



CLIENT GUIDE

Life Insurance for Marijuana Users

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Attitudes surrounding marijuana

Attitudes around marijuana use in America have certainly evolved over the past decade. The laws in many states are changing quickly to allow for medical and recreational distribution. So how are life insurance companies embracing marijuana use? The good news is that it's pretty easy – and affordable – for marijuana users to get life insurance coverage if they know how to shop.

How is marijuana use classified and how will marijuana legalization affect my life insurance?

Marijuana is the world's third most popular recreational drug, after alcohol and tobacco and support for marijuana legalization has been increasing since the mid-90s. According to a 2017 Gallup poll, 45% of adult Americans have tried marijuana.

In 2012 Colorado and Oregon legalized marijuana at the state level. Two years later, Alaska and Oregon followed suit, and as of today, fourteen states have decriminalized marijuana and thirty have authorized the drug for medical purposes. Change is not just happening at the state level, as many as 40 cities have decriminalized marijuana and 12 have made arrests for marijuana their lowest priority. You can find a state-by-state guide on marijuana laws by visiting www.norml.org/laws.

Marijuana is not legal or decriminalized at the federal level, but the U.S. Drug Enforcement Administration under President Obama decided to stop actively pursuing marijuana offenses in states that have legalized marijuana in any form. With half of the country exempt from federal enforcement of the prohibition and 54% of Americans in favor of legalization, it's only a matter of time before legalization becomes national law.

Life insurers differ from health insurers as they take a more holistic look at a potential customer's life – are they a good driver, do they scuba dive, do they take long walks or own pets? How does marijuana fit in? Will carriers flatly reject marijuana users because it's an illegal drug? Or are they more progressive about recreational use of a relatively safe drug? Simply put, each case is looked at on an individual basis.

There's no simple guideline for how life insurance companies view risk associated with marijuana use. Each life insurance company has different standards, with some being more lenient and others rejecting all drug users outright. How a life insurer will rate you also depends on the frequency of use. Most often, marijuana is lumped in with cigarettes. Many life insurance companies put recreational marijuana use on the same level as cigarette smoking although some studies have shown marijuana use is much less risky than tobacco use.

But since the government has blocked medical marijuana studies, it's difficult for federally funded researchers to judge just how risky marijuana is. Until scientists can show without a doubt that marijuana smoking is healthier than tobacco smoking, expect this policy to stay the same. Just like tobacco smoking, the less you smoke, the better your health classification will be and the lower your premiums will be. In some cases, applicants may be able to get rated as a non-smoker – similar to how life insurance companies treat “celebratory cigar” smokers.

It's hard to hide marijuana use.

Life insurance companies usually require shoppers to undergo a medical exam, which also means a blood and urine test. THC shows up in a blood test for anywhere between 3 and 14 days after marijuana use, depending on how frequently the user partakes. Marijuana is detectable in urine for up to a month, again depending on frequency of use. Whatever you do, don't lie to your insurance company.

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What if marijuana is illegal in the shopper's state? Still don't lie. Life insurance companies aren't narcs; they don't want to out you, they just want to know how much to charge you. If they find out you've lied to them and they reject you, you won't just be rejected from that company – you'll be rejected from all of them.

If a life insurance company finds out you've lied to them, they will report you to the Medical Information Bureau, or MIB. Think of the MIB kind of like your credit report: you can't just default on a credit card and then go and sign up for another credit card without getting dinged for it. Same goes for insurance: you can't misrepresent yourself at one insurance company and expect that the other companies won't find out about it.

What about my prescription?

Having a prescription for medical marijuana doesn't always help. The health condition behind your marijuana use might raise your rates more than the drug itself does.

Common questions and answers.

Should you disclose that you use marijuana at the start of the life insurance application?

→ Absolutely! The risks of not disclosing far outweigh the benefits of just fessing up.

Do life insurance companies test for THC? Will any trace of THC in your urine result in a red flag, or are there different tiers?

→ There are some carriers that test, but many do not. Additionally there are no assigned tiers for marijuana, you either have THC in your urine, or you don't

What are the other diseases or medical conditions associated with marijuana use that underwriters are most concerned about?

→ The two biggest things that life insurance companies will look for in a marijuana user's medical history are depression or a history of alcohol abuse. There are also some pulmonary issues that are of extra concern when combined with marijuana use.

Let's say I'm a marijuana user and I'm planning on disclosing my use to the life insurance company. Should I prepare for my medical exam in any special way?

→ It is recommended that you not use marijuana for two weeks prior to the insurance paramedical examination. While this should be simple advice for recreational marijuana users to follow, it may be more difficult if you use medicinal marijuana. Always follow your doctor's orders, regardless of an upcoming paramedical examination.

If any laws or scientific studies change the way we view marijuana within the next few years, would there be a chance for marijuana users to have their rates reconsidered?

→ It is unlikely that legislative changes would change marijuana ratings. Being legal doesn't make something medically okay for you – see cigarettes and alcohol use. But, as with anything, if new research indicates that there are favorable changes to the impact on mortality, carriers would change their guidelines and ratings accordingly.

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Which companies will give you the best – and worst – ratings if you use marijuana?

The best outcome you can hope for is a non-smoking rate. If a life insurance company rates marijuana users as tobacco users, you're looking at a hefty rate increase. Depending on your usage, some carriers are willing to rate occasional marijuana users the same as non-smokers, meaning your usage won't affect your rate at all.

Remember that your rating takes other health and lifestyle factors into account and may be affected by other factors besides marijuana usage.

Company	Marijuana Policy
North American	Non-tobacco rates apply for recreational marijuana users 21 years of age or older.
Lincoln National	Client may qualify for Preferred Plus (Non-Tobacco) if they smoke once per month or Preferred (Non-Tobacco) if they smoke up to two times per week. Preferred rate classes are reserved for only the best situations and are reviewed on a case-by-case basis taking full history into consideration.
Minnesota Life	Preferred (Non-Tobacco) rates if you smoke marijuana 24 times or less per year
Prudential	Plus (Non-Tobacco) ratings available to users who smoke marijuana up to three times weekly. Must admit to using marijuana during application process. Positive THC in urine does not affect this rating.
United of Omaha	Standard (Non-Smoker) rates available for marijuana users who smoke three times or less per month.
AIG	Standard (Non-Tobacco) rates if you use marijuana no more than two times per month. Prescription must be verified if you smoke for medical reasons.
Transamerica	Standard (Non-Tobacco) rating if you smoke marijuana up to 12 times per year.
Global Atlantic	Determined based on individual consideration for those 26 and older.
SBLI	Non-tobacco ratings apply for very rare marijuana use and with full admission.
Legal & General America	Standard (Tobacco) rates if you smoke recreationally and you have no criminal history or history of drug abuse.
Protective Life	Tobacco rates apply for all recreational marijuana users.
John Hancock	Considers marijuana drug use—unlikely to give competitive rates

Keeping your private information private.

When you apply for life insurance, you have to give up a lot of private information. Not only do you have to give them your name, address, and Social Security Number, but you have to undergo a medical exam and drug test as well. Some shoppers might wonder if the life insurance company will share the results of medical exams and drug tests with their employer or doctor.

In brief, you can trust your life insurance company with your drug test results. All life insurance companies and companies related to the collection of health data, including brokers (like The ASA Group) and the medical examiners, have to comply with a federal law called HIPAA.

HIPAA stands for Health Insurance Portability and Accountability Act, and the most important thing you need to know about it is that it establishes standards for the protection of private health information. The biggest rule: no organizations can share your private health data without your explicit permission. Your drug test results fall under HIPAA protection, and if you test positive for a drug — marijuana, for example — it will not be shared with any third parties unless you give explicit permission.

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This also applies to other results from your life insurance blood test or medical exam, including your weight, HIV status, and other kinds of sensitive information.

Your medical examiner will require that you explicitly allow them to share your information with your life insurance company. Your life insurance company will also request permission to share your data with the Medical Information Bureau, or MIB. This is all totally normal — they need to pass this information back and forth in order to come up with your final life insurance rates.

The purpose of the MIB is to make sure that people do not commit fraud on their insurance applications. For example, let's say you tested positive for marijuana use on your life insurance drug test. Without the MIB, you could potentially stop smoking marijuana for a month, take the drug test with a different insurer, and get life insurance without disclosing your drug use.

With the MIB, this isn't possible, as the results of the original drug test would be shared with the second insurance company.

The MIB only shares information with other insurers, and you need to give it permission to share data with your life insurance company during the application process. They do not share data with your doctor, employer, or family.

If this makes you uncomfortable, it will be difficult to find an alternative. If you don't share your health data, you effectively cannot buy life insurance.

Almost all insurance companies are members of the MIB and will require your permission to share data. However, you can trust that under HIPAA, the MIB and your life insurance company are incentivized to keep your private information private.

Summary

At the end of the day, marijuana users should apply for life insurance the same way everyone else does: Be honest in your application, shop around for a good carrier and an affordable policy, and protect your family for decades to come.

Want to learn more about how to get the best rates on life insurance? Get in touch with a licensed expert at The ASA Group today!

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