

The changing landscape of life insurance



People with MS may find that coverage and rates are more favorable than in the past.

by **Beth Potter**

Recently, a New York financial manager with multiple sclerosis was surprised when he was able to sign up for life insurance within a year of his diagnosis at standard rates.

The reason the 34-year-old (whom we'll call Carl) waited eight months to purchase the insurance had nothing to do with his MS; it was because he had a smoking habit—which he soon dropped so he could get non-smoker rates, says Deborah O'Neil, vice president of Assured Equity Management in Denver, who helped Carl find his policy.

Carl's otherwise-healthy lifestyle offset his MS diagnosis, O'Neil says. While three of the 11 carriers that Carl applied to declined or postponed an offer of coverage, he qualified for standard rates from two life insurance carriers. (The remainder offered him coverage but with substandard underwriting—i.e., more expensive rates.)

In the past, Carl likely would have had a much harder time obtaining this type of insurance. Historically, people with MS have faced significant obstacles qualifying for life insurance policies. In fact, O'Neil, who was diagnosed with MS in 1996, says she was denied life insurance coverage for the first eight years after that.

That's not to say that all people with MS have traditionally been uninsurable. A study sponsored by the National MS Society in 2006 revealed that out of 983 respondents living with MS, 68.3 percent had life insurance. However, survey respondents weren't asked when

they first enrolled, leading to speculation that many may have had life insurance prior to their MS diagnosis.

Now, the market is beginning to change. And perhaps even more striking than insurers' willingness to cover people with MS is their increasing inclination to offer competitive rates.

O'Neil thinks that may be because newer drugs are helping people manage the disease better than they could have in the past. In the last 20 years, the U.S. Food and Drug Administration has approved 12 medications to treat MS, including at least four disease-modifying treatments in the last three years.

Nicholas LaRocca, PhD, who leads healthcare delivery and policy research at the National MS Society, has a different theory. "In the past, insurers were using very outdated statistics on mortality. I suspect that just using more up-to-date data on life expectancy may have made a difference." In fact, most people with MS have a normal or near-normal life expectancy.

The value of health

When Carl was weighing his two offers of standard underwriting, he ultimately decided on a policy that would give him about \$3 million in coverage—enough, O'Neil says, that his family would be taken care of should something happen to him. That reassurance could go a long way toward boosting Carl's quality of life. The 2006 Society study found that people without life insurance were much more likely than those with life insurance to report high levels of worry and stress.

In general, if you're able to present life insurance companies with a healthy checkup from your doctor when your disease is in an early or less aggressive stage, at least one company may be willing to accept the risk involved, says James Eddy, a wholesale insurance broker at Capitas Financial in Woodland Hills, California.

He's seconded by Dick Bell, a financial planner at Bell Financial in Calabasas, California, who has expertise in planning related to MS and other special health circumstances. Insurers typically look at generally accepted markers of health—such as height-to-weight ratios, cholesterol and blood pressure—more than they look at MS, Bell says.

Of course, that doesn't mean underwriters ignore an MS diagnosis. Specifically, they tend to focus on factors such as the number of exacerbations per year an applicant experiences, as well as his or her particular disease symptoms, complications, treatments and evidence of disability, says Rob Wrubel, senior vice president of investments at Cascade Investment Group in Colorado Springs, Colorado. Wrubel, whose expertise is in financial planning for families with special needs, says although life insurance underwriting may now be more favorable for people with MS, it's important to remember that every case is different because MS is so unpredictable.

Bell says another important point to note is that even though companies have opened up to

insuring people with MS, they still can be relatively guarded about the products and terms they offer.

Helping hands

With all of this in mind, what can you do not only to ensure you get a life insurance policy you can live with, but also make the process as painless as possible?

Eddy suggests people with MS use an insurance broker who works with many different underwriters, since dealing with just one company may still lead to a denial of coverage. Plus, he says, brokers can leverage their industry knowledge; for instance, they may advise people with MS to apply for life insurance in the fall when insurers may be looking to sign up new clients to meet end-of-year goals.

It's also a good idea to use a financial planner or broker who has experience working with people with MS. One example is the Financial Education Partners (FEP) program, which Bell founded to offer free financial planning advice, including insurance policy guidance, for people with MS or other special health or financial circumstances, and is accessible through the Society.

Wrubel says many employers—especially larger ones—offer life insurance as part of their benefits packages. “It’s usually a minimum of \$50,000 in life insurance; sometimes it’s one or two times salary,” he says. And because the risk is spread among the entire pool of workers, insurers don’t typically evaluate the health status of individual employees.

The bottom line, says Wrubel, is that it’s worth inquiring about. Regardless of whether they’re going through a broker or an employer, he says, “People shouldn’t be shy about asking about life insurance just because they have MS.”

Beth Potter is a Vail, Colorado-based freelance writer.

For more information on FEP or other financial planning resources, view the National MS Society’s [“Financial Planning”](#) resource page. Or call an MS Navigator at 1-800-344-4867 for help finding a financial planner who can help you navigate insurance.