Acrisure Insurance Wholesale Solutions, said people shouldn't assume that being disabled means a denial.

"There is definitely hope. That said, there are many types of disabilities and degrees of severity that may affect mortality. Generally speaking, disabilities caused by accidents are 'easier' to insure as many will have less of a negative effect on mortality. On the other hand, disabilities caused by illnesses are more complex depending on the severity and the impact on mortality. One example is cancer, which is more complex depending on when, what type, prognosis and more," he said.

Nichols explained there are three broad categories for life insurance that people with disabilities face:

- Normal approval -- Provides benefits and pricing with no formal rating for current medical conditions or history.
- Substandard -- Equates to a percentage increase in premiums, ranging from 25% to 100%. The increase can be permanent or for a set period of time.
- Impaired risk -- Benefits those who may have been denied from other traditional carriers due to the complexity or severity of the medical condition. These provide full benefits after three years of coverage and premium payments. "These policies tend to be more expensive compared to normal approvals," Nichols said.

Life insurance policies for people with disabilities

Some insurance companies have specific programs for certain disabilities. Paula Tremblay, media relations staff member at MassMutual, said the company offers a program for individuals with disabilities and their families.

"MassMutual advises individuals with disabilities and their families to select their insurance carrier and financial advisor thoughtfully so that all relevant factors can be evaluated carefully. For example, MassMutual's [SpecialCare program](#) has helped thousands of families since it was introduced more than five years ago," said Tremblay. The program provides access to information, guidance and financial products and services that can help improve the quality of life for people with special needs. Programs like these offer special training to agents, so they're better able to serve their clients. More than 500 financial professionals with MassMutual across the US have received this specialized training as certified Special Care Planners or earned the Chartered Special Needs Consultant designation through The American College. Training includes estate and tax planning, special needs trusts, government programs and the emotional dynamics of working with people with special needs.

MassMutual is also one of the first to offer individuals with Down syndrome, cerebral palsy and autism life insurance coverage, she said.

"The offering is a Whole Life Legacy 10 Pay whole life insurance policy with a \$25,000 face amount for individuals ages 1 to 49 with Down syndrome, cerebral palsy or autism. There are certain conditions, however, that are excluded and will result in a decline, such as if an applicant is on mechanical ventilation or a feeding tube," she explained.

Where to start when buying life insurance

The first place to start is to check with your employer or HR department to see if your company offers life insurance programs. You could also work with an advisor or agent who can shop the marketplace on your behalf, understanding your specific needs.

"When working with a broker, advisor or agent, there is key information you should ask to help you in the decision-making process. You should ask about their expertise, the cases they've written and examples where the insured was disabled and their approach to process and managing the marketplace," Nichols said.

He also suggested considering using a presale application, a form that provides your basic data and medical history. This allows the insurance company to respond with a preliminary offer, subject to formal application and medical requirements. The presale application is a key step in that it provides the insurance companies with enough information to provide an opinion on acceptance and risk.

Nichols shared other pieces of advice:

- Get quotes from multiple carriers.
- Always fully disclose the answers to the questions being asked. Red flags go up immediately if the insurance carrier learns that the answers may not be accurate or fully disclosed.
- Leverage the expertise and resources of an advisor as opposed to trying to go it alone. "Many successful advisors have long standing relationships with insurance carrier underwriters reviewing your application and making the decisions on acceptance and the rating classification. On occasion, the advisor may be able to negotiate with the underwriter, if there is an opportunity to improve the offer, such as a better classification table," he said.

Find out more about other types of insurance and disabilities:

- [Auto insurance for disabled drivers](#)
- [How to get home insurance if you're disabled](#)
- [How to get health insurance if you're disabled](#)

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