

I'm HIV positive, but can I still purchase life insurance?

Life insurance provides protection against the financial consequences of death. Not long ago, a life insurer would never knowingly issue an individual life insurance policy to anyone who was HIV positive. Now, however, significant advances in the treatment of the virus make it possible for people who are HIV positive to obtain individual life insurance protection. While the opportunities for positive people may not yet be on the same level as those living without HIV, doors are beginning to open.

Applying for Life Insurance—Must I disclose my status?

Life insurers do have the right to inquire about an applicant's HIV status and can require the applicant to take an HIV test in order to determine whether or not to issue a policy. While there are some insurers who do not ask about HIV status, it is a good idea to disclose your status and medical history when applying for a life insurance policy. Not disclosing your status may allow the insurer to cancel your policy at a later date.

If you contracted HIV after acquiring a life insurance policy, your coverage may not be terminated based on your HIV positive status.

Guaranteed Issue Life Insurance

Some insurance companies offer life insurance policies to anyone regardless of their health status. As a result, your HIV status will not prevent you from obtaining a guaranteed life insurance policy.

However, companies that offer guaranteed life insurance policies may have other restrictions which may not make them worthwhile. For example:

- There are usually waiting periods of 2 to 3 years. This means that the policy does not become active until after the waiting period ends, even though you are required to pay premiums during the waiting period. If you do not survive the waiting period, the policy would pay nothing upon your death.
- They usually do not offer large benefits (for example: \$5,000 to \$25,000).
- They are expensive and can cost around \$50 per month.
- They are usually only available to people above the age of 50 (or age 40 in some cases).
- If you miss one payment you can lose the entire policy and all the money put into the policy up to that point.

Even people desperate for life insurance should think carefully before purchasing a guaranteed issue life policy. For many individuals, the costs are not worth the benefits and some may be better off putting their money into a savings account which they can leave to loved ones or use to prepay for burial services.

Other options for obtaining life insurance

Your employer may offer a group life insurance policy as part of your employee benefit program. Once your employment ends, you can usually convert this group policy into an individual policy. However, this must typically be done within 31 days of the end of your employment.

You may also be able to obtain enrollment in a group life insurance policy by belonging to an association, union, or credit union. A person generally becomes eligible simply by being a member of the association, union, or credit union.

Can I sell my existing life insurance policy?

Selling your life insurance policy, typically called a “viatical settlement”, is the process of selling your existing policy for cash. In order to sell your life insurance policy, you must be considered terminally ill. Improvements in the overall health and treatment options for people with HIV and AIDS has led to a decrease in this practice since individuals are more likely to recover from serious AIDS-associated illnesses. As such, viatical settlements are much more difficult to obtain as of recent years. Many individuals, however, see viatical settlements as a good option for easing financial burdens at the end of their lives.

If you are considering selling your existing life insurance policy in a viatical settlement, please keep in mind the following:

- When you sell your life insurance policy you will typically only receive 60 percent of the policy value—for example, on a \$100,000 policy, you might collect \$60,000.
- The money you collect is subject to claims by creditors.
- Depending on the amount you receive, you might render yourself ineligible for federal or state assistance programs that you are currently receiving.

A common alternative to viatical settlements for terminally ill individuals is Accelerated Death Benefits (ADB). ADBs are a feature of a life insurance policy that allows the holder to collect some or all of the benefit before death. The advantages to this are that you only deal with the insurance company—instead of a third party as in a viatical settlement—and your beneficiaries will receive the unused portion of the benefit upon your death. Contacting your life insurance company is a simple way to find out whether you might be able to receive ADBs.

If you have questions about life insurance, please email Legal Services at legalservices@aac.org with your question.

