Think about this: "What does a client's credit history have to do with life expectancy/insurance? You might wonder"

Each year more than 800,000 Americans file for protection under the federal bankruptcy laws, according to the American Bankruptcy Institute. Some are financially irresponsible. But average working families who try to pay all of their bills can find themselves in financial trouble, too. The sudden loss of a job, medical bills, a divorce or even a natural disaster can quickly wipe out a life's savings. For many, bankruptcy provides a second financial chance.

Insurance companies are concerned that people with bad credit history or bankruptcy might not be able to pay insurance premiums and hence classify them as "high risk" clients. Being under financial stress might lead a person to suicide among other things and this affects the possibility of getting life insurance.

How bankruptcy is treated by insurance companies depends on the specific company's risk guidelines. However, it is safe to go with the below guide for initial assessment:

Chapter 7
No insurance coverage to an individual with a history of Chapter 7 bankruptcy until the bankruptcy proceedings have been discharged for at least 12 months, and the applicant has returned to work on a full time basis.

Chapters 11, 12, and 13
Insurance coverage is possible for applicants currently in Chapter 11, 12, or 13 bankruptcies once the applicant is making regular debt payments. Underwriters might reduce the amount of income they consider the applicant to make by the amount of the debt payment made, as per court direction.

Multiple Bankruptcy Filings
No insurance coverage until out of bankruptcy for at least 12 months and current credit report favorable.